

HOW THE WORLD

REALLY

WORKS

Alan B. Jones

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INTRODUCTION

If it takes you more than a few days to read this book, I have defeated my own purpose. That purpose is to provide a shortcut for politically astute readers to acquire the essential knowledge needed to be effective in the ongoing fight to save for our posterity the great experiment in freedom that was launched 200 years ago by our country's founders.

I have selected and reviewed in this volume a mere handful of the many books which have been written outlining our various problems. Taken together, however, they will correctly spell out who we are really fighting, what their goals are, and what strategies they are utilizing to attain those goals. Once these matters are understood, effective counter-strategies are easy to define. Without this understanding, our efforts will continue to be aimed at symptoms rather than causes, and will continue to be insufficient, misdirected, and ineffective.

These reviews cannot possibly cover all the detail contained in the original books themselves. They can, however, convince you that our problems are interconnected in a way that you probably never guessed, and that very few of even the most politically active people understand. I urge you to acquire these several books yourselves to help you fill in more pieces of the puzzle for yourselves. Many of the actions most needed by our society will then become obvious to you, to the benefit of us all.

Chapter 1

"A CENTURY OF WAR"

(By F. William Engdahl. Pub. 1993 by Paul & Co., c/o PCS Data Processing, Inc., 360 W. 31st St., New York, NY 10001. Tel. (212)564-3730, Fax (212)971-7200.)

We start with this book because it explicitly defines the mechanics behind the major disruptions which have impacted us all during this last century. These events include World War 1, the 1929 stock market crash and subsequent depression, the rise of Hitler and the subsequent World War 2, the Marshall Plan and subsequent never-ending "foreign aid," the Vietnamese War and LBJ's Great Society, followed in quick order by Nixon's separation of the dollar from gold and the 1974 "Oil Shock," the creation of the massive Third World debt, the buildup of the massive U.S. national debt in the 1980's, and last but not least, George Bush's Gulf War. Omitting Mr. Engdahl's documentation and his gentle entry into his subject, he lays out the following picture:

The wars and other horrors listed above were derived from Great Britain's secret strategies to control gold, the seas, and the world's raw materials, most particularly including, after the turn of the century, petroleum, the new "black gold" which enabled modern warfare to be waged. In the several decades prior

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to World War 1, the furtherance of this basic policy was in the hands of Cecil Rhodes, Alfred Lord Milner, and others, who formed a secret group called the "Round Table." This group, as recorded in its own writings, was specifically anti-German and pro-Empire. It viewed the economic strengthening of Germany in the late 1800's with alarm, and the German effort after the turn of the century to build a Baghdad-to-Berlin railway as a direct military threat, since it would provide direct German access to the Middle East's oil fields, bypassing the sea routes controlled by the British. Britain had earlier sealed off extension of the railway to the Persian Gulf by the forcible establishment of Kuwait as a "British Protectorate" to be run by the Sabah family, as at present, preventing future Central European (i.e., German) access to the southern oceans. The last northern link of the railway, also of concern, was in Serbia. But before that link could be finished, the Austrian heir-apparent was assassinated by a Serb, to which Austria responded, starting World War 1 by bringing in Germany, France and Russia by treaty with either Serbia or Austria, and also Britain, via a secret treaty which it had signed with France only three months before the assassination.

The war produced between 16 and 20 million deaths, mostly civilians, including a half-million British deaths. Germany was successfully cut off from Russian and Middle-Eastern oil, and the war was essentially won with Rockefeller oil from America. Following the war, Britain and France carved up the Middle East (by prior secret wartime agreement), Britain obtaining

"protectorate" status over Palestine (Israel) and the important oil-producing areas, especially Iraq. Their protectorate over Palestine set the stage for their planned later creation in that area of a Jewish homeland, which intent was proclaimed to British Zionists in a letter from Britain's Foreign Secretary Arthur Balfour to Walter Lord Rothschild, representing the English Federation of Zionists. The letter became known as the Balfour Declaration, which was not implemented until after World War 2. The British intent was to project their control into the oil-laden Middle East by creating a Jewish-dominated Palestine, beholden to Britain for survival, and surrounded by a pack of squabbling, balkanized Arab states.

During the Versailles Treaty talks after the war, Round Table members Lionel Curtis, Balfour, Milner, and others, formed an above-ground group called the Royal Institute of International Affairs for the purpose of coordinating Anglo-American cooperative efforts. They decided also to form an American branch, but gave it a different name in order to obscure its antecedents. Thus was born the Council on Foreign Relations, originally staffed by J.P. Morgan men and financed by Morgan money. The CFR, of course, is still very much with us.

The Rockefeller and British-controlled oil companies struggled after the war over control of worldwide oil resources. Becoming tired of such competition by the late 20's, they sent representatives to a meeting in Achnacarry, Scotland to work out an arrangement for

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cooperating rather than competing. Out of this came the secret "Achnacarry Agreement" of 1928, defining market shares and geographic divisions and setting world cartel prices. The seven major companies in the cartel, known as the "Seven Sisters," were Esso (Standard of N.J.), Mobil (Standard of N.Y.), Gulf Oil, Texaco, Chevron (Standard of Calif.), and the two British companies Royal Dutch Shell and the Anglo-Persian Oil Company (later named British Petroleum). These folks remain today the *real* cartel, and not the squabbling Arabs in OPEC. They agreed to purchase, or deal even more inhospitably with, any company outside the cartel if it got big enough to be of concern.

Montagu Norman, the Governor of the Bank of England, and without doubt the world's most influential banker, precipitated the U.S. stock market crash by his secret request to George Harrison, the Governor of the New York Federal Reserve Bank, to end the American post-war inflation (which the British had earlier "requested") by raising U.S. interest rates and restricting credit. The stock market crash and the subsequent Great Depression followed. (These financial events are covered in a great deal more detail in "The Creature From Jekyll Island," reviewed below.)

Britain was also largely responsible for saddling Germany with unpayable war debts, and then denying Germany any reasonable possibility of organizing to pay them off. The German reparations debt amounted to 132 billion gold marks, with the unpaid balance to accumulate at 6% annual interest. Germany was

prostrate, and even British experts acknowledged the debt to be so huge as to be unpayable. Germany signed the agreement, however, under the pain, if they refused, of the military occupation of the Ruhr, the engine of their economy.

But then Germany's Foreign minister Walther Rathenau worked out, signed, and announced, in April 1922, the bilateral Rapallo Treaty with the Soviet Union, in which the Soviets agreed to forgive reparations payments due it in return for German agreement to sell it industrial technology. The British, fearing the Russian development of the Baku oil fields without them, and to the potential benefit of Germany, protested that the accord had been negotiated "behind their backs." Two months later, Rathenau was mysteriously assassinated, and any hope for German economic stability was lost. The German Mark then began its famous fall. In December 1922, the Mark had fallen to 7,592 to the dollar. Germany was declared in default of her reparations payments on January 9, 1923, and two days later French military forces occupied the Ruhr. By November, the Mark was trading at 750 billion Marks to the dollar, and the savings of the entire German population were destroyed, substantially wiping out their entire middle class.

The political upshot ultimately affected the whole world. The Versailles payment plan was replaced by the Dawes Plan, created by the Anglo-American banking community, which rescheduled the German reparations payments. Then, through a series

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of political maneuvers and fortuitous accidents and other deaths, a cooperative German banker named Hjalmar Schacht, a long-time correspondent with the Bank of England's Montagu Norman, was elevated to the position of President of the Reichsbank. Reparations continued from 1924 until the 1929 stock market crash, which dried up credit flowing into Germany and then out again in reparation payments. The German economy once again collapsed.

Then, most astonishing of all, after Hitler came to power in 1933, Schacht became Hitler's Minister of Economics and was also reappointed President of the Reichsbank. As soon as Hitler's power was consolidated, credits immediately began to flow from Montagu Norman's Bank of England to Schacht and the Hitler government. Schacht's support of Hitler is shown to go back to around 1926. Many others in the close-knit British ruling class were involved, including Round Table figures, oil executives, and even Edward VIII, King of England, soon to abdicate and become Duke of Windsor. But, I can hear you say, How is it possible? Why in the world...? Years after World War 2, with its millions of deaths and the near demolition of England and the whole British Empire, Mr. Engdahl quotes a conversation with Colonel David Stirling, the founder of Britain's elite Special Air Services, as follows: "The greatest mistake we British made was to think we could play the German Empire against the Russian Empire, and have them bleed one another to death."

The British, finding themselves after the war to be exhausted, broke, and with a worn out industrial system, decided that their salvation lay in long-term support by the U.S. To that end, they set about to convince Americans that a "special relationship" existed between the two countries, justifying such long-term American aid. To help solidify this relationship, and to involve the U.S. in helping to bring about British foreign policy objectives, Britain "helped" the U.S. with the creation of a formal U.S. intelligence network. The CIA which emerged was nothing more than a renamed extension of the wartime OSS, which was itself headquartered in the London offices of the British intelligence services. Two of the many tragic consequences of this secret arrangement are described below, involving the countries of Iran and Italy.

After the war, Iran's leader Mohammed Mossadegh managed to expel wartime troops of Britain and Russia, and then attempted to renegotiate the terms of the British monopoly oil concession which had been in place since 1902. Britain refused, and Mossadegh, becoming Prime Minister in April 1951, got a bill through the Iranian parliament to nationalize, with fair compensation, the Anglo-Iranian Oil Company. In response, Britain sent in their navy and imposed an embargo against all Iranian oil shipments. Feeling the financial impact, Mossadegh took his case first to the UN, which did nothing, and then to the U.S. State Department, which advised him to appoint Britain's Royal Dutch Shell as Iran's oil management company. Getting the message, Mossadegh next took his case to the World Court, which, in July

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1952, denied British jurisdiction, which Britain ignored. Cutting to the chase, British and American intelligence forces (i.e., the CIA) organized a coup in August 1953, forced Mossadegh's arrest, and installed the young Reza Shah Pahlevi in his place. The sanctions were then lifted, and the British oil monopoly was preserved. The new Shah was in turn deposed some 25 years later by the same forces that put him in power.

In post-war Italy, the non-communist wartime resistance leader Enrico Mattei rose to the leadership of the moribund oil entity known as AGIP. He energetically set about to find oil and gas on Italian soil, and was successful. Success led to further success, until he attracted the negative attention of the Seven Sisters, whose dominance he was determined to avoid. He managed first to negotiate a separate deal with the new Shah of Iran for oil from lands outside of the British concession areas. Oil was actually delivered under this contract, helping to initiate a viable Italian post-war recovery. Then came the shocker. He negotiated another deal with the Soviets for oil from the Baku fields to be paid for with large steel pipe, enabling the Soviets to build a pipeline into Central Europe, threatening the monopoly of the Seven Sisters in that region. A steel works to roll the pipe was completed in northern Italy, but about a month after it went into operation, in October 1962, Enrico Mattei was killed in a suspicious airplane accident, immediately following which the Rome CIA Station Chief left Italy for the U.S. Italy lost the driving force behind its recovery, and the Seven Sisters again triumphed.

As an epilogue, Engdahl notes that Mattei was at the time of his death planning to meet with President Kennedy, who was then urging the U.S. oil companies to negotiate with Mattei. Kennedy, of course, was himself assassinated about a year later, with trails of evidence also leading to the doors of the CIA. (We'll say much more about that in our review of *Final Judgment*, by Michael Collins Piper.)

America's present economic decline started in the late 50's as European and Japanese productivity, with their new factories and machinery, began to overtake that of the U.S., whose industrial base dated back to the 40's. The decline was greatly exacerbated by three developments: the flow of investment funds overseas, the start of the Vietnamese War, and LBJ's Great Society. President Kennedy tried to head off the first two of these, and can't really be blamed for the third. Seeing American investment banks channeling funds abroad in response to the higher profits available there, instead of keeping the funds at home to invest in modernized factories and refurbished infrastructure, he pushed for an Interest Equalization Tax on American funds invested abroad. He was assassinated, however, and the version which passed in the following year had been gutted by the Eastern financial community by exempting Canada, through which the investment funds then merrily flowed in the same total amounts as before. JFK was also moving in the direction of ending U.S. involvement in the Vietnam conflict, a policy shift "confirmed by Arthur Schlesinger" says Mr. Engdahl, and in accord with advice

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given to Kennedy by President de Gaulle of France. President Kennedy didn't live to bring this about either, and following his death, LBJ expanded Vietnam from a CIA technical advisory operation to a full-scale war. Worse, it was a no-win war, in accordance with the deliberate strategy of LBJ's Pentagon and National Security advisors. Adding in LBJ's Great Society programs, federal deficits ballooned, mostly financed by printed dollars graciously created by the Federal Reserve. Our economic decline was thus started down a path from which we have not yet recovered.

The drain on the economy during the 60's decade led to the Fed's reduction of interest rates in an effort to "stimulate" the economy, but it brought instead an outflow of capital for better returns elsewhere, and the increased receipt of foreign dollars for conversion into gold. Instead of devaluing the dollar to about \$70 an ounce, as urged by hard-money proponents such as Jacques Rueff, de Gaulle's former economic advisor, Nixon instead followed the strategy of his own advisors, including budget advisor George Schultz, Treasury's Paul Volcker, and National Security Advisor Henry Kissinger. Their advice was to stay the course, which he did until the gold outflow became so alarming that, on August 15, 1971, he followed the new advice which they then offered him, which was to terminate the redeemability of foreign dollars into gold. *This* was the ultimate goal of Edmond de Rothschild, Sir Siegmund Warburg, and the other owners of the London merchant banks, who were, in fact, the real architects of the American policy. All ties of world currencies to a metallic base were thereby

broken, and the fate of such currencies delivered into the hands of central bankers and their prostituted politicians.

After 1971, a White House policy was initiated, under the effective control of Henry Kissinger, to *control* the economies of the nations and to reduce their populations, rather than to facilitate technology transfer and industrial growth. The strategy was to force the price of the cartelized world oil up by about a factor of four, recover the Arab oil receipts back into the British and American central banks, and lend them to the Third World to acquire control over those countries. To this end, the Bilderberg group, containing the world's top financial and political insiders, met privately in Saltsjoebaden, Sweden in May 1973 to discuss how the coming flood of oil dollars was to be handled. Mr. Engdahl lists many of the participants, including Kissinger, George Ball, David Rockefeller, and others. Then in October of that same year, the "Yom Kippur" war broke out, with Syria and Egypt invading Israel, with the U.S. supporting Israel, and the British staying demurely neutral. Kissinger performed his "shuttle diplomacy" among the participants, to assure the war followed the script previously worked out in Sweden. The Arab OPEC countries declared an embargo on all oil shipments to the U.S. and mainland Europe (but not Britain), and started cranking up the price, which rose by the scheduled factor of four by the end of the year. Nixon, drowning in the Watergate affair, tried to get the Treasury to find a way to get the Arabs to reduce their prices, but was rebuffed, and advised to support the "recycling" of the oil dollars at the current prices. Nixon

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agreed, and the deed was done. The great bulk of the petro-dollars were repatriated in purchasing U.S. government debt and in deposit accounts in Chase Manhattan, Citibank, et al. From there they were loaned to the Third World, which could not otherwise buy the fuel they needed to survive, whence many of those countries became enslaved to the bankers, and forced to follow their edicts on how to run their countries. Engdahl supplies lots more of the ghastly details.

Next to hit the economies of the world was the "Green" movement, or, as known in the U.S., environmentalism. Was it all one of those natural, spontaneous events in history, like an asteroid collision? Hardly. The movement on limiting industrial growth and responding to environmental threats was orchestrated by the same Anglo-American oil and financial interests that produced the oil shock. (But why? Stay with us.) For example, Robert Anderson, head of Atlantic Richfield Oil Co., and Bilderberg participant, helped fund Friends of the Earth, which, among other things, helped bring about the fall of the Australian government of Gough Whitlam in order to stop an Australian contract for supplying uranium to Japan for their nuclear power program. Anderson also created the Aspen Institute, which worked diligently to stop the developing nuclear power program in the U.S. The institute's board was peopled with board members from most if not all of the Seven Sisters. Another actor was McGeorge Bundy's Ford Foundation, whose operatives extended their reach into Germany to try to stop Germany's attempt to attain energy independence via nuclear power.

But why the effort to slow industrial growth? Engdahl says that American officials in the mid 70's openly claimed in news conferences that they were "neo-Malthusians." Malthus, says Engdahl, was an English clergyman who, in 1798, wrote an essay claiming that human populations expanded geometrically, while their means of subsistence expanded only linearly. Hence, populations must be limited, and, if necessary, governments should enhance the operations of nature to produce the needed mortality. Consistent with such pseudo-science, Henry Kissinger produced, in April 1974, the classified National Security Council Study Memorandum 200 (NSSM 200), directed to Washington high officialdom, defining a program aimed at population reduction in Third World countries possessing needed raw materials, since growing populations with aspirations for a better standard of living give rise to high prices for such materials. Kissinger named 13 target countries for population control, including Brazil, India, Egypt, Mexico, Ethiopia, Columbia, and others. (But what was the *real* reason for playing God in this way? You'll have to stay tuned just a little longer.)

The new "petro-dollar order" proceeded apace during the remainder of the 70's decade, but not without recognition and resistance by those most impacted, and the suppression of that resistance by the oil and banking elites. Most of the Third World, including the bulk of South America, Africa, and the Asian underbelly, unable to afford the oil they needed, found not only their

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industrial development stopped, but even food purchases curtailed, and starvation threatening. Far from living standards continuing the growth begun during the 50's and 60's, many of these countries were being pushed back to a condition of bare subsistence. A coalition of "Unaligned Countries" attempted to break free and deal independently with OPEC, with the help of Central European countries showing a willingness to help, including Italy and West Germany. Kissinger and company managed to isolate and pick them off one by one, however. Bonn was allegedly threatened with the pullout of U.S. troops if it persisted, and it backed off. Italy thereupon did likewise. Indira Gandhi in India was faced with political defections and a new opposition party and lost her next election. Mrs. Bandaranaike of Sri Lanka, one of the leaders of the coalition, encountered a wave of strikes and riots by a "Trotskyite" party having reported intimate ties to the Anglo-American intelligence services, and was forced out of office. Kissinger and company momentarily remained ascendant.

In 1978, the European Community, led by Germany and France, created the beginnings of the EMS, the European Monetary System, as a result of policy disagreements with the Anglo-Americans. The EC and the EMS sought independent ties with the Arab countries, offering them help in establishing nuclear power facilities and other technology, in return for long-term oil supply agreements. London opposed these efforts at every turn, refused to join or cooperate with the EMS, and decided that more shocks were needed to assure the ongoing primacy of the petro-dollar system.

This time, President Carter, at the behest of advisors George Ball and Zbigniew Brzezinski, dropped U.S. support of the Shah of Iran, who was negotiating with the EC countries for nuclear power plants. Support was transferred to the Islamic fundamentalist Ayatollah Khomeini, and a coup was mounted deposing the Shah, whom the same CIA and related intelligence forces had installed by coup some 25 years earlier. The Khomeini regime canceled the nuclear development plans, and cut off oil exports to the world. World prices skyrocketed to around \$40 per barrel, and the second great oil shock of the 70's was underway.

Immediately thereafter, Paul Volcker, Nixon's 1971 architect of closing the gold window, was appointed Federal Reserve Chairman by President Carter. Gold was then changing hands at about \$400 per ounce, and rising rapidly. To stop the world from dumping their dollars to buy gold, and to restore the dollar to its post-war status as the world's most sought after currency, Volcker started cranking up U.S. interest rates, reaching an incredible 20% in just a few weeks. Gold prices peaked at about \$800 per ounce, and then retreated toward present levels. Interest rates stayed high for a short time, and then were gradually reduced over a period of years to more normal levels. The Anglo-American Establishment had momentarily won again.

The cost, however, was incredible, particularly to the Third World. But even in the U.S. any investment which took more than four or five years to complete was financially impossible with interest rates

at 17 to 20 percent. Thus long-term government-funded infrastructure was deeply cut, as were similar long-term private projects, most particularly including nuclear power plant construction. Dozens of such contracts were canceled, and no new domestic contracts have been signed since. In the Third World, however, not only did the purchase of nuclear power plants become out of the question, but bare survival was in doubt. Those countries had been suckered into floating interest rate contracts on their Eurodollar loans, and those interest rates had now gone out of sight. Oil costs were up 140% after the Iran Oil Shock, and the U.S. dollar itself, mandatorily required for making oil purchases, was now becoming more expensive against other currencies. The great bulk of the Third World was essentially instantaneously bankrupted. The Anglo-American banks magnanimously agreed to reschedule the debt owed them, provided target countries would agree to accept the terms laid down for their future economic operation by the International Monetary Fund, which became the collection agency for the big banks. Engdahl supplies lots of detail about this matter, in the process bringing in again such familiar names as George Schultz, Henry Kissinger, Citicorp, Chase Manhattan, Manufacturers Hanover, Lloyds Bank, etc. The IMF's terms were uniformly Malthusian to the core. By 1987, the amount then owed in principal and interest amounted in total to some \$1.3 trillion dollars, a sum virtually impossible ever to repay, even under healthy economic conditions.

Engdahl concludes with a brief but fascinating look at the Reagan and Bush years, with its massive deficits, S&L bailouts, leveraged buyouts, etc., ending with the Saddam Hussein episode, about which much more will undoubtedly be written as more and more facts are uncovered by future historians. He does, however, outline some of the economic pressures that were brought to bear on Iraq following Saddam's refusal to denationalize Iraq's oil, pressures which eventually led to the Gulf War and the destruction of Iraq's infrastructure, including its rail system.

Chapter 2

"TRAGEDY AND HOPE"

(By Professor Carroll Quigley. Pub. 1966 by Macmillan, NY. Available from American Opinion Books, PO Box 8040, Appleton, WI 54913, 414-749-3783.)

This book is subtitled *A History of The World in Our Time*. It runs over 1300 pages, and is Professor Quigley's *magnum opus*. The book is establishmentarian to the core, and I don't really recommend that you seek out a copy (its publication run was truncated, and library copies have disappeared), since I can steer you instead to a much shorter book devoted solely to a detailed review of Quigley's book from an anti-elitist viewpoint.

Quigley and his book are highly important for our purpose, however, for one very good reason. While his establishmentarian credentials are impeccable, and while he acknowledges his agreement with the broad goals of the international elites, he states that he disagrees with them in one primary particular, namely that they insist on preserving their behind-the-scenes secrecy. They have been too important an element in Western history, he says, to remain unknown and unacknowledged. Having been granted access to their secret files for a period of time, he says, he has decided to provide some historical illumination, not only on some of their unknown works, but also on a number of

their individual faces. His was the first book by an "Insider" which acknowledges the existence of an organized but heretofore secret "international Anglo-phile network" (p. 950) which has, since the late 1800's, been controlling much of our world's history. His book clearly went much too far for the liking of the elites, however, and they did their best to push the book down their (incompletely constructed) memory hole.

We'll discuss first a few of the lesser matters Quigley covers, just to give you the flavor of what it's about, and to substantiate several points made in Engdahl's book. First, he acknowledges (pp. 50-53) the existence and identity of the British merchant bankers who took advantage of the capital accumulated during their industrial revolution, and their skills in manipulating its use, to "take the old disorganized and localized methods of handling money and credit and organize them into an integrated system, on an international basis, which worked with incredible and well-oiled facility for many decades. The center of that system was in London, with major offshoots in New York and Paris.... The men who did this ... aspired to establish dynasties of international bankers, and were at least as successful at this as were many of the dynastic political rulers. The greatest of these dynasties, of course, were the descendants of Meyer Amschel Rothschild (1743-1812) of Frankfort...." He then lists the names of the important banking families: "They include Baring, Lazard, Erlanger, Warburg, Schroder, Seligman, the Speyers, Mirabaud, Mallet, Fould, and above all Rothschild and Morgan." Concerning the

latter name, he notes that J.P. Morgan and Company was "originally founded in London as George Peabody and Company in 1838." More will be said about the subservience of Morgan to the British bankers in a review yet to come. Quigley, however, makes no bones about their joint power. It reached its peak in the period 1919-1931, he says, "when Montagu Norman and J.P. Morgan dominated not only the financial world but international relations and other matters as well." Concerning the thrust of the bankers' control, Quigley notes, as a preview generalization (p. 62), "The history of the last century shows, as we shall later see, that the advice given to governments by bankers, like the advice they gave to industrialists, was consistently good for bankers, but was often disastrous for governments, businessmen, and the people generally."

The closest Quigley gets to going out on a limb and identifying underlying causes of World War 1, rather than just the public diplomatic maneuvers of the participating European powers, is to state (p. 224) that: "[I]nternational economic competition was, in the period before 1914, requiring increasing political support [from such groups as] British gold and diamond miners in South Africa, German railroad builders in the Near East, ... British oil prospectors in the Near East" and others. Elsewhere, however, he does talk more specifically (pp. 120-121) about the threat perceived by the British in Germany's growing internationalist outlook, most particularly in its effort to complete a "Berlin to Baghdad" rail link: "After 1889 the situation was different. Economically, the Germans began to invade

Anatolia [i.e., Turkey] by establishing trading agencies and banking facilities.... Most important, perhaps, was the projected 'Berlin to Baghdad' railway scheme.... This project was of the greatest economic, strategic, and political importance not only to the Ottoman Empire and the Near East but to the whole of Europe. Economically, it tapped a region of great mineral and agricultural resources, including the world's greatest petroleum reserves." Best of all from the German viewpoint, says Quigley, these ties to raw materials needed by Germany "were beyond the reach of the British Navy" and therefore solved a "crucial problem" which would face the Germans in time of war. Then, starting about 1900, "for more than ten years, Russia, Britain, and France showed violent disapproval, and did all they could to obstruct the project." He outlines many of these efforts, but then concludes that it had nothing to do with starting the war because, about a month before the war started, Britain "withdrew her opposition" to the railway. Suspicious people might conceivably treat that proclamation with some doubt.

The only mention that Quigley makes of the Seven Sisters cartel is as something of a footnote to his discussion of the overthrow of Prime Minister Mossadegh of Iran by the CIA for the benefit of the cartel, which Mossadegh was trying to oust. Concerning the cartel formation, he says only: "The world oil cartel had developed from a tripartite agreement signed on September 17, 1928 by Royal Dutch-Shell, Anglo-Iranian, and Standard Oil. The three signers were Sir Henri Deterding of Shell, Sir John (later Lord) Cadman

of AIOC [Anglo-Iranian Oil Co., later BP], and Walter C. Teagle of ESSO [Standard of N.J.]. These agreed to manage oil prices on the world market by charging an agreed fixed price plus freight costs, and to store surplus oil which might weaken the fixed price level. By 1949 the cartel had as members the seven greatest oil companies of the world...." which he then names, the same as did Engdahl.

Concerning the Mossadegh overthrow, Quigley expounds at considerable length about the negotiations between Iran on one side and Britain and the AIOC on the other concerning terms of oil extraction rights. The negotiations ended, says Quigley, as follows: "The British, the AIOC, the world petroleum cartel, the American government, and the older Iranian elite led by the Shah combined to crush Mossadegh. The chief effort came from the American supersecret intelligence agency (CIA) under the personal direction of its director, Allen W. Dulles, brother of the Secretary of State." He goes into a fair amount of detail about how the coup was managed by Dulles, following which the Shah was returned to power and Iranian oil exploitation returned to the Seven Sisters.

We come now to the two matters comprising the unique importance of this book. The first has to do with the existence, organization, and personnel of the elite group ruling us. The second has to do with the historical origins of World War 2, with its 20 million deaths and worldwide disruption and misery.

The concept behind the movement that produced the elitist control structure, the core of which remains hidden today, was elucidated, says Quigley (p. 130), by John Ruskin, who was appointed to the fine arts professorship at Oxford in 1870. He made an immense impact on the undergraduates, all of them members of the privileged, ruling class in England. "He told them that they were the possessors of a magnificent tradition of education, beauty, rule of law, freedom, decency, and self discipline, but that this tradition could not be saved ... unless it could be extended to the lower classes in England itself and to the non-English masses throughout the world. If this precious tradition were not extended to these two great majorities, the minority of upper-class Englishmen would ultimately be submerged by these majorities and the tradition lost."

Listening transfixed in his audience was Cecil Rhodes, later to be the prime exploiter of the diamond (De Beers Consolidated Mines) and gold (Consolidated Gold Fields) resources in South Africa, who, with the help of financing by Lord Rothschild, attained an annual income in the middle 1890's of "at least a million pounds sterling a year (then about five million dollars) which was spent so freely for his mysterious purposes that he was usually overdrawn on his account. These purposes centered on his desire to *federate the English-speaking peoples and to bring all the habitable portions of the world under their control*. For this purpose Rhodes left part of his great fortune to found the Rhodes Scholarships at Oxford in order to spread the English ruling class tradition throughout the English-speaking

world as Ruskin had wanted." The most recent American big name to have gone through this training is our current President, Bill Clinton.

Among Rhodes' fellow students who became Ruskin adherents were Arnold Toynbee, Alfred (later Lord) Milner, and others named by Quigley. A similar group appeared in Cambridge, including Reginald Brett (Lord Esher) and Albert (Lord) Grey. The two groups were brought together in 1891, says Quigley, by William T. Stead, England's most successful journalist, ardent social reformer, and imperialist, whereupon "Rhodes and Stead organized a secret society of which Rhodes had been dreaming for sixteen years. In this secret society Rhodes was to be leader; Stead, Brett (Lord Esher), and Milner were to form an executive committee; Arthur (Lord) Balfour, (Sir) Harry Johnston, Lord Rothschild, Albert (Lord) Grey, and others were listed as potential members of a 'Circle of Initiates'; while there was to be an outer circle known as the 'Association of Helpers' (later organized by Milner as the Round Table organization).... Thus the central part of the secret society was established by March 1891."

Rhodes died in 1902, but the secret society retained control of his fortune, which was added to by funds of other supporters, including Alfred Beit and Sir Abe Bailey. Milner became the chief Rhodes trustee, and, during his governorship in South Africa (1897-1905) he recruited young men from Oxford, etc., to assist him, men whom he later helped "into positions of influence in government and international finance, and

[who] became the dominant influence in British imperial and foreign affairs up to 1939." Originally known as Milner's Kindergarten, "In 1909-1913 they organized semisecret groups, known as Round Table Groups, in the chief British dependencies and the United States. These still function in eight countries.... In 1919 they founded the Royal Institute of International Affairs (Chatham House) for which the chief financial supporters were Sir Abe Bailey and the Astor family (owners of *The Times*). Similar Institutes of International Affairs were established in the chief British dominions and in the United States (where it is known as the Council on Foreign Relations) in the period 1919-1927. After 1925 a somewhat similar structure of organizations, known as the Institute of Pacific Relations, was set up in twelve countries holding territory in the Pacific area, the units in each British dominion existing on an interlocking basis with the Round Table Group and the Royal Institute of International Affairs in the same country."

Quigley then identifies Round Table leaders in Canada, South Africa, India, and elsewhere. Concerning the effectiveness of the group he says, "The power and influence of this Rhodes-Milner group in British Imperial Affairs and in foreign policy since 1889, although not widely recognized, can hardly be exaggerated. We might mention as an example that this group dominated *The Times* from 1890 to 1912 and has controlled it completely since 1912 (except for the years 1919-1922). Because *The Times* has been owned by the Astor family since 1922, this Rhodes-Milner group was sometimes spoken

of as the "Cliveden Set," named after the Astor country house where they sometimes assembled."

In a later chapter which Quigley calls "American Confusions, 1945-1950," he updates the personnel, policies, and methodologies of the American branch of the Rhodes-Milner creation. It is a fascinating chapter, providing an explanation, for example, of the frequently asked question, Why do we so often see capitalists and their tax-exempt foundations supporting left-wing entities who have vowed to destroy capitalism? Quigley says (p. 938): "More than fifty years ago the Morgan firm decided to infiltrate the Left-wing political movements in the United States. This was relatively easy to do, since these groups were starved for funds and eager for a voice to reach the people. Wall Street supplied both." Another example that he gives is the creation of *The New Republic* magazine using Payne-Whitney money, Whitney being derived from the New York utility millionaire William C. Whitney, and Payne from Oliver Payne of the Standard Oil "trust." Quigley continues, "The original purpose for establishing the paper was to provide an outlet for the progressive Left and to guide it quietly in an Anglophile direction. This latter task was entrusted to a young man, only four years out of Harvard, but already a member of the mysterious Round Table group, which has played a major role in directing England's foreign policy since its formal establishment in 1909. This new recruit, Walter Lippmann, has been, from 1914 to the present, the authentic spokesman in American journalism for the

Establishments on both sides of the Atlantic in international affairs."

Quigley puts an establishment spin on the communist infiltration into its several organizations (like the Institute of Pacific Relations), and its deleterious effects on world history, such as Chinese history. He is then led, however, into revealing the hidden workings of the big tax-exempt foundations. Behind the "unfortunate situation" concerning the IPR, he says (p. 936), "lies another more profound relationship which influences matters much broader than Far Eastern policy. It involves the organization of tax-exempt fortunes of international financiers into foundations to be used for educational, scientific, 'and other public purposes.'" He further explains (p. 938), that these Wall Street elites "had to adjust to a good many government actions thoroughly distasteful to the group. The chief of these were in taxation law, ... above all else, in the inheritance tax. These tax laws drove the great private fortunes dominated by Wall Street into tax-exempt foundations, which became a major link in the Establishment network between Wall Street, the Ivy League, and the federal government." Quigley describes in a fair amount of detail (p. 937) how the foundations managed to acquire control over the primary Ivy League colleges, including Harvard, Yale, Columbia, and Princeton, and then briefly notes a little later (pp. 954-955) the unwelcome effort by the anti-Communist 1953 Congress to shed some light on foundation activities: "A congressional committee, following backward to their source the threads which led from admitted Communists like Whittaker Chambers,

through Alger Hiss and the Carnegie Endowment to Thomas Lamont and the Morgan Bank, fell into the whole complicated network of the interlocking tax-exempt foundations. The Eighty-third Congress in July 1953 set up a Special Committee to Investigate Tax-Exempt Foundations, with Representative B. Carroll Reece of Tennessee as chairman. It soon became clear that people of immense wealth would be unhappy if the investigation went too far" and it was duly emasculated. We will later review a book specifically devoted to what that investigation uncovered.

The second of the two matters referred to above which comprise the unique importance of this book has to do with the origins of World War 2. Quigley's concentration in this area is not so much on the mechanics of Hitler's rise within Germany as it is on the British secret policies during the 10 years or so before the war broke out (in September 1939) of encouraging and assisting Hitler's rise to political and military dominance over Europe.

One fact which Quigley relates (p. 433) which appears also in Engdahl's book is that the deal which made Hitler the Chancellor of the German Reich was negotiated in Cologne at the home of Baron Kurt von Schroder on Jan. 4, 1933. (Historian / correspondent William A. Shirer in his *Rise and Fall of the Third Reich* further notes on page 179 that Hitler's meeting with Schroder also promised Hitler that "West German business interests" would take over the debts of the Nazi Party, and that ten days later Joseph Goebbels announced

that the financial position of the party had "fundamentally improved overnight.") Baron von Schroder is the same Schroder that Quigley lists as among the major world banking families (p. 52). Quigley, however, leaves the matter there, whereas Engdahl describes the close relationship between Baron von Schroder and Montagu Norman's friend Hjalmar Schacht, which bore fruit for Schacht when, after consolidating his power and receiving Bank of England credits from Montagu Norman, Hitler made Schacht his Minister of Economics as well as President of the Reichsbank, the latter being a position he held until 1939.

Quigley relates a great deal of detail concerning the many actions taken by Great Britain during the 1930's in support of Hitler. A short way into his tale, he decides to lay out the motivations, as he saw them, of the several groups within the British government that were making and administering its foreign policy. He says (p. 580) that by 1938, "the motives of the government were clearly not the same as the motives of the people, and in no country has secrecy and anonymity been carried so far or been so well preserved as in Britain." From the outermost circles of government to the central inner circles, motives became more and more secret. There were four circles: "(1) the anti-Bolsheviks at the center, (2) the 'three-bloc-world' supporters close to the center, (3) the supporters of 'appeasement', and (4) the 'peace at any price' group in a peripheral group." In the years before World War 2, the latter two groups were, says Quigley, "remote from the real instruments of government," but were used by the two inner groups to

sway public opinion toward actions which were in support of their secret policies.

The policies of the anti-Bolshevik group were (p. 581): "to destroy reparations, permit German rearmament, and tear down what they called 'French militarism.'" That is, they proposed to rearm Germany, let it dominate Europe (particularly including France), and then let it (and perhaps help it) destroy the Soviet Union.

On the other hand, the three-bloc-world group, says Quigley, sought not to destroy the Soviet Union, but to "contain" it between a German-dominated Europe and an English-speaking bloc. More specifically (p. 582), it "sought to weaken the League of Nations and destroy all possibility of collective security [i.e., of protecting France from Germany] in order to strengthen Germany in respect to both France and the Soviet Union, and above all to free Britain from Europe in order to build up an 'Atlantic bloc' of Great Britain, the British Dominions, and the United States."

This latter policy thus coincided with that of the anti-Bolshevik group up to and including the domination of Europe by Germany, a configuration which they regarded as stable, producing peace for many years into the future. It involved, however, a number of sacrifices to be made by a number of other countries. They believed that their three-bloc system, once set up (p. 582), "could force Germany to keep the peace (after it absorbed Europe) because it would be squeezed between the Atlantic bloc and the Soviet Union, while the Soviet Union could be forced to keep the

peace because it would be squeezed between Japan and Germany. This plan would work only if Germany and the Soviet Union could be brought into contact with each other by abandoning Austria, Czechoslovakia, and the Polish Corridor to Germany. This became the aim of both the anti-Bolsheviks and the three-bloc people from the early part of 1937 to the end of 1939 (or even early 1940). These two [groups] cooperated and dominated the government in that period."

The three-bloc-world policy belonged precisely to the Milner Group / Round Table Group / Cliveden Set described earlier in this review. Quigley repeats the same familiar set of names (p. 581). He also lists a few names in the anti-Bolshevik group, somewhat less familiar, but including General Jan Smuts and Prime Minister Neville Chamberlain. Quigley notes that relations between the two groups were cordial, with some members in both groups, such as General Smuts.

Quigley goes into great detail about how Britain secretly maneuvered to strengthen Hitler's Germany at the expense of France and all of the other weaker countries in Europe. He devotes a whole chapter to discussing Britain's publicly "neutral" role in the Spanish Civil War, and concludes (p. 602): "Britain's attitude was so devious that it can hardly be untangled, although the results are clear enough. The chief result [of the war] was that in Spain a Left government friendly to France was replaced by a Right government [General Franco's] unfriendly to France and deeply obligated to Italy and Germany. The evidence is clear that the real sympathies of the London

government favored the rebels, although it had to conceal the fact from public opinion in Britain."

Quigley then proceeds to Britain's involvement in the acquisition by Hitler of Austria, then Czechoslovakia, and then Danzig, the "free" city in the Polish Corridor. Britain's policies with respect to these matters, he says, were spelled out in a seven-point policy secretly delivered to Germany, since "the British government could not publicly admit to its own people these 'seven points' because they were not acceptable to British public opinion." The seven points were (p. 619):

1. Hitler's Germany was the chief defense against the spread of communism in Europe.
2. A four-power pact of Britain, France, Germany and Italy, consolidating the Anglo-French Entente and the Rome-Berlin Axis, and excluding all Russian influence, was the goal to be sought as the foundation of a stable Europe.
3. Britain would not object to German acquisition of Austria, Czechoslovakia, and Danzig.
4. Germany must not use force to achieve these aims, as this would start a war which public opinion would force Britain into.
5. An agreement with Germany restricting the number and use of bombing planes was desired.
6. Britain would give Germany certain (Portuguese and Belgian) African colonies, given German cooperation with the above.
7. Britain would pressure Czechoslovakia and Poland to negotiate with Germany on its desires.

Quigley then notes that Germany's professional diplomats and soldiers were perfectly willing to gain European domination without going to war, but that the leaders of the Nazi Party were not, "especially Hitler, Ribbentrop, and Himmler, who were too impatient and who wanted to prove to themselves and the world that Germany was powerful enough to take what it wanted without waiting for anybody's permission." It was this lack of understanding between the British elites and the Nazi leaders which ultimately brought on the horror of World War 2.

Activities in support of Point 3 then proceeded apace. The substantially bloodless takeover of Austria was accomplished in March 1938, with no significant response from the British public. Czechoslovakia was carved up by Britain, France, Germany, and Italy on September 29, 1938, with incredible prior pressures exerted on France and Czechoslovakia by Britain, in accordance with Point 7 above, as described in detail by Quigley. The British public had been prepared to welcome this result as the great lifting of the fear of war with Germany, a fear that had been driven into them by several years worth of propagandizing by the British elites as to the overwhelming military superiority of the Germans, a superiority which Quigley exposes as being entirely fraudulent (p. 633 ff.).

The continuation of the seven-point policy with respect to Poland suffered two new setbacks, however. First, says Quigley, Hitler had not made up his mind

whether to attack France or Poland next. British diplomats in Europe smelled this out in January 1939 (p. 642) and "began to bombard London with rumors of a forthcoming attack on the Netherlands and France." Appeasement as a policy suddenly appeared to many Britishers to be unrealistic and personally dangerous. Second, on March 15 Chamberlain told the House of Commons "that he accepted the seizure of Czechoslovakia, and refused to accuse Hitler of bad faith." The howls of rage from Commons changed his mind as to what he could say and do in public, and two days later he denounced the seizure to his constituency in Birmingham. The reality of underlying policy did not change, however, though a second policy effort was mounted to satisfy the British public about ending "appeasement." Of the two policies, says Quigley, "One policy was public; the other was secret. Since the Foreign Office knew of both, it tried to build up the 'peace front' against Germany so that it would look sufficiently imposing to satisfy public opinion in England, and to drive Hitler to seek his desires by negotiation rather than by force, so that public opinion in England would not force the government to declare a war that they did not want in order to remain in office."

Hitler, however, was determined to have his war, and notwithstanding additional British efforts, including first a threat to come to Poland's aid if it were attacked, and then a secret offer to make a non-aggression pact with Germany along the lines of the three-bloc-world plan of the Round Tablers (p. 653), Hitler did finally act. He signed a non-aggression pact with the USSR on

August 23, 1939, including a secret protocol defining how Poland was to be divided up, and on September 1 invaded Poland. For two more days, France and England begged Hitler to withdraw his forces from Poland and open negotiations. When the British public and the government's supporters in Parliament began to grumble, Britain reluctantly declared war on September 3, followed by similar French action a few hours later.

Even after being forced into a war that he did not want, Chamberlain did not give up his anti-Bolshevik policy of using Germany to destroy the USSR. According to Quigley (p. 668), the conflict during the period from September 1939 to May 1940 was referred to as "the 'Sitzkrieg' (sitting war) or even the 'phony war' because the Western Powers made no real effort to fight Germany." He noted, for example, that the British air force was ordered to refrain from bombing any German land forces, to the air force's considerable dismay. Quigley attributes this policy to Chamberlain's continued effort to make peace with Germany, so he could get on with his original plan. Now hating Hitler because of Hitler's insistence upon war, Chamberlain felt that "the best way to reach peace would be to encourage some anti-Hitler movement within Germany itself." The only action of any significance taken against Germany during this period was a weak-kneed blockade, mounted primarily as a sop to public opinion.

Chamberlain during this period had the secret support of France, whose government was well aware of Hitler's vacillation as to whether to attack France or

Poland first. Thus, when the Soviet Union made demands upon Finland and then invaded on November 29, 1939, the British and French (p. 679) "regarded it as a heaven-sent opportunity to change the declared but unfought war with Germany, which they did not want, into an undeclared but fighting war against the Soviet Union." They took their case to the moribund League of Nations, reawakened it, and obtained a condemnation of Russia in just 11 days. More importantly, they got up an expeditionary force of 100,000 troops to aid Finland, and tried to get Swedish and Norwegian permission to transit their territory to get to Finland. Under pressure from Germany and Russia, Sweden and Norway refused. Finland made peace on March 12, 1940, but even then the British did not give up their efforts. They kept their expeditionary force at the ready, issued threats to Norway and Sweden to cooperate, and ordered the French General Weygand to carry out a bombing raid on Russia's Caucasus oil fields from their bases in Syria. However, Hitler invaded Denmark and Norway on April 9, cutting off British access to the Russians via that route, thereby assuring Russian quiescence while he dealt with western Europe. Weygand could not mount his attack on the Caucasus until the end of June, but Hitler invaded France and the lowlands on May 10, 1940, obviating that possibility, and the issue was forever settled.

The British anti-Bolshevik and three-bloc-world circles finally got what they wanted - the hegemony of Germany over Europe - but not without military force, as they had wished. They consequently lost their public support, and in a violent debate in Parliament from May 7

to May 10, Chamberlain, still feebly trying to defend his policies, was attacked from all sides. He was the appointed fall guy, however, and the recipient of the famous words (p. 684): "Depart, I say. Let us have done with you. In the name of God, go!" These words were delivered by Leopold Amery, "the shadow of Lord Milner" says Quigley (582), he who, Quigley says, as one of the three-bloc-world leaders, led his circle into an increasingly anti-German posture, and into a split with the anti-Bolsheviks. Chamberlain resigned on May 10, as France was being invaded, and was replaced by Winston Churchill, the old war-horse previously known as "The best-hated man in the House of Commons," to prosecute the war against Germany.

Quigley reveals nothing concerning any involvement by Churchill in helping Roosevelt maneuver the United States into the war, enabling the war to finally be brought to a conclusion. His prose does, however, elucidate facts of great interest regarding the mind-set of British leadership – the same leadership which today reaches across the ocean to execute its policies through the offices of the Council on Foreign Relations, the U.S. branch office of the Round Table group. That mind-set led them to find a German villain as bad as Stalin, secretly support and build him up, and hand him all of Europe, all of which policies were obviously against the best interests of millions of Europeans, and would of course have been violently opposed by the British electorate had those policies been publicly revealed.

It should further be noted that the financial assistance leading to Hitler's buildup derived from the actions of Montagu Norman at the Bank of England and Hjalmar Schacht, protégé of Baron von Schroder, at the Reichsbank. It is impossible to believe, however, that Hitler was not raised up without the approval of the major banking families which run this world, for, as Quigley points out (pp. 326-327): "It must not be felt that these heads of the world's chief central banks were themselves substantive powers in world finance. They were not. Rather, they were the technicians and agents of the dominant investment bankers of their own countries, who had raised them up and were perfectly capable of throwing them down. The substantive powers of the world were in the hands of these investment bankers ... who remained largely behind the scenes in their own unincorporated private banks. These formed a system of international cooperation and national dominance which was more private, more powerful, and more secret than that of their agents in the central banks.

It therefore becomes extremely hard to believe that these major banking families which run our world, listed at the beginning of this review, were not themselves culpable in the origination of World War 2. It is said that power corrupts, and that absolute power, close to being realized in both Britain and Germany of the 20's and 30's, did in fact corrupt close to absolutely, to the great sorrow of millions around the world during that greatest single human conflagration that our world has yet seen.

Chapter 3

"THE NAKED CAPITALIST"

(By W. Cleon Skousen. Pub. 1970 by Mr. Skousen. Presently available from Reviewer, 9137 Edenbrook Way, West Jordan, UT 84088.)

This short book (121 pages of text) was the first anti-establishment review of *Tragedy and Hope* of which I am aware, but certainly was not the last. Mr. Skousen's credentials stem from a law degree at George Washington University, his service in the FBI from 1935 to 1951, and a career thereafter involving four years as Police Chief of Salt Lake City, the editorship of the police magazine *Law and Order*, a teaching position at Brigham Young University, and many years on lecture circuits in the United States and abroad. His work in the FBI was heavy into investigations of communism, and resulted in his earlier book *The Naked Communist* which reached the best seller list in 1961.

Quigley's book, appearing in 1966, was a revelation for which Mr. Skousen was already primed, and he took immediate advantage of it. He aimed for the core of the matter on his page 1, on which he related a conversation he had with Dr. Bella Dodd, "a former member of the National Committee of the U.S. Communist Party," as saying: "I think the Communist

conspiracy is merely a branch of a much bigger conspiracy!" Skousen then explains:

"Dr. Dodd said she first became aware of some mysterious super-leadership right after World War 2 when the U.S. Communist Party had difficulty getting instructions from Moscow on several vital matters requiring immediate attention. The American Communist hierarchy was told that any time they had an emergency of this kind they should contact any one of three designated persons at the Waldorf Towers. Dr. Dodd noted that whenever the party obtained instructions from any of these three men, Moscow always ratified them. What puzzled Dr. Dodd was the fact that not one of these three contacts was a Russian. Nor were any of them Communists. In fact, all three were extremely wealthy American capitalists! Dr. Dodd said, 'I would certainly like to find out who is really running things.'"

Skousen relates the many similar puzzlements he has had during his years of investigation, and how he had "waited for thirty years for somebody on the inside of the modern political power structure to talk" as he had long expected that someone ultimately would. When Quigley's book appeared, he sought from it clues as to Quigley's motivation to publish. He quotes (p. 5) Quigley's single disagreement with the elites concerning his feeling that their historical impact has been so great that history should be permitted to properly record that impact, but further notes that Quigley "feels that the forces of total global control are now sufficiently

entrenched so that they can reveal their true identity without fear of being successfully overturned." Quigley's sympathy with the secret goals of the elites is demonstrated, says Skousen, in the title of the book, "Hope" referring to the men composing the elite group, and "Tragedy" the men opposing that group.

Skousen then goes directly to Quigley's description of the apex of the secret control structure. Quigley, he says (p. 7), "points out that during the past two centuries when the peoples of the world were gradually winning their political freedom from the dynastic monarchies, the major banking families of Europe and America were actually reversing the trend by setting up new dynasties of political control through the formation of international financial combines. Dr. Quigley points out that these banking dynasties had learned that all governments must have sources of revenue from which to borrow in times of emergency. They had also learned that by providing such funds from their own private resources, they could make both kings and democratic leaders tremendously subservient to their will. It had proven to be a most effective means of controlling political appointments and deciding political issues."

Skousen then proceeds with a critique and elucidation of Quigley's account of the development by these major dynastic banking families and their minions of secret control over much of the political and economic life of Europe, the United States, and much of the rest of the world. He quotes Quigley's account of

how commercial and savings banks and insurance companies were drawn into the web, strengthening its influence over both government and industry, and then repeats Quigley's list of the major banking families (p. 7), i.e., "Baring, Lazard, Erlanger, Warburg, Schroder, Seligman, the Speyers, Mirabaud, Mallet, Fould, and above all Rothschild and Morgan." He digresses briefly (p. 8) to assure his readers that the banking conspiracy is not a "Jewish Conspiracy" as alleged by the well-known and fraudulent document called "The Protocols of the Learned Elders of Zion," a document that we might label today an exercise in disinformation, aimed at discrediting the conspiracy's opponents. Skousen then quotes Quigley's description of how the "international" (or "merchant" or "private" or "investment") bankers differ from legitimate commercial or savings bankers, particularly regarding the former's preoccupation with handling government debt, and its efforts to convince both government and business that the bankers could manage government debt better than government could. Quigley's narrative is then presented concerning the setting up of the Bank of England, and the overwhelming political power which it secretly acquired and exercised.

Skousen then quotes Quigley's description of the development in the United States of the Morgan and Rockefeller financial dynasties, and then goes to a summarization of their secret machinations which produced our Federal Reserve System. (Skousen's summary is fascinating, but we'll cover this subject much more thoroughly in a later review.) Skousen does

set out to ask and then answer, Who controls the Fed? What are the goals of the Fed and the other central banks? What are the goals of the international banking families who control the central banks?

As to 'Who controls?' Skousen first explains (p. 15) who does *not*, namely, the government: "As we have previously noted, the dynastic 'banker families' in England had established their monopoly control over finance by setting up the Bank of England as a privately controlled institution which had the *appearance* of an official government institution. Similar centers of financial control had been set up in France, Germany, Italy and Switzerland." Moving then to our Federal Reserve System, he says (p. 21), "The system consists of 12 'National Banks' but the only one of any significance is the one in New York. The New York bank has always been managed by someone completely congenial to the interests of the international bankers." He then notes Quigley's description of Benjamin Strong, the first governor of the New York Federal Reserve Bank (p. 23): "Strong owed his career to the favor of the Morgan Bank.... He became governor of the Federal Reserve Bank of New York as the joint nominee of Morgan and of Kuhn, Loeb and Company in 1914. Two years later, Strong met [Montagu] Norman for the first time, and they at once made an agreement to work in cooperation for the financial practices they both revered." (Quigley, p. 326)

And just what were these "revered" financial practices and goals of the Fed and the other central banks? Skousen (p. 22) quotes Quigley as saying that the

international bankers intended to use the financial power of Britain and the United States to force all the major countries to operate "through central banks free from all political control, with all questions of international finance to be settled by agreements by such central banks without interference from governments." (Quigley, p. 326) He continues by quoting Quigley concerning the higher-level goals of the dynastic bankers as being "nothing less than to create a world system of financial control in private hands able to dominate the POLITICAL SYSTEM of each country and the ECONOMY of the world as a whole. This system was to be controlled in a feudalistic fashion by the central banks of the world acting in concert, by secret agreements arrived at in frequent private meetings and conferences. The apex of the system was to be the Bank for International Settlements in Basle, Switzerland, a private bank owned and controlled by the world's central banks which were themselves private corporations. Each central bank, in the hands of men like Montagu Norman of the Bank of England, Benjamin Strong of the New York Federal Reserve Bank, Charles Rist of the Bank of France, and Hjalmar Schacht of the Reichsbank, sought to dominate its government by its ability to control Treasury loans, to manipulate foreign exchanges, to influence the level of economic activity in the country, and to influence cooperative politicians by subsequent economic rewards in the business world." (Quigley, p. 324, emphasis added)

And the goals of the dynastic banking families themselves? Mr. Skousen concludes the following (p.

24): "There is a growing volume of evidence that the highest centers of political and economic power have been forcing the entire human race toward a global, socialist, dictatorial-oriented society. And what has been most baffling about it has been the fact that this drift toward dictatorship with its inevitable obliteration of a thousand years of struggle toward human freedom, is being plotted, promoted, and implemented by the leaders of free nations and the super-rich of those nations whose positions of affluence would seem to make them the foremost beneficiaries of the free-enterprise, property-oriented, open society in which so much progress has been made. Certainly they, above all men, should know that in order for this system to survive, freedom of action and the integrity of property rights must be preserved. Then why are the super-capitalists trying to destroy them?"

"Dr. Quigley provides an answer to this question but it is so startling that at first it seems virtually inconceivable. It becomes rational only as his scattered references to it are collected and digested point by point. In a nutshell, Dr. Quigley has undertaken to expose what every insider like himself has known all along – that the world hierarchy of the dynastic super-rich is out to take over the entire planet, doing it with Socialistic legislation where possible, but having no reluctance to use Communist revolution where necessary."

Having thus derived an understanding of the underlying causality pervading our recent political and economic lives, permitting many heretofore inexplicable

events to suddenly become rationally understandable, Mr. Skousen proceeds forward with Dr. Quigley's wish to let history record who some of the major actors really are, and what they did. He thus follows Quigley's revelations concerning Ruskin, Cecil Rhodes, Milner's Round Table groups, the formation of the RIIA, the CFR, and the IPR, and their invasion of the media and the Ivy League colleges. Much of this was discussed in our own review of *Tragedy and Hope*.

But then Mr. Skousen arrives at and expresses what seems to us to be another highly cogent insight. We, in our review, discussed at some length Quigley's revelation concerning the insiders' buildup of Hitler during the decade before World War 2. Mr. Skousen spends much of the latter part of his book discussing the corresponding buildup by these same elites of Lenin and Stalin in the USSR and Mao Tse-tung in China. What is to be made of the fact that the elites were instrumental in building up the three most bloodthirsty dictators of the twentieth century – Hitler, Stalin, and Chairman Mao, the first two of whom ended up in a violent war with each other? Some hard-core conspiracy buffs have suggested that the banking elites were in complete control of these dictators and their actions. The elites themselves of course publicly insist that no tie at all existed to such evil personages. Mr. Skousen, in contrast to both of these views, suggests that the real relationship was very much like the simple risk that a person will take to gain large rewards rapidly [perhaps like speculating in penny stocks]. He explains (p. 38):

"Power from any source tends to create an appetite for additional power. Power coming from wealth tends to create an appetite for political power, and vice versa. It was almost inevitable that the super-rich would one day aspire to control not only their own wealth, but the wealth of the whole world. To achieve this, they were perfectly willing to feed the ambitions of the power-hungry political conspirators who were committed to the overthrow of all existing governments, and the establishment of a central world-wide dictatorship along socialist lines.

"This, of course, was a *risky business* for the Anglo-American secret society. The super-rich were gambling on the expectation that when the violence and reconstruction had been completed by the political conspirators, the super-rich would then take over ... to guide mankind hopefully and compulsively into a whole new era of universal peace and universal prosperity.

"To *take such a risk*, the cadre of the super-rich had to ignore the most elementary aspects of the ferocity of the left-wing conspiratorial mentality. Mao Tse-tung has articulated the basic Communist conviction that political power comes from the barrel of a gun, and once they seize control it is their expressed intention to use the gun to prevent the super-rich or anyone else from taking that control away from them. [Similarly, Hitler repeatedly told Britain that he intended to realize his goals by going to war, not by diplomatic negotiation.]

"Nevertheless, the secret society of the London-Wall Street axis elected to *take this risk*. The master-planners have attempted to control the global conspiratorial groups by feeding them vast quantities of money

for their revolutionary work, and then financing their opposition if they seemed to be getting out of control."

He then quotes Quigley's defense for the elites' support of such ruthless psychopaths, claiming that their own altruistic ends justified such means: "The chief aims of this elaborate, semi-secret organization were largely commendable: to coordinate the international activities and outlooks of the English-speaking world into one (which would largely, it is true, be that of the London group); to work to maintain peace; to help backward, colonial, and underdeveloped areas to advance toward stability, law and order, and prosperity *along lines somewhat similar to those taught at Oxford and the University of London (especially the School of Economics and the Schools of African and Oriental Studies)*." (p. 954) Mr. Skousen adds that his emphasis was inserted so that readers wouldn't miss the intent of the elites that their remade world be organized along the socialist lines taught by the listed British educational institutions.

Mr. Skousen then goes into Quigley's revelations concerning why the elites ventured into supporting left-wing organizations. Having spent a good part of his career in investigating domestic communist activities, he is in a remarkable position to compare his knowledge of those activities to Quigley's bland assertions. He quotes Quigley at length concerning the bankers' efforts, mostly by Morgan men, to control political parties and movements, naming which men infiltrated the Republicans, the Democrats, the extreme right, and the extreme left. He further quotes Quigley concerning the communist front

groups set up by the Morgans, their efforts to block investigation by Congress, their support of the Institute of Pacific Relations and its infiltration by communist agents, and then a lengthy section concerning the Council on Foreign Relations, complete with names of major actors up to the time of publishing his book (e.g., Alger Hiss, Harry Dexter White, Owen Lattimore, Christian Herter, John and Allen Dulles, Nelson Rockefeller, George Ball, Henry Kissinger, and many others).

Skousen then gets to the matter of the tax-exempt foundations, and their investigation by the Reece Committee of the U.S. House of Representatives, a matter which Quigley himself had discussed in connection with congressional probing into IPR policies and actions. Skousen goes a little beyond our own review of Quigley's observations in that he also attempts to summarize the findings of Rene Wormser's book, *Foundations: Their Power and Influence*, which Quigley had noted and then dismissed as perhaps shocking to Wormser but not to him. Wormser's summarization (reproduced by Skousen, p. 60) of the efforts of the foundations to dominate U.S. education, for example, reads as follows:

"7. Foundations use their funds to subvert and control American education.

- a. 'Conform or no grant!' (p. 140)
- b. The birth of Educational Radicalism. (pp. 143-145)
- c. Carnegie finances a socialist charter for education. (pp. 146-152)
- d. The radical educators. (pp. 152-155)

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e. The Progressive Education Association. (pp. 155-156)

f. Financing and promoting socialist textbooks. (pp. 156-167)

g. Financing Left-wing reference works. (pp. 167-171)

h. The National Education Association not designed to advance 'American' education. (pp. 142, 145, 160, 164-165, 216-217)"

Noting next that Wormser's book then spends 79 pages exclusively on the Ford Foundation, Skousen proceeds to combine his own and Wormser's knowledge concerning the personnel and works of that organization. Following the death of Henry Ford, Sr. in 1947, the scramble for control of the foundation was won by Paul G. Hoffman, who, says Skousen (p. 62), "was not only a member of the London-Wall Street nexus, but had been director of the principal propaganda arm of the Council on Foreign Relations and also a trustee for the Institute of Pacific Relations." Hoffman then brought in "the well-known global collectivist, Robert Hutchins" as his associate director, and through their joint efforts, "By 1956 the Ford Foundation had spent more than one billion dollars in contributions to 'education' and had thereby become a well-nigh all-encompassing influence over hundreds of colleges and universities."

The directorship of the foundation was handed in 1966 to McGeorge Bundy, shortly after he was hounded out of L. B. Johnson's administration by Congress

because of his apparent efforts to support a communist coup attempt in the Dominican Republic. Skousen describes a number of Bundy's grantees and various of their activities, and then summarizes (p. 66): "Official Ford Foundation reports show that millions upon millions are being poured into revolutionary, communist-dominated or global collectivist organizations under the direction of McGeorge Bundy." Skousen lists a dozen or so of such organizations supported by the Ford Foundation, and then concludes, "So much for the activities of the major foundations which 'insider' Carroll Quigley says were 'not shocking' to him at all."

Mr. Skousen, after first noting the establishment's continually felt fear of exposure frequently alluded to by Dr. Quigley, then describes in some detail several attempts at such exposure following World War 2, some of which he was personally involved with. Included are: (1) revelations by Major Racey Jordan (*From Major Jordan's Diaries*, N.Y., Harcourt, Brace Co., 1952) concerning shipments to Russia, ordered in 1943 by Harry Hopkins under the Russian lend-lease program, of refined uranium and atomic bomb research documentation; (2) the U.S. involvement in disarming Chiang Kai-shek and the resulting conquest of China by the Chinese communists, to the anger and disgust of Americans when they began to find out about it; (3) the exposure in 1948 of the State Department's Alger Hiss as a communist spy; (4) the firing of General MacArthur during the Korean War for revealing to Congress that he was now fighting Chinese communist "volunteers" after

essentially defeating the North Korean army; (5) the publication in July 1953 of the Senate Judiciary Committee's famous Jenner Report, entitled "Interlocking Subversion in Government Departments"; (6) the public stir raised by Senator Joe McCarthy in the early 1950's concerning communist infiltration into the State Department and elsewhere, activities which evoked paroxysms of rage and malevolence from Carroll Quigley (pp. 928 ff.); (7) the flood of anti-communist literature from such as J. Edgar Hoover, W. Cleon Skousen, Dean Manion, Dan Smoot, Robert Welch, Billy James Hargis and others, and the beginning of televised mass meetings and radio broadcasts concerning the communist menace, responded to by the establishment elites with the Reuther Memorandum proposing government measures to curb these activities, one of which was the FCC's "Fairness Doctrine," which required radio and TV stations to give free rebuttal time to anyone criticized within another purchased program; and (8) the rise of Senator Barry Goldwater as a presidential candidate challenging the establishment, an effort which again evoked a vitriolic diatribe from Quigley, and which the well-oiled establishment handled with a fair degree of ease.

Mr. Skousen ends the development of his narrative with a description, as of knowledge available to him in 1970, of the Bilderberg Group. Their conferences, he says (p. 108), "are held each year as an international master planning conclave. They are secret and attendance is restricted to invited 'guests.' These turn out to be about 100 men from the top inner circle representing the four

major dimensions of power: the international banking dynasties, their corporations involved in vast, international enterprises, the American tax-exempt foundations, and the establishment representatives who have gained high offices in government, especially the United States government. These conferences always have the same chairman – his royal highness Prince Bernhard of the Netherlands, who, with his family, owns a massive fortune in the Royal Dutch Shell Oil Corporation. Then, close at hand, will always be David Rockefeller representing his family and especially Standard Oil of New Jersey which is one of the largest corporate structures in existence. It is interesting that in the past two decades when political revolutions have occurred in various parts of the world, these two companies usually end up with all of the oil and natural gas concessions. This has been largely true in Africa, the Middle East, South America, and the Far East. These are also the companies whose installations seem to be virtually off limits to the bombers in both sides of any recent war. We mention this simply to demonstrate the fact that Dr. Quigley does seem to be correct in alleging that the political and economic forces of the earth are being woven into a gigantic monolith of total global power."

Skousen identifies the first meeting as being held in May 1954 at the Bilderberg Hotel in Oosterbeek, Netherlands. After each of their annual meetings, he says, the conferees "depart to the four corners of the earth to carry out their adopted goals, but the world is never given the slightest hint as to what has been

decided. This is particularly frustrating to Congress, which has tried several times to ferret out the activities of these Bilderberg conferences. Even when top government officials such as Navy Secretary Paul Nitze were placed under oath and interrogated, it became virtually impossible to learn anything of significance." Trusted members of the major media are invited, but also never report on the substance of the proceedings. Skousen names such personages representing the New York Times, the Atlanta Constitution, Look magazine, and Life magazine. Similar personages continue to represent the major newspapers and TV networks as this is being written in 1995. (The list of 1995 attendees was printed in the Washington weekly *The Spotlight* for 10/23/95. Call 800-522-6292. A few familiar names on that list were Lloyd Bentsen, Tom Foley, David Gergen, Richard Holbrooke, Peter Jennings, Henry Kissinger, and David Rockefeller.)

Mr. Skousen summarizes that the elites who wish to set up their world dictatorship recognize their main enemy to be the great middle class of the United States, which, being made up of individuals who have acquired a little education, property, and independence, will fight strenuously to keep them. The strategy of the elites is to squeeze the middle class to death by creating or exacerbating the major problems facing the society, including class warfare, crime, education, moral decay, etc., and then creating in response spurious governmental programs to "cure" the problems that they just created. He describes (p. 115) the enmity which Dr. Quigley holds toward the middle class: "The middle

class is to be identified as the 'petty bourgeoisie,' the 'neo-isolationists' ... who are described by Dr. Quigley as 'often very insecure, envious, filled with hatreds, and are generally the chief recruits for any Radical Right, fascist, or hate campaign against any group that is different or which refuses to conform to middle class values.' (p. 1243)"

Mr. Skousen finally thanks Dr. Quigley for gratuitously giving us a peek behind the curtain, helping us to identify our real enemy and thus better aim our arrows of reform. Our future task, he says (p. 117), is political in nature, and should be aimed at "throwing the rascals out. Every Democrat, Republican, or Independent from the top of the federal government right down to the lowest official on the local level, who has been consistently supporting the collectivist policies and tactics of the global network, should be summarily replaced as fast as the electoral process will permit."

Truly a daunting job, but possible. Mr. Skousen then concludes, "It is time we got on with the task."

Chapter 4

"THE TAX-EXEMPT FOUNDATIONS"

(By William H. McIlhany, II. Pub. 1980 by Arlington House, Westport, CT.)

(Subsidiary reference: "The Dodd Report to the Reece Committee on Foundations," by Norman Dodd. Pub. 1954 by Long House, New Canaan, CT.)

We take up this book next to flesh out the brief exposition concerning the tax-exempt foundations that appeared in *The Naked Capitalist*. McIlhany's book, appearing ten years later, and devoted to its one single topic, gives startling illumination to the scope of "un-American" activities undertaken by the major American tax-exempt foundations and the satellite organizations which they financially support.

McIlhany's incentive for writing this book stemmed from the abortive 1954 hearings of the House of Representatives' Special Committee to Investigate Tax Exempt Foundations, chaired by Rep. Carroll Reece. Both Carroll Quigley and Cleon Skousen have discussed the Reece hearings in their respective books, as we have reviewed above. McIlhany's approach was to obtain an extensive interview with Norman Dodd, the Research Director of the Reece Committee, to get his account of the history of that investigation, and follow it up with his own investigations and interviews with

officials in the primary foundations and "accessory agencies" (as Dodd labels them) that were under investigation. We will go immediately to the major new revelations transmitted to McIlhany by Mr. Dodd.

Following his appointment and prior to the hearings, Dodd prepared a list of questions and sent them to the major foundations. One reply he received was a call from the Carnegie Endowment for International Peace, which resulted in an appointment with Dr. Joseph Johnson, its recently appointed president (replacing the former president, Alger Hiss). Johnson said he couldn't take the time to research and answer Dodd's questions about the organization, but would make the minute books of the foundation available to one of Dodd's staffers in their library. Dodd swiftly agreed, believing that Johnson probably did not know what might be in those records.

He sent Kathryn Casey, the legal analyst for the Reece Committee, to examine those records, asking her to concentrate on the first years of the Endowment after 1910, and the years from 1917 to 1920. She came back shocked and upset, but having transcribed enough material for Dodd to reconstruct what she had found. In his words (pp. 60-61):

"[In the minutes, about 1911] the trustees raised a question. And they discussed the question and the question was specific, 'Is there any means known to man more effective than war, assuming you wish to alter the life of an entire people?' And they discussed this and at

the end of a year they came to the conclusion that there was no more effective means to that end known to man. So, they raised question number two, and the question was, *'How do we involve the United States in a war?'*

"And then they raised the question, 'How do we control the diplomatic machinery of the United States?' And the answer came out, 'We' must control the State Department. At this point we catch up with what we had already found out, and that was that through an agency set up by the Carnegie Endowment every high appointment in the State Department was cleared.

"Finally, we were in a war. These trustees in a meeting about 1917 had the brashness to congratulate themselves on the wisdom *of their original decision because already the impact of war had indicated that it would alter life and can alter life in this country.* This was the date of our entry in the war; we were involved. They even had the brashness to dispatch a telegram to [President] Wilson, cautioning him to see that the war did not end too quickly.

"The war was over. Then the concern became, as expressed by the trustees, seeing to it that there was no reversion to life in this country as it existed prior to 1914. And they came to the conclusion that, to prevent a reversion, *they must control education.* And then they approached the Rockefeller Foundation and they said, 'Will you take on the acquisition of control of education as it involves subjects that are domestic in significance?'

We'll take it on the basis of subjects that have an international significance.' And it was agreed.

"Then, together, they decided the key to it is the teaching of American history and *they must change that*. So, they then approached the most prominent of what we might call American historians at that time with the idea of getting them to alter the manner in which they presented the subject."

The minutes further showed, says Dodd (pp. 61-62), that the Carnegie trustees, upon encountering resistance from established historians, set about "to build their own stable of kept historians, and they even got a working agreement with the Guggenheim Foundation to grant scholarships to their selected candidates who were seeking graduate degrees.... The extent to which the Carnegie trustees were able to build their stable of submissive historians is significant.... Though encountering resistance at first, this group succeeded gradually in capturing more influence in the American Historical Association and affiliated circles."

McIlhany continues (p. 62), "It is important to remember that the [Carnegie] endowment supported U.S. entry into the war, not for any patriotic purpose, but so that the war would provide an excuse for, if not necessitate, Andrew Carnegie's goal of British-American regional government." He supports this allegation by quoting much earlier words from Andrew Carnegie himself, dating back to 1893 (p. 21): "Time may dispel many pleasing illusions and destroy many noble dreams,

but it shall never shake my belief that the wound caused by the wholly unlooked-for and undesired separation of the mother from her child is not to bleed forever. Let men say what they will, therefore, I say that as surely as the sun in the heavens once shown upon Britain and America united, so surely is it one morning to rise, shine upon, and greet again the reunited state, the British-American union." It is thus easy to see how close Carnegie's intellectual outlook was to that of the Rhodes-Milner group, whose secret society had already been established, according to Carroll Quigley, by March, 1891.

The foundation minutes of around 1911 expressing the need to control the State Department, as noted above, were apparently written during the tenure of the first president of the endowment, Elihu Root. Mr. Root had himself just finished a term as Teddy Roosevelt's Secretary of State from 1905 to 1908, so he was in a position to know what control of the State Department could accomplish. Later, says McIlhenny (p. 61), "as a U.S. Senator and Nobel Peace Prize recipient, Root was probably the most influential trustee at this time." On August 16, 1918, he wrote to Colonel Edward Mandell House, President Wilson's advisor and alter ego, discussing the need for "an international community system" to enforce World War 1 settlement terms which were soon to be negotiated. In response, "Colonel House wrote back on August 23, telling Root that he had discussed his letter with Wilson, and that he did 'not believe there would be much difficulty in bringing our minds in harmony upon some plan' for a 'Community of Nations.'"

This interest in the control of international relations is especially interesting in light of the second major revelation which Dodd related to McIlhany. Dodd said that in response to his request for information prior to the Reece hearings, he sought and was extended an invitation to visit Rowan Gaither, the president of the Ford Foundation. The visit took place in December 1953. Dodd said that Gaither opened the conversation with an unforgettable admission (p. 63):

"Of course, [Mr. Dodd,] you know that we at the executive level here were, at one time or another, active in either the OSS, the State Department, or the European Economic Administration. During those times, and without exception, we operated under directives issued by the White House. We are continuing to be guided by just such directives. Would you like to know the substance of these directives?"

"And I said, 'Yes, Mr. Gaither, I'd like to know.'

"The substance was to the effect that *we should make every effort to so alter life in the United States as to make possible a comfortable merger with the Soviet Union.*"

Shocked by this confession, Dodd recalls responding that, in the light of those directives, he was no longer surprised at the record of left-wing grants made by the Ford Foundation. He suggested that Mr. Gaither make those directives public, a suggestion which Gaither brushed aside, indicating that, for public consumption, his foundation was guided by the Ten

Commandments, The Sermon on the Mount, the Declaration of Independence, and the U.S. Constitution.

Thus, the thrust of the major foundations to alter life in the United States toward internationalism, expressed first in 1911 in the minutes of the Carnegie Foundation, is found substantially unchanged 42 years later as a guiding principle of the relatively new (but much wealthier) Ford Foundation.

Dodd also related to McIlhany that about a month earlier, in November 1953, after having given a speech at the Mayflower Hotel in Washington, he had been approached by Mr. Herman Edelsberg, who identified himself as an Anti-Defamation League lobbyist. Over a drink in the hotel bar, Dodd says he got the man to open up, whereupon "he spoke of a very powerful group of men whom he represented," but implying that the ADL was only an agency for those men. McIlhany continues Dodd's story (p. 64):

"Edelsberg said the men had some very serious problems. They had amassed so much power that it would destroy them. They should dissolve their associations, but he was sure they would not be willing to do so. Dodd well recollects what [Edelsberg] said, continuing: 'We will exercise our power and it will destroy us, but it will destroy everything else in the process.... As we exercise our power from here on out, we're going to get closer and closer to the surface, and somebody's going to get very curious and pick up the

end of the string and follow the string and he's going to find himself at our door.'

"It was obvious that Edelsberg was claiming to represent an elite far more powerful than anyone active in the ADL. He told Dodd that the strength of the group was their secrecy and their understanding of the nature of a free society. And their Achilles heel was the possibility that their efforts to cloud public understanding in these areas might fail."

Dodd related that, following the first day of the hearings, he was again contacted by Mr. Edelsberg, who said that he had been ordered to deliver a threat against Dodd's life. No such attempt was apparently made, however, though Dodd says that his phone was subsequently tapped, he was crudely followed, and he was subjected to a verbal attack in the October 1954 *A.D.L. Bulletin*.

Before going to a discussion of the hearings themselves, let us detour to pick up a valuable supposition spotted by Mr. McIlhany regarding the motivations of the Rhodes-Milner group. McIlhany notes (p. 19) that Cecil Rhodes attached to his will a "Confession of Faith" which contained the following:

"The idea gliding and dancing before our eyes like a willow – a wish at last frames itself into a plan. Why should we not join [or 'form' as other writers have interpreted Rhodes' handwriting] a secret society with but one object: the furtherance of the British Empire, for

the bringing of the whole uncivilized world under British rule, for the recovery of the United States, for the making the Anglo-Saxon race but one Empire."

Though sounding remarkably like the sentiments voiced by Andrew Carnegie, it seems a contradiction that Rhodes would attach to a public document, i.e., his will, the purposes of a *secret* society. The contradiction is further explored by McIlhany (p. 18):

"This goal [of merging Great Britain and the United States] was put forth by their public organization, the Round Table Groups, organized and led by Milner after Rhodes' death in 1902. In spite of Milner's public declarations of fidelity to the interests of the British Empire, much controversy has arisen from the fact that Milner's agents were instrumental both in provoking hostilities with Germany in 1904 through the Jameson Raid in South Africa, and in assisting with the financing of the 1917 Bolshevik takeover of Russia. [E.g., see Skousen, pp. 40-41.] That the Round Table leadership in the British government and press after 1919 spearheaded the drive not only for socialism at home but also for the dismantling of the Empire around the globe has caused researchers to question what the goals of the Rhodes-Milner group really were."

McIlhany supplies copious references to the works of these other researchers. He is clearly suggesting that the Pan-British oratory is little more than a cover for the real (and really secret) objective, which is to reorganize the world by socializing its governments

and then merging them into one, by, for example, "altering life in the United States such as to make possible a comfortable merger with the Soviet Union," as revealed above by Rowan Gaither. This secret objective is exactly that described by Mr. Skousen in our previous review, which he summarized as follows: "[The] world hierarchy of the dynastic super-rich is out to take over the entire planet, doing it with socialistic legislation where possible, but having no reluctance to use Communist revolution where necessary."

McIlhany then proceeds to describe the two attempts of Congress to investigate the foundations – first by the special committee of the House run by Democrat Congressman Eugene Cox of Georgia, and second by a similar committee chaired by Republican Congressman Carroll Reece of Tennessee.

The Cox committee was formed April 4, 1952, and was required to complete its work by January 1, 1953, i.e., at the start of the next congressional session. Its motivation centered on the concern raised by the immediately preceding work of the Senate Internal Security Subcommittee which found, as McIlhany puts it (p. 35) "that much of the Roosevelt-Truman foreign policy that led to the fall of mainland China to the Communists was deliberately calculated to produce that result. The private organization which influenced or supplied so many of the State Department personnel responsible for shaping Far East policy was the American Council of the Institute of Pacific Relations. The IPR, founded in 1925, was by far the most influential source

for all information about China in this country. It has already been mentioned that the Rhodes-Milner Round Table Groups supported and used the IPR as an extension of their strategy for global power. But the Senate subcommittee concluded, "The IPR has been considered by the American Communist Party and by Soviet officials as an instrument of Communist policy, ... [and] was a vehicle used by the Communists to orientate American far eastern policies toward Communist objectives."

The Senate report then identified the main sources of IPR funding, the American IPR receiving, in the 26 years from 1925 through 1950, 50 percent of its total income from foundations (chiefly Rockefeller and Carnegie groups), and the International IPR receiving in the same period 77 percent of its total income from the Rockefeller and Carnegie groups and the American IPR. These funds included grants as late as 1950 of \$50,000 and \$60,000 from the Rockefeller Foundation to the American and the International IPR, respectively. Further, the temporary chairman of the Carnegie Foundation, John Foster Dulles, recommended in 1946 that the foundation's presidency be given to the upcoming State Department figure Alger Hiss. The board so acted in December 1946. Though evidence concerning Hiss's role as a Soviet spy was made available to Dulles a few weeks later, and though Hiss was publicly identified as a spy by Whittaker Chambers in December 1948, Hiss was not removed as the foundation president until 1950.

These several revelations provided the momentum for forming the Cox committee to investigate the foundations and their apparent promotion of Communist objectives. McIlhany quotes from the House Resolution authorizing the committee study (p. 37): "The committee is authorized and directed to conduct a full and complete investigation and study of educational and philanthropic foundations and other comparable organizations which are exempt from federal income taxation ... to determine which such foundations and organizations are using their resources for un-American and subversive activities or for purposes not in the interest or tradition of the United States."

The hearings then proceeded apace, with selected testimony described by McIlhany in some detail. The time was short, however, and compilation of a report was interrupted by the unexpected death of Chairman Cox. The job was given to another, and the final report which emerged consisted of just 15 pages, lacking any significant, supported conclusions or generalizations concerning the thrust of foundation activities and grants. As McIlhany puts it (p. 49):

"The issues discussed in the hearings were summarized for the report in the form of twelve questions. Several of these focused generally on the grants made to subversive organizations and individuals with Communist affiliations, but the report, perhaps due to the impossibility of in-depth analysis, concluded that the foundations had overwhelmingly lived up to their respective reputations as public trusts." However, he

continues, "there was one angry member of the Cox committee who was disappointed by the outcome of the hearings and the very limited nature of the report. Representative B. Carroll Reece of Tennessee knew that another investigation would be necessary to tell the whole story. And, if he could help it, he was determined that the foundations were not going to get away with a whitewash."

Carroll Reece got the continuing investigation he wanted by a House resolution passed in July 1953. The best single thing that he did in furtherance of his goal was to hire Norman Dodd as research director. Dodd's background and mentality matched the task at hand, as McIlhany makes clear in his thumb-nail biography of Dodd. McIlhany relates the following exchange in January 1954, shortly after Dodd's hiring:

"Norm, would you accept the premise that this country is the victim of a conspiracy?" Dodd remembers thinking for a moment and saying, 'Yes, Carroll, I'll accept that.' Then [Reece] said, 'Can you conduct this investigation in a manner which will expose it with proof?' Dodd agreed to conduct the research on the suggested basis of proving what they both knew was true – what had been demonstrated in the Cox Committee hearings but not stated in its report – that some of the foundations were part of a totalitarian conspiracy."

The roadblocks that were erected to first prevent, and then sidetrack, and finally to stop the Reece Committee hearings make as good a story as ever came

out of Hollywood. As related by Dodd to McIlhany, Dodd received a call in February 1954, from Bob Humphreys, an officer of the Republican National Committee, who as much as ordered him to stop what he was doing. At about the same time, Rep. Wayne Hays, a Democrat minority member of the Reece Committee, told Dodd he had been contacted by President Eisenhower's congressional liaison, General Jerry Persons, who asked Hays to "throw as much of a monkey wrench into the investigation as possible." Hays said that he refused, though he had told Dodd several months earlier that he thought the investigation was nothing more than a publicity stunt on the part of Carroll Reece.

Then when Reece called the committee members and staff to his office to discuss when the hearings should start, Rene Wormser, the committee counsel, proposed (p. 57), "Gentlemen, I recommend that the committee hold no hearings, but that you permit me to write a report and we'll let the foundations do anything they want." Reece said no, but Wormser's suggestion was consistent with the prior expressed concern felt by both Dodd and Reece that Wormser did not share their premise of a foundation conspiracy. Dodd then offered to write, and did write, a report to the committee setting out the basis upon which the committee would proceed with its work. We'll discuss that report more fully in a moment.

On May 10, just after the first public hearing, Dodd received a death threat via Mr. Edelsberg, as

previously related. Then, during the one month or so of actual hearings, Dodd and his witnesses were continuously interrupted for harangues by Wayne Hays, delaying the hearings and preventing adequate time for development of coherent causal relationships. Hays exploded on June 17 into a tirade of obscenities directed at Reece and the committee staff, immediately following which the hearings were postponed and then finally called off entirely.

Hays subsequently apologized to Reece, but Reece did not reinstate the hearings. Dodd related to McIlhany that he was later informed that Reece did not do so because of blackmail pressure brought against Reece relating to a prior recorded charge by Washington police of his homosexual behavior in a public washroom. Dodd believed the charges to be a frame-up, but whether true or false, the hearings were discontinued, and Dodd was prevented from bringing up the content of the Carnegie Foundation minutes which Kathryn Casey had transcribed, or the conversation he had had with Rowan Gaither of the Ford Foundation, both of which would have gotten damning evidence on the record in support of his thesis.

McIlhany devotes about two pages (pp. 66-68) to a discussion of the Dodd Report to the Reece Committee, which we referred to above, and which we also identified as a "subsidiary reference" at the beginning of this chapter. For our purposes, the Dodd Report provides us with a highly important insight into the scope and power of the forces seeking to socialize

our society. As the report points out, the implementation of socialization actions by government, and the aggrandizement of Executive branch power, went through a revolutionary increase during FDR's first term, but with the wide acceptance of the electorate. This led to additional studies by the Reece Committee staff which indicated that such a revolution could not have been publicly accepted "unless education in the United States had been prepared in advance to endorse it." It was therefore reasonable to hypothesize that educational grants by the foundations would reflect such preparation. On this basis, the staff was directed (Dodd Report, p. 7) "to explore Foundation practices, educational procedures, and the operations of the Executive branch of the federal government since 1903 for reasonable evidence of a purposeful relationship between them." The Dodd Report continues:

"Its ensuing studies disclosed such a relationship, and that it had existed continuously since the beginning of this 50-year period. In addition, these studies seem to give evidence of a response to our involvement in international affairs. Likewise, they seemed to reveal that grants had been made by Foundations (chiefly by Carnegie and Rockefeller) which were used to further this purpose by:

"Directing education in the United States toward an international viewpoint and discrediting the traditions to which it [formerly] had been dedicated.

"Training individuals and servicing agencies to render advice to the Executive branch of the federal government.

"Decreasing the dependency of education upon the resources of the local community and freeing it from many of the natural safeguards inherent in this American tradition.

"Changing both school and college curricula to the point where they sometimes denied the principles underlying the American way of life.

"Financing experiments designed to determine the most effective means by which education could be pressed into service of a political nature.

"At this point the staff became concerned with ... identifying all the elements comprising the operational relationship between Foundations, education, and government, and determining the objective to which this relationship had been dedicated and the functions performed by each of its parts.... To insure these determinations being made on the basis of impersonal facts, I directed the staff to make a study of the development of American education since the turn of the century and of the trends in techniques of teaching and of development of curricula since that time. As a result, it became quite evident that this study would have to be enlarged to include the accessory agencies to which these developments and trends had been traced.

"The work of the staff was then expanded to include an investigation of such agencies as:

"The American Council of Learned Societies, the National Research Council, the Social Science Research Council, the American Council on Education, the National Education Association, the League for Industrial Democracy, the Progressive Education Association, the American Historical Association, the John Dewey Society, and the Anti-Defamation League."

Dodd then proceeds to provide a sketch of each of these organizations (excepting only the ADL). The scope of their activities is awesome. Here, somewhat abbreviated, is how he describes them:

"The *American Council of Learned Societies* was founded in 1919 to encourage humanistic studies, including some which today are regarded as social sciences. It is comprised of 24 constituent member associations. In its entirety, it appears to dominate this division of scholarship in the United States.

"The *National Research Council* was established in 1916, originally as a preparedness measure in connection with World War 1.... [Since 1919,] on behalf of its 8 member associations, it has been devoted to the promotion of research within the most essential areas ordinarily referred to as the exact and applied sciences.

"The *Social Science Research Council* was established in 1923 to advance research in the social sciences. It acts as spokesman for 7 constituent member associations representing all of the subdivisions of this new field of knowledge, i.e., history, economics, sociology, psychology, political science, statistics, and anthropology.

"The *American Council on Education* was founded in 1918 'to coordinate the services which educational institutions and organizations could contribute to the Government in the national crisis brought about by World War 1.' Starting with 14 constituent or founding organizations, this formidable and influential agency has steadily expanded until today its membership is reported to consist of:

79 constituent members (national and regional educational associations),

64 associate members (national organizations in fields related to education), and

954 institutional members (universities, colleges, selected private school systems, educational departments of industrial concerns, voluntary associations of colleges and universities within the states, large public libraries, etc.)

"The *National Education Association* was established in 1857 to elevate character, advance the interests of the teaching profession, and to promote the cause of popular education in the United States. Broadly speaking, this powerful entity concentrates on primary and secondary schools. Its membership is reported to consist of 520,000 individuals who include in addition to teachers – superintendents, school administrators and school secretaries. It boasts that it is 'the only organization that represents or has the possibility of representing the great body of teachers in the United States,' thus inferring a monopolistic aim.

"The *League for Industrial Democracy* came into being in 1905, when it was known as the *Intercollegiate Socialist Society*, for the purpose of awakening the intellectuals of this country to the ideas and benefits of socialism. This organization might be compared to the Fabian Society of England, which was established in 1884 to spread socialism by peaceful means.

"The *Progressive Education Association* was established around 1880. Since then it has been active in introducing radical ideas to education which are now being questioned by many. They include the idea that the individual must be adjusted to the group as a result of his or her educational experience, and that democracy is little more than a system for cooperative living.

"The *American Historical Association* was established in 1889 to promote historical studies. It is interesting to note that after giving careful consideration, in 1926, to the social sciences, a report was published under its auspices in 1934 which concluded that the day of the individual in the United States had come to an end and that the future would be characterized, inevitably, by some form of collectivism and an increase in the authority of the State.

"The *John Dewey Society* was formed in February 1936, apparently for the two-fold purpose of conducting research in the field of education and promoting the educational philosophy of John Dewey.... He held that ideas were instruments, and that their truth or falsity depended upon whether or not they worked successfully."

Dodd concludes: "The broad study which called our attention to the activities of these [accessory] organizations has revealed not only their support by Foundations, but has disclosed a degree of cooperation between them which *they* have referred to as 'an interlock,' thus indicating a concentration of influence and power. By this phrase they indicate they are bound by a *common interest* rather than a dependency upon a single source for capital funds. It is difficult to study their relationship without confirming this. Likewise, it is difficult to avoid the feeling that their common

interest ... lies in the planning and control of certain aspects of American life through a combination of the federal government and education.... In summary, our study of these entities and their relationship to each other seems to warrant the inference that they constitute a highly efficient, functioning whole. Its product is apparently an educational curriculum designed to indoctrinate the American student from matriculation to the consummation of his education. It contrasts sharply with the freedom of the individual as the cornerstone of our social structure. For this freedom, it seems to substitute the group, the will of the majority, and a centralized power to enforce this will – presumably in the interest of all."

Dodd finishes off his report with observations, first, about the potentially pernicious effects of new government-sponsored foundations, such as the National Science Foundation, moneys to which "are so large that they dwarf Foundation contributions," and second, about the unprecedented funding and activities of the relatively new Ford Foundation, in the light of which he suggests "that the Committee give special consideration to the Ford Foundation."

Given the insights that Dodd displayed in his report, and his intention to make them public and dig for documentary evidence backing them up, is it any wonder that those directing this targeted monolith of educational brainwashing would find ways, fair or foul, to subvert and quash the Reece Committee hearings?

The remaining portion of McIlhany's book, comprising about two-thirds of the total book, is devoted to updating information on the activities of, primarily, the three major foundations that the Cox and Reece Committees had sought to investigate, namely those of Carnegie, Rockefeller, and Ford. He starts off his chapter on Carnegie by referring back to Dodd's most critical finding:

"The reader will recall the minutes of the trustees of the endowment during its first decade and the reason they so shocked an unsuspecting staff member of the Reece Committee. Here were very powerful men, the likes of Secretary of State Elihu Root and Professor James T. Shotwell, planning in secret to push the United States into a European war so they would have the excuse of heralding the 'solution' to such conflicts in the form of a postwar League of Nations. They also began trying to influence American history teachers to push public opinion eventually in the direction of what Nicholas Murray Butler [long-time president of the endowment] called 'the international mind.'"

McIlhany then updates the Carnegie Foundation's history and major involvements through the early 70's. He finishes the Carnegie chapter with an interview he recorded in June of 1976 with David Robinson, "the Carnegie Corporation's congenial vice-president." The conversation is fascinating, replete with key-words such as Look-Say, New Math, Day Care Council, OSHA, Teacher Tenure, Chelation, Laetrile, FDA, NAACP, Howard Roark, Gunnar Myrdal, Corp. for Public

Broadcasting, Education Vouchers, Bussing, Ralph Nader, National Lawyers Guild, ACLU, CFR, and more. It's like a questioning expedition through the multitudinous shoals and tribulations which ever more tightly surround and press upon our body politic as the months and years roll by.

Next is the Rockefeller group. A large part of McIlhany's treatment consists of a 1976 interview with John M. Knowles, MD, the then current president of the Rockefeller Foundation. Subjects covered included medicine, nutrition, child welfare, public health services, public education, planned parenthood, Austrian economics, and many other matters. His responses were rather more evasive than Mr. Robinson's, and McIlhany noted: "The overriding impression Knowles left with me was a tremendous lack of credibility." He backs this up by analyzing at some length the panegyric entitled *China Diary* which Knowles authored and had printed in 1976 as a Rockefeller Foundation Working Paper, following his 1975 visit to Red China in the company of a huge phalanx of CFR members and other insider elites (whom McIlhany lists), led by Cyrus Vance, at that time a Rockefeller Foundation trustee and vice chairman of the Council on Foreign Relations, and soon to be Secretary of State.

McIlhany's last major target is the Ford Foundation. His interviewee there turned out to be Mr. Richard Magat, the director of the Office of Reports, and a 20-year employee of the foundation. Magat started off

by effectively implicating a couple of the high ranking "accessory agencies" identified by Norman Dodd:

"One of [our ways of supporting researchers] is the general support of a discipline or field.... For example ... we have, as you probably know, given a very, very large amount of money to the Woodrow Wilson Fellowship Foundation.... We do not select the individuals. So that immediately eliminates any skewing in one direction or another. Now that's true of a lot of the research we support. In fact, in terms of the numbers of individuals, that probably accounts for the great majority. So that, for example, we give funds to the Social Science Research Council and the American Council of Learned Societies, who support a very large amount of research in the social sciences. They make the selection and they are, you know, beyond question, reputable, even-handed...."

The interview goes on at length, the basic matter under discussion being the paucity of grants to study free enterprise-based solutions to social problems. The fields of psychology, economics, public broadcasting, education, political advocacy, property rights, and law enforcement are among those which came under the microscope. Mr. Magat weaseled his way expertly through the bulk of these matters, admitting little that would cast a significant shadow on his employer.

McIlhany finishes his examination of the Ford Foundation by listing and describing the immense range of causes and studies it has supported up through the

mid-70's (pp. 175-187). If there is one common thread running through this massive outpouring of money and energy, it is that the federal government is therewith encouraged or enabled to expand its involvement with every problem that is brought up about which something should be done. This guiding principle is demonstrated in each of McIlhany's many listed examples, including lastly the emphasis on governmental control over environmental and energy use issues. McIlhany's concluding summation (p. 217) is:

"That portion of the record which we have reviewed is only a small fraction of the total evidence that could be presented. Further study will surely establish not only the degree of consistency with which the foundations we have examined have promoted the growth of big government and the objective of world government, but also the fact that there are no foundations successfully promoting to any similar degree an individualist goal of limited government."

Though written in 1980, that statement undoubtedly remains true today (1996). Though a few such Constitutionalist foundations do now indeed exist, it can hardly be said that their influence yet is anywhere near comparable to those which have been in existence for the last 80 years or so. Truth, however, is on our side. The question is, do we have enough time to get enough of it out to enable a return to a Constitutionalist society without the major train wreck which, as Mr. Edelsberg told Norman Dodd, "will destroy everything else in the process."

Chapter 5

"THE CREATURE FROM JEKYLL ISLAND"

(By G. Edward Griffin. Pub. 1994 by American Media, PO Box 4646, Westlake Village, CA 91359. Tel. (800) 282-2873.)

We move now to a discussion of the agencies which are more directly the initiators of the frightful world events which so distress us, as compared to the institutions described in the previous chapter which are devoted to a long-term educational effort to socialize both our personal outlooks and our political institutions. The agencies to be discussed in this chapter are the world's central banks, but more specifically, America's own Federal Reserve System.

Many books have been written about the Federal Reserve, but Griffin's is a new one and, in my opinion, by far the best. Further, of all the books reviewed in this, our own book, Griffin's is the one we most urgently suggest you acquire and absorb, since corrective actions on our part will otherwise most surely be misdirected and ineffective over the long term.

Griffin organizes his book into six parts. First is a section describing how and where the banking elites secretly met and agreed to push for the formation of a central bank, what their real motivations were as

opposed to what their public pronouncements were, and to what extent those secret purposes were in fact accomplished over the next eighty years or so. The second section deals with the technical aspects of how banking, and in particular *central* banking, works. It's a little complex, but not at all beyond the capabilities of reasonably ordinary mortals. It is mandatory foundation material for those who would represent us in political arenas. The third section discusses how the first central bank, the Bank of England, was formed to finance a war, and how central banks since then have utilized and promoted wars for their own profit, starting with the Rothschild involvement with the Napoleonic wars, and continuing up to the present day the use of that same "Rothschild Formula." The fourth section outlines the three encounters prior to the Federal Reserve that America has had with fiat currency systems, and why we managed to resist such a system for so long. The fifth section describes the ties between the London and the American financial elites, how the American political system was subverted and the Congress hornswoogled into passing the Federal Reserve System, and some illuminating detail about the immediately following financial roller coaster of the roaring twenties expansion and the stock market crash and great depression. The sixth and last section devotes itself to looking into the future concerning what the elites have in store for us, and what we might be able to do to avoid that scenario and build one of our own.

The banking conspirators met secretly for nine days in November of 1910 at a vacation estate belonging

to J.P. Morgan on Jekyll Island, off the coast of Georgia. The participants were, as identified by Griffin (p. 5):

- "1. Nelson W. Aldrich, Republican 'whip' of the Senate, Chairman of the National Monetary Commission, business associate of J.P. Morgan, father-in-law to John D. Rockefeller, Jr.;
2. Abraham Piatt Andrew, Assistant Secretary of the U.S. Treasury;
3. Frank A. Vanderlip, president of the National City Bank of New York, the most powerful of the banks at that time, representing William Rockefeller and the international investment banking house of Kuhn, Loeb & Company;
4. Henry P. Davison, senior partner of the J.P. Morgan Company;
5. Charles D. Norton, president of J.P. Morgan's First National Bank of New York;
6. Benjamin Strong, head of J.P. Morgan's Bankers Trust Company; and
7. Paul M. Warburg, a partner of Kuhn, Loeb & Company, a representative of the Rothschild banking dynasty in England and France, and brother of Max Warburg, who was head of the Warburg banking consortium in Germany and the Netherlands."

The representation thus included the banking houses of Morgan, Rockefeller, Rothschild, Warburg, and Kuhn-Loeb, representing around one-fourth of the total wealth of the entire world. Griffin presents evidence showing that the intellectual leader of the group, indeed, the "cartel's mastermind," was Paul

Warburg, the "Daddy Warbucks" of the Little Orphan Annie comic strip. Representing the Rothschilds of Europe, he was the only one of the Jekyll Island conferees with expert knowledge on the construction, policies, and mechanics of the European central banks.

A brief statement of their purpose, Griffin says, was to form a cartel aimed at increasing profits by reducing competition, and with the policies of the cartel enforced by the police power of the government. The solution, the participants knew, was to create a copy of the European model of a central bank. The problems which led them to consider this were that their big-city banks were rapidly losing business to the many smaller country banks being formed around the interior of the country, and also to corporations financing their growth out of profits rather than the relatively high-interest banking loans. The cartel structure would permit pooling the reserves of the big banks (i.e., those included in the cartel), thereby permitting them to safely make loans at a higher multiple of their metallic assets without instigating bank runs, in turn permitting them to make lower-interest loans than their smaller competitors. But considering the other things that such a cartel was also capable of, the conspirators in the end came to an agreement having five objectives:

1. Reduce the growing competition from the smaller banks.
2. Make the money supply more "elastic" by making loans less dependent upon gold reserves, i.e.,

permitting money for a loan to be created out of nothing, and therefore at lower interest rates.

3. Pool and control member bank reserves to reduce the risk of bank runs on a member bank guilty of reckless lending.
4. Get Congress to agree to bail out member banks (with taxpayer funds, of course) if major losses did nevertheless occur.
5. In order to get the scheme through Congress, convince Congress and the public that the objectives of the system were only to lower interest rates, better fund industrial growth, and protect the public by eliminating boom-and-bust economic cycles and bank runs brought on by irresponsible private banking.

Succeeding years showed the economy to be anything but stabilized, whereas the secret purposes of the Federal Reserve were all very successfully realized. The system, says Griffin (p. 21), "is incapable of achieving its stated objectives" because those objectives "never were its true objectives." In actuality, the Fed "is merely a cartel with a government facade," and whenever its interests run up against the interests of the taxpaying public, "the public will be sacrificed."

Griffin next considers how well the system has been able to meet the fourth of the true objectives listed above. Here are the steps that a member bank may now take to protect itself from losses due to non-performing loans:

1. If a major borrower (like a South American country) can't manage to repay its loan principal when it becomes due, the bank (let's pretend for a moment that *you* are the banker) will happily *roll over* the loan, i.e., re-loan the owed amount to pay off the old loan, and keep the interest flowing in from the new. (The United States has been doing this for years.)

2. When the borrower becomes unable even to pay the interest on his loan, make him a new loan to supply him with the money needed to pay the interest on both the old loan and the current new loan.

3. When he again figures out that he can't pay, make him another new loan, but this time sweetened by adding *additional* money beyond that needed for all the interest payments, so he will be able to spend some new money on himself, like for projects which will earn some money to get him out of his financial jam.

4. When next he realizes that taking on new debt to pay off old debt is a losing strategy, and he still can't pay but doesn't want to take on more debt, offer to *extend* his debt for a longer period, and therefore with lower periodic payments. The loan thereby will remain "performing" for a little longer.

5. When he soon thereafter finds that he can't make even these lowered payments, and starts to call you dirty names, go to Congress and let those folks know that it is in the best interests of the country (for lots of reasons you can come up with) for Congress to supply the needed

money. The taxpayers need not be asked about it, since the money can be created out of nothing by the Fed, and the public will never know why the prices they have to pay for everything somehow have gone up a little bit more.

6. If the above ploy doesn't work, you may well be able to get Congress to *guarantee* payment to you if your borrower defaults, and then likely use conduits such as the World Bank and the IMF to deliver subsidies, development loans, foreign aid, etc., directly to your distressed borrower to assure that he avoids default, i.e., keeps making payments to you. Our generous taxpayers have a hard time keeping track of all these details.

7. If you can't get Congress to help, you still have a chance with the Fed. Go to them and ask them, as the *lender of last resort*, to bail you out. Since they can create as much money as anyone will ever need out of nothing at all, they will be happy to accommodate you, provided they can see some hope for your ultimate survival. But if you're not a TBTF bank (Too Big To Fail), they'll probably say, "Don't call us; we'll call you."

8. If all of the above ultimately fails, and you see that your bad loans are about to sink you, you and your management friends should sell your stock before the public and the other stockholders find out about it, and then declare bankruptcy. The FDIC will be there to pay your depositors' losses, and if the FDIC runs out of money, the Congress will, out of fear of the consequences, resupply the FDIC with the needed funds,

created of course by the Federal Reserve out of nothing. The taxpayers *still* won't have figured out why prices for everything seem to continue going up.

Griffin then devotes an entire chapter to illustrating how these principles have been applied over the years, by detailing the bailout maneuvers involving, as debtors, the Penn Central Railroad, the Lockheed Corporation, New York City, and the Chrysler Corporation, and then involving, as bankrupt banks, the Unity Bank and Trust Company of Boston, the Commonwealth Bank of Detroit, the First Pennsylvania Bank of Philadelphia, and the Continental Illinois Bank of Chicago, the last two being TBTF banks. In each case, in one way or another, the taxpayers ended up paying for the losses, justifying Griffin's characterization of the Fed's real objective, which was not to *protect* the public, but rather to *sacrifice* the public to the interests of the banking cartel.

Griffin goes next to the S&L bailout, which piled an unprecedented additional financial debt on our bewildered public. Whereas Fed chairman Alan Greenspan recently estimated that total bailout costs would run to \$500 billion (p. 76), Griffin himself estimates that, including additional taxes and inflation, the total cost will be over one *trillion* dollars (p. 84). Even the \$500 billion is a monster figure, which Congress and the Federal Reserve were successful in loading onto a relatively uncomplaining public because of its ignorance about how big debts can be secretly

financed via inflating the currency. A few of the defining milestones in the S&L fiasco were:

1. Following the stock market crash of 1929, the Fed's instigation of which will shortly be discussed, the Federal Savings and Loan Insurance Corporation (FSLIC) was created to insure depositors against losses, thereby relieving S&L managers of the burden of being careful to protect their depositors' money.
2. The Federal Housing Authority (FHA) was then created to subsidize home loans, thereby permitting S&L's to make loans at under-market interest rates.
3. The Federal Reserve then issued regulations requiring that interest rates offered by banks to depositors must be lower than corresponding S&L rates, thereby causing money to stream from banks to S&L's.
4. Years later, another unexpected financial jolt occurred, this time involving the Fed raising interest rates in 1979 to as high as 20% in order to stop the world from dumping the now purely fiat dollars to buy gold, which was then on the way up to \$800 per ounce. (See our review of "A Century of War" by Engdahl.)
5. The high interest rates in the following decade, which only slowly abated following the "gold shock," drove S&L depositor interest much higher than the long-term interest return on existing mortgages, sealing the financial doom of the S&L industry. However, since deposits were guaranteed, depositors flocked to the S&L's to take advantage of

the safe, high interest that the government effectively made available.

6. With FSLIC money nowhere near that required to pay S&L depositors if massive bankruptcies were declared, FSLIC reversed the requirement that S&L loans be restricted to home mortgages, and *encouraged* S&L's to lend to all comers, at risky high interest rates, to attempt to "save themselves." The shady operators then emerged from the woodwork, and lots of them got rich on building projects which were riddled with fraud.
7. The S&L's then started failing en masse, but failures were, for a time, covered up by Congress and the regulators, which let the S&L's use phony accounting practices to make their books show that they were still solvent.
8. When the above game was finally up, FSLIC was abolished, and a new agency reporting to the FDIC was created to oversee the liquidation of the failed S&L's. The necessary taxpayer funds were of course appropriated by a much abashed Congress, contributing mightily to the historically high deficits of the 80's. The high interest rates during these years permitted the deficits to be largely funded by selling bonds to the public, however, with little additional funds required from the Fed, so that price inflation was kept reasonably under control during this period.

Griffin describes (p. 83) what the S&L system had become as "a cartel within a cartel," the outer cartel being the Federal Reserve System, which ultimately funded the inner cartel of S&L's. Whereas the Federal Reserve

System was put together by bankers with 200 years of successful cartel operating experience, the S&L system was amateurishly put together by committees of socialist interns in our own Congress, who perhaps truly believed that they could manage things better than the free market. The failure of that effort is surely one of the things that has brought about the recent change of heart that we see evidence of in our current (1995-1996) Congress.

Griffin goes next to describing how the bailout game is played with third-world countries (and U.S. taxpayers) being the victims. The operative agencies set in place to play the game were the International Monetary Fund (IMF), which was to act as a sort of World Federal Reserve System, and the World Bank, which was to act as the IMF's lending agency to the world.

The IMF and the World Bank were created in July 1944 at a UN-sponsored monetary conference in Bretton Woods, New Hampshire. Griffin observes (p. 87): "The theoreticians who drafted this plan were the well-known Fabian Socialist from England, John Maynard Keynes, and the Assistant Secretary of the U.S. Treasury, Harry Dexter White." White, who became the first Executive Director for the U.S. at the IMF, was also a member of the CFR, and, as was later shown, a member of a communist espionage ring in Washington. Being intellectually led by a Fabian Socialist and a Communist, who differed only in *how* the world was to be socialized, it isn't surprising that the Bretton Woods conference produced agencies which have in fact been highly active in bringing about world socialism.

Whereas the announced plan of the Bretton Woods system was to help rebuild the war-torn world and to promote the economic growth of underdeveloped countries, the real goals of the IMF and the World Bank, as Griffin convincingly demonstrates, were to:

1. Separate the dollar from gold backing, and reduce the economic dominance of both the dollar and gold around the world.
2. Replace the dollar and all other currencies with a world currency which the IMF, acting as the world's central bank, would create out of nothing.
3. Socialize the countries of the world, one by one, by transferring money to their governments to be used for governmental aggrandizement, producing the simultaneous destruction of individual independence and free enterprise.

The dollar was separated from gold by spreading dollars around the world in post-war rebuilding, and then in post-war war-making, while keeping the price of gold at \$35 per ounce, which became much lower than its market value. Foreign dollar holders finally began a "run" on America's gold, and Nixon, in 1971, seeing that it was probably better to have *some* gold remaining rather than none at all, "closed the gold window," i.e., defaulted on America's promise to foreign holders to redeem their dollars in gold. (He could have performed a lesser default by keeping the gold backing, but setting its price closer to its then-current market value, about \$400 per ounce). Dollars could now be spread around

the world with much greater abandon, and they were. Griffin discusses our burgeoning trade deficits, and the progressive weakening of the dollar as perceived around the world. A good part of Objective #1 listed above has already been accomplished.

The IMF has been working diligently on Objective #2, creating a piece of paper called a "Special Drawing Right," or SDR. It doesn't yet have the backing of a negotiable government bond, as a Federal Reserve Note has, and so is lacking the status of the FRN or of any other major national currency. It is a start, however, and has as its backing a "credit," which is a promise by an IMF member nation that it will tax its citizens and come up with the amount of the "credit" when and if the IMF needs it.

Concerning Objective #3, the world elites are proceeding apace, not waiting for the development and acceptance of usable SDR's, but utilizing as many dollars, pounds, francs, marks, and yen as they are able to get individual countries to donate to the IMF, or to supply to the World Bank for them to "invest." To repeat, those "investments" are *not* to promote capital-building enterprises, but the opposite. (In World Bank Newspeak, a "Sectoral Loan" is one for a specific socialistic project, such as a government hydro-electric project, a government oil refinery, a government lumber mill, or a government steel mill. On the other hand, a "Structural-Adjustment Loan" requires that certain structural changes be made in order to get the money, such as the government assuming price-control or wage-

control power, so that it can hold down or otherwise manipulate prices or wages.) The economic plights of Argentina, Brazil, and Mexico under the advancing onslaught of such socialization financed by the World Bank and other world elites are described in some detail.

In addition, Griffin describes many of the supported activities by despotic rulers, such as the genocidal relocation plans and other inhumanities of brutal dictators in countries such as Tanzania, Zimbabwe, Ethiopia, Laos, Syria, and lots more. These various efforts of the IMF/World Bank to socialize the Third World could not exist without its flow of American dollars, supplied ultimately by the Federal Reserve. The role of the Fed in supporting anti-democratic regimes around the world is one of the several reasons that the Fed should be abolished, says Griffin, since "*It is an instrument of totalitarianism.*" (p. 101)

Griffin then completes his description of the "bailout" game, and simultaneously answers the question as to the purpose served by socializing the various countries of the world, as listed above as purpose #3 of the Bretton Woods system. In a few words, that ultimate purpose is to create a world government ruled by the banking elites, using the United Nations as the core of a political structure and the IMF as the world central bank, issuing and controlling the world's only important currency. That picture is entirely consistent with the allegations made by Carroll Quigley (cf. our Chapter 2) as to the ultimate purposes of the banking elites, but Griffin, in his development, relies on more

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recent evidence. The picture which he paints is as follows:

The elites understand that they will never be able to consolidate and hold their power by means of a gradualist program unless and until they are able to complete Purpose #2 listed above, i.e., make the IMF the sole issuer of the world's only important currency. Individual countries can then easily be turned into vassal states dependent upon UN/IMF dictates. The big problem is that strong, independent countries with their own currencies, histories, and nationalist prides are not likely to succumb easily, and exhortations, trickery, and any other pressure which works may fairly be used to produce the desired result. Griffin quotes Harvard professor Richard Cooper, a CFR member and Under Secretary of State for Economic Affairs in the Carter administration, writing in 1984 in the CFR's house organ *Foreign Affairs*:

"I suggest a radical alternative scheme for the next century: the creation of a common currency for all the industrial democracies, with a common monetary policy and a joint Bank of Issue to determine that monetary policy.... How can independent states accomplish that? They need to turn over the determination of monetary policy to a supranational body....

It is highly doubtful whether the American public, to take just one example, could ever accept that countries with oppressive autocratic regimes should vote on the monetary policy that would affect

monetary conditions in the United States.... For such a bold step to work at all, it presupposes a certain convergence of political values...."

The drive to "convergence" noted above of course leads us to recall from our Chapter 4 the words of Rowan Gaither, the president of the Ford Foundation, directed to Norman Dodd, the Research Director of the Reece Committee, saying that secret White House directives to the Ford Foundation and to its various predecessors were to the effect that "we should make every effort to so alter life in the United States as to make possible a comfortable merger with the Soviet Union."

Griffin quotes John Foster Dulles, in 1939: "Some dilution or leveling off of the sovereignty system as it prevails in the world today must take place ... to the immediate disadvantage of those nations which now possess the preponderance of power.... The establishment of a common money ... would deprive our government of exclusive control over a national money.... The United States must be prepared to make sacrifices afterward in setting up a world politico-economic order which would level off inequalities of economic opportunity with respect to nations."

Next is Zbigniew Brzezinski, in 1970: "... some international cooperation has already been achieved, but further progress will require greater American sacrifices. More intensive efforts to shape a new world monetary structure will have to be undertaken, with some

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consequent risk to the present relatively favorable American position."

Then Carter advisor Richard Gardener, in 1974: "In short, the 'house of world order' will have to be built from the bottom up.... An end run around national sovereignty, eroding it piece by piece, will accomplish much more than the old-fashioned frontal assault."

And finally, Paul Volcker, in 1979: "The standard of living of the average American has to decline.... I don't think you can escape that."

Griffin has much more, but how much convincing does one need? The gist of the game of bailout is to simultaneously (1) deliver into the clutches of the New World Order both the Third World countries, whose leaders are to be the recipients of riches from the taxpayers of the developed countries, riches that they are expected to squander and never pay back, but thereby remain in thrall to the bankers forever, and (2) drag down the economies and comforts of the strong countries to the point, for example, of economic collapse and a breakdown in civil order, perhaps exacerbated by widespread "terrorist" bombings, following which the countries' citizens will be grateful to yield their sovereignty and receive in return the support, acceptance, and protection of an economically and militarily strong central organization claiming to be ready and able to provide such support. Such a capitulation might be made easier to accept if it could be previously arranged for Russia to disappear as an

external threat, and to appear to be in just as much economic and social difficulty as the United States.

Griffin reviews the bailout activities of several of the major Third World countries to see how the blueprint which he has outlined fits those individual actions. It fits. He throws in for good measure a discussion of the recent creations of NAFTA and the World Trade Organization, and shows how they fit into the effort to chip away at sovereignty, "eroding it piece by piece." He quotes a description of the WTO appearing in a full-page ad in the New York Times taken out by its originators: "The World Trade Organization – the third pillar of the New World Order, along with the United Nations and the International Monetary Fund."

Another development that few are aware of is that Congress granted to the Fed a major new power in the Monetary Control Act of 1980, giving it the power to "monetize foreign debt." This means that the Fed could henceforth create new Federal Reserve Notes and give them away to *foreign* governments, or, to be formal, "loan" them, receiving as collateral debt instruments (bonds, etc.) held by those foreign governments. With the power to create dollars not only for the American governments, but now for any foreign government as well, the Fed has become very close to becoming a central bank for the entire world.

Another major development in very recent years has been the large-scale extension of funding by the same "bailout" routes to China, to Russia and its

previous component states, and to Russia's previous client states in Eastern Europe. Griffin makes a case for the view that the sudden demise of "Communism" is a ploy agreed upon between the banking elites and the Soviet leaders to enable bailout funds to flow to those states, further eroding the American economy, while terminating, at least for now, the militarily threatening posture of the USSR. The communist leaders would mostly remain in power, though renamed Social Democrats, or something similar. They and the elites would continue to work together for one socialist world.

Griffin's case is logical, with lots of evidence, but all circumstantial. (It would be nice to have another insider confession, like that of Carroll Quigley's.) Recalling Cleon Skousen's suggested relationship between the totalitarian leaders and the elites, it may be that the elites are simply taking the *risk* that the Communists, who insist that all power emerges from the barrel of a gun, can in the long run be controlled by the power of money. The Communists, on the other hand, may still believe that they can have both the capitalists' money for now, and also all their property and lives later on.

You, the reader, may perceive a more satisfactory outcome. Whereas we all may have viewed the Third World's indebtedness and socialization as just one of the many bad problems around the world, and our own loss of economic vigor an independent but very troubling and puzzling problem, Griffin has tied them together and defined why *both* are happening, to the great

discomfort of both U.S. and Third World citizens. We therefore now have a new action choice – to remove the Fed's money creation authority, forcing Congress to live within its budgets, and terminating the use of American dollars to socialize the world (and maybe even our own society as well – e.g., the \$4 trillion or so we have spent fruitlessly on the War on Poverty). We may even get back to an honest gold standard, using gold-backed currency created by a multitude of independent commercial banks in support of our own American economy. Once we've gotten our own house back in order, we may be of some real use to the Third World as a model of how it can be done, absent the existence of conspiratorial control by the dynastic banking elites.

We'll include just a few words about Griffin's second section, which anyone interested in following the Fed's manipulation of debits and credits in creating our fiat currency will find fascinating. The scheme mimics that used by a cabal of English aristocrats and bankers to create the Bank of England in 1694. King William, in need of money to fight a certain war, money which he couldn't raise by taxing or borrowing, granted a charter to a favored group of intriguers to form a bank which would be given a monopoly on issuing English bank notes, i.e., English paper money, which would be created out of nothing and credited to the government in return for a government IOU, the only "backing" that would be required. The government would pay interest on this "loan," making it look legitimate to the public, but the bank's even larger payback was that it was empowered to make additional commercial loans, at

interest, using the same government IOU's as "backing," just as though the IOU's were hard, metallic gold. The banks, by receiving interest on money they could create and lend out at will, were thereby going to get rich, the king was going to be able to raise any amount of "money" he wanted, and the public, remaining ignorant of what was going on, was going to pay for it all by having their savings devalued by the expansion of the currency. (Our Federal Reserve does essentially the same thing, with added refinements which greatly increase its leverage over commercial credit.) Griffin labels this process the "Mandrake Mechanism," a magician's way of creating something out of nothing.

Immediately upon issuing the charter, the King and his fellow conspirators rushed to become shareholders in this money manufacturing monopoly they had just created, shares which their upper-class heirs still hold. Griffin makes clear that this system, widely copied first in Europe and then in the United States, substantially guarantees boom and bust cycles, and enables the government to surreptitiously steal the wealth of its citizens by the hidden, most cruel tax of all – inflation.

In Griffin's third section, he generalizes the world outlook of the international financiers, as he sees them, starting with the motivations of the founders of the Bank of England described above. Their success depends upon a pattern of character traits including "cold objectivity, immunity to patriotism, and indifference to the human condition." That profile gives rise to a strategy he labels

the Rothschild Formula, which motivates these financiers "to propel governments into war for the profits they yield." To drive a country to go into debt because of war or the threat of war, the strategy is to assure that the country has enemies with credible military might. If only weak enemies exist, give them money to strengthen their military; if no enemy exists, create one. Don't let any one nation stay predominant, since that may bring on peace and a reduction of debt. Griffin then lists seven European wars fought since the founding of the Bank of England, in all of which the operation of this Rothschild Formula was apparent.

Concerning the major military events of this century, we have reviewed how Carroll Quigley revealed the help given by Montagu Norman of the Bank of England in building up Hitler. Griffin, in his book, spends two chapters discussing how the bankers arranged the Bolshevik coup in Russia in 1917, and then supported the regime thereafter, both for the profit involved and, presumably, to build up a "credible enemy." He also goes into considerable detail concerning the role of the bankers in applying the Rothschild Formula to World War 1, which we will summarize in the next few paragraphs.

Let's put a few items we have previously reviewed into chronological order with several which Griffin brings up. First, we note that the "Rothschild Formula" defined by Griffin had been in successful operation for over 100 years. Second, we recall what Norman Dodd found in the 1911 minutes of the Carnegie Foundation, with the

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trustees noting that there was nothing more effective than war to alter the life of an entire people, and wondering how to involve the United States in a war. Third, Engdahl spelled out in considerable detail (see our Chapter 1) the preparations for war that the several European countries were making during the two or three decades prior to the start of World War 1, including the secret treaty signed between Britain and France just three months prior to the start of the war, guaranteeing Britain's entry following the assassination of Austrian Archduke Ferdinand on July 28, 1914.

Next, Griffin describes the arrangement J.P. Morgan made with the British and French to raise borrowed money for them, and to act as their agent in purchasing war materiel and shipping it off to them, collecting commissions both when the money was raised (by selling bonds) and when it was spent. The first such purchase contract was signed in January 1915. Griffin then quotes a congressman who described how Morgan got together leaders in the newspaper business and essentially "bought" their editorial policy-making function regarding "questions of preparedness, militarism, financial policies, and other things ... considered vital to the interests of the purchasers." Morgan then set about drumming up support for the war.

Next in line was the Lusitania affair. It was a British liner, built to military specifications, being used as a passenger liner, but secretly carrying munitions which Morgan was responsible for procuring and shipping. The German embassy, being aware of what

was being shipped, and not wanting to provoke an incident which would bring the U.S. into the war, submitted an ad to go in 50 East Coast newspapers a week prior to the sailing date, warning U.S. citizens of the dangers of traveling on British ships in a war zone. Morgan, however, managed to prevent nearly all of these ads from being run as requested, and the ship sailed on May 1, 1915, with 195 Americans on board.

Across the ocean, Winston Churchill, then the First Lord of the Admiralty, was arranging for the deadly encounter. He recalled the destroyer escort that had been planned to protect the Lusitania upon its reaching U-boat waters. He further ordered it to proceed at three-fourths speed in order to "conserve coal." It made an easy target. One torpedo on the starboard quarter detonated munitions stored below, blowing off most of the bottom of the bow, and the ship sank in less than eighteen minutes. Griffin quotes sources indicating that even King George V was aware and was following the progress of the Lusitania. The official inquiry some time later put the blame on the ship's captain, though Lord Mersey, the director of the inquiry, resigned from the British Justice system immediately thereafter, and years later commented, "The Lusitania case was a damned dirty business."

Back in the U.S., Morgan turned up the tempo of the editorial drumbeat to convince Americans to stand on the side of civilized behavior and support the Allies, a chant that was echoed and re-echoed until the Congress finally declared war. But before that, in

March of 1916, President Wilson signed a secret treaty with Britain, negotiated by his alter ego Colonel Edward Mandell House, without the knowledge or consent of the United States Senate. The treaty amounted to a diplomatic plot to bring the U.S. into the war against Germany. It was never implemented, but reveals the strength of the pressures on House/Wilson to get the United States into the war. The public at that time was still opposed, as shown by Wilson's decision to run his reelection campaign in the fall of 1916 on a pacifist platform with the slogan "He kept us out of war!" The honesty of such political declarations has not changed much to the present day (1996).

Early in 1917, the British came to fear that they were on the verge of having to capitulate to Germany, since the U-boat blockade had successfully reduced Britain's food reserve to just a few weeks' supply. It then became impossible for Morgan to find buyers of British war bonds, since they would become worthless upon British surrender, and without more bonds, war materiel supply would halt, ensuring the loss of the war. Current bondholders, including Morgan and various of his friends, would, of course, also suffer. Intense pressure was then brought upon the Congress to supply the needed money to keep the war going. But that would necessarily require the Congress to declare war, since such help would be a violation of neutrality treaties. The pressure from both the President and the press was more than the Congress could withstand, and war was officially declared on April 15, 1917, to the delight formerly described (Chapter 4) of Elihu Root

and the other trustees of the Carnegie Endowment for International Peace.

The British and the French both started placing massive orders for war goods with Morgan, who, when the British and French accounts became well overdrawn, approached the U.S. Treasury to come up with the needed funds. The Treasury said they didn't have that kind of cash on hand, but the Federal Reserve under Benjamin Strong showed up in the nick of time saying maybe they could help. Which they did, via the same Mandrake Mechanism which Griffin described in his Section 2. By the time the war ended, the Treasury had loaned out about \$9.5 billion. Morgan's investments in British bonds were saved, but Morgan made very much more than bond interest, having directed the larger part of British war orders to companies which he and other insiders controlled. Griffin points out that total U.S. war expenditures between April 15, 1917 and October 31, 1919, when the last U.S. soldiers arrived back home, amounted to some \$35 billion. During the war years, the money supply approximately doubled (from \$20 to \$40 billion), and the purchasing power of the dollar was about halved. The people thus paid via the hidden tax of inflation, while the banks received interest on the money they had created out of nothing, just as the Mandrake Mechanism intended. The same process was repeated during World War 2 and during the corporate bailout operations of the 80's and 90's.

The fourth section of Griffin's book relates the financial history of the United States with respect to the

use of paper bank notes, from colonial times through the era of Civil War greenbacks. The early experiments with fiat currencies invariably produced civil distress and were therefore fairly short-lived, since the elites pressing these schemes on the people were not politically powerful or astute enough to sustain their operations. Griffin brings this history back with a clarity which, had it been available to Congress in the early 1900's, would probably have prevented the passage in 1913 of the Federal Reserve Act. Knowledge of this history should be particularly useful to those today seeking to replace the Federal Reserve with an honest banking system.

As a last effort, we'll highlight the portion of Griffin's fifth section which deals with the connection of our banking elites to their counterparts in Britain, and two of the major fallouts of that connection: the roaring twenties' expansion, and the subsequent crash leading to the Great Depression.

The J.P. Morgan Company, the American agent of the British during World War 1, was also the prime backer of the Council on Foreign Relations, the American branch of the British Round Table organization, whose secret core was established by Cecil Rhodes to bring about the worldwide dominance of the British Empire. No surprise, says Griffin, since Morgan's antecedents went back to the Boston merchant Junius Morgan who was accepted into the London investment firm of George Peabody, moved to London in 1854, and became a full partner in the firm, which later became

known as Peabody, Morgan & Co. The firm peddled bonds in London for American states and commercial ventures, but became wildly successful as the London agent for the Union government during the Civil War. Peabody retired in 1864, and the firm was renamed J. S. Morgan & Co.

Junius Morgan enrolled his son, John Pierpont Morgan, in European schools and otherwise immersed him in the British tradition. In 1857 he set him up in business in America, and in several years had him running the American branch of Junius' business, first called Dabney, Morgan & Co., and finally settling on J.P. Morgan & Co. in 1895. Junius died soon thereafter, and J.P. Morgan sent his son, J.P. Morgan, Jr., to London to learn British ways and, more importantly, to remodel Junius' company into a clearly British one. This was done by taking into Junius' company as a new partner a Bank of England director named Edward Grenfell, and renaming the company Morgan, Grenfell & Co. The idea was to make J.P. Morgan & Co. look more like an independent American entity rather than an American branch of a British firm, though the reality was that both firms remained highly attuned to British financial and political objectives.

Griffin then addresses the question discussed by many others, namely the nature of the relationship between the Morgans and the Rothschilds. He presents his references and evidences, drawing a picture which includes early secret cooperation between George Peabody and Nathan Mayer Rothschild in London, the

Rothschild effort to set up a "front" in the United States using the person and name of August Belmont (which shortly became common knowledge and thus ineffective), the large loan from the Bank of England saving Peabody & Co. but no one else during the panic of 1857, the staunch public anti-Semitism of J.P. Morgan, Jr., which attracted business from borrowers not wishing to deal with Rothschild or any other Jewish firm, the repeated private financial cooperation reported by many sources between Morgan and Rothschild entities, and finally the meager financial estates left by both J.P. Morgan and his son, suggesting that the entirety of their operations were more in the nature of acting as agents for others rather than serving their own personal self-interest. Griffin concludes by noting that the degree of subservience that actually existed between Morgan and Rothschild might be historically interesting, but was nevertheless quite immaterial, the only important matter being that they always managed to cooperate in business matters that were profitable to them both.

We touched, in our review of Engdahl's book (Chapter 1), upon the creation of the speculative bubble during the 20's that was pricked in 1929 producing the stock market crash and the great depression. Griffin spells that out here in considerable detail, with lots of documentation. In short, Britain inflated during WW1 much more than did the U.S., and thus entered the 20's with higher prices, wages, and interest rates than the U.S., accompanied by an increasing trade deficit and loss of gold reserves. Britain wished to correct this relationship, not by deflating its economy, which would

entail politically dangerous wage cuts, but rather by convincing the United States to further *inflate* the U.S. economy, to equalize prices and interest rates.

The plan was organized primarily between Benjamin Strong, the Governor of the Federal Reserve System, and Montagu Norman, the Governor of the Bank of England. The need for so doing was spelled out in a letter written in May 1924 from Strong to Andrew Mellon, the Secretary of the Treasury. Implementation began in 1924 with the monetization by the Fed of about \$1.3 billion, followed by another \$0.5 billion in 1927. The former expansion was accompanied by a reduction of the discount rate from 4 to 3.5 percent, making it easier for the banks to borrow additional "reserves" from the Fed to enable more loans to be made. With the commercial banks able to create around 5 times more fiat dollars than the Fed creates, the total currency infusion amounted to $(\$1.3 + \$0.5) \times (5+1)$ which is equal to about \$11 billion from 1924 through 1929.

Benjamin Strong indicated in early 1929 his pleasure with how well the scheme worked out, enabling the successful reorganization of the European monetary system, though with the unavoidable hazards of credit expansion and speculation. J.P. Morgan, Jr. concurred with the speculative threat, but was attributed to declare that such speculation "is the price we must pay for helping Europe." This latter quote, says Griffin, comes from a man "who was imbued with English tradition from the earliest age, whose financial empire

had its roots in London, whose family business was saved by the Bank of England, who had openly insisted that his junior partners demonstrate a 'loyalty to Britain,' and who directed the Council on Foreign Relations, the American branch of a secret society dedicated to the supremacy of British tradition and political power. It is only with that background that one can fully appreciate [his] willingness to sacrifice American interests."

Early in 1929, with the bubble of stock market speculation fully inflated, an abrupt change in policy occurred. In February, Montagu Norman arrived in the U.S., conferred privately with Federal Reserve officials, and then with Andrew Mellon. Griffin suggests that it was in these meetings that decisions were made, or orders transmitted, to reverse the expansion, making it appear, of course, that it was just happening by itself. He quotes Galbraith: "How much better, as seen from the Federal Reserve, to let nature take its course and thus allow nature to take the blame." He further quotes Herbert Hoover's description of Mellon's views: "Mr. Mellon had only one formula: 'Liquidate labor, liquidate stocks, liquidate the farmers, liquidate real estate.' He insisted that, when the people get an inflation brainstorm, the only way to get it out of their blood is to let it collapse. He held that even a panic was not altogether a bad thing. He said, 'It will purge the rottenness out of the system. Values will be adjusted, and enterprising people will pick up the wrecks from less competent people.'"

But before the fleecing of the public could begin, the insider worker bees had to be gotten out whole. The financial fraternity was warned to get out of the market, the Fed on February 6 issued instructions to its member banks to sell their stock market holdings, and Paul Warburg similarly advised the stockholders of his International Acceptance Bank. The lists of preferred customers of Kuhn, Loeb & Co. and of J.P. Morgan & Co. were similarly warned. History shows that the Wall Street biggies came through very well indeed, including John D. Rockefeller, J.P. Morgan, Joseph P. Kennedy, Bernard Baruch, Henry Morgenthau, Douglas Dillon, etc. As Griffin puts it, "Virtually all of the inner club was rescued. There is no record of any member of the interlocking directorate between the Federal Reserve, the major New York banks, and their prime customers having been caught by surprise."

It was a different matter with the public, of course. Public assurances were forthcoming from the likes of President Coolidge, Treasury Secretary Mellon, the socialist economist John Maynard Keynes from London, and Benjamin Strong, from his offices in the New York Federal Reserve Bank. But then on August 9, 1929 the pin was inserted into the bubble. On that date, the Federal Reserve raised its discount rate to six percent and simultaneously began to sell securities on the open market. Both actions acted to shrink bank reserves and therefore the money supply, in a reverse application of the Mandrake Mechanism. The market reached its peak on September 19, then started its slide

downward. On October 24 the slide became a torrent, and on October 29, the market collapsed.

While the uninformed were in the process of loosing their shirts, the insiders who had sold out before the crash were now to be found, with cash at the ready, on the buying side. Companies whose stock had dropped to a fraction of their value were still basically viable, but their ownership, in large measure, had been shifted from, to use Andrew Mellon's phrase, the "less competent people," who had been sucked into the speculative maelstrom created by the Fed's easy credit, to the financial elites, who had been made privy to the crash that was around the corner. Great fortunes were made or added to by the latter, as Griffin briefly outlines. So why, again, should the Federal Reserve be abolished? Griffin's Second Reason was: "Far from being a protector of the public [as it claims], *it is a cartel operating against the public interest.*"

Griffin has shown in his absolutely magnificent book how the banking elites have managed to obtain and today exercise economic control over all of our lives, whereas McIlhany has shown us in his book on the tax-exempt foundations how they have been molding our minds to accept international socialism. In the final section of Griffin's book, he paints a picture of the world society that the elites seek, and describes alternate methodologies that the elites are considering to get to that point. He then outlines what a counter-effort will have to accomplish to at least bring about a return to honest money and the abolition of the Federal Reserve.

We will deal with all these same issues, however, by first reviewing two books which Griffin references, both devoted specifically to revealing the elites' plans for our future, and later reviewing our own book on what political and legislative changes we must accomplish to reverse the political tide which is destroying our free society.

Chapter 6

"1984"

(By George Orwell. Orig. pub. by Harcourt Brace Jovanovich, 1949; presently available from Laissez Faire Books, tel. 800-326-0996)

George Orwell, the pen name for the English socialist Eric Blair, presented in this book a very dark picture of what our world's society might come to in the hands of an irresistibly powerful secret elite which controlled the life or death, the economic status, and every significant movement, word, and thought of every member of the society. We can't presume to know what the author's motivation was for writing this widely read classic, though various establishment figures have labeled it a warning of sorts, particularly in view of our recent experiences with totalitarianisms of one kind or another. We shall choose for our review, however, not to try to analyze Orwell's motives, or those of establishment reviewers. Instead, because of the significant and obvious parallels between the development and maintenance of collectivist control in Orwell's fictional world and the similar development proceeding apace in our own world, we shall operate under the hypothesis that his work is a description of a plan which he believed to be real, a plan to which Orwell may have been privy, or one which he may only have inferred from the political and social events unfolding around him.

We neither know nor care whether the socialist Orwell opposed or supported the plan that he outlines. We are persuaded, however, that he believed it to be a concrete reality, not only because of the many parallels to actual events of the last two centuries, but also because of the convincing human causation which he ascribes to these events, causation obviously based on a deep understanding of the strengths and frailties of our human nature, including that major flaw of being corruptible by power. As we go along, we shall mentally test our hypothesis that his work is the revelation of a Grand Plan, spanning several centuries of time and reaching all the corners of the earth, and aimed at conquering and holding in bondage the entire population of the world.

Orwell refers to the Grand Plan in the past tense, it having been completed and in operation when his novel starts. The plan is spelled out in a fictional writing in *1984* known as *The Book*, which is formally entitled "The Theory and Practice of Oligarchical Collectivism." We would have called it Elitist Socialism, but it's the same thing. The exposition of the theory (in *The Book*) starts by declaring that, from time immemorial, societies have been divided into classes called the High, the Middle, and the Low. The goal of the High is to stay the High, the goal of the Middle is to become the High, and the goal of the Low, to the extent that it has a societal goal, is to abolish all class distinctions and make everyone equal. (In our own society, of course, the High consists of those monied folk we have been calling the banking elites plus,

we suppose, the top ranks of their prostituted followers who do their work. The Middle contains persons in our great middle class, whom Marx labeled the "petty bourgeois." The Low consists of those in our society who can't bestir themselves beyond football, TV, beer, pizza, and all lesser indulgences. To Marx, they were the "proletariat"; Orwell called them "proles.")

The Middle are occasionally successful, usually with the help of the Low, in ousting the High and thus becoming the new High. This arrangement then continues until a new Middle faction arises and is in turn successful in becoming the new High, and the process continues ad infinitum. When the High falls, it is because it loses either the competence to rule or the will to preserve its status. Of the three groups, only the Low has never even momentarily achieved its goal (i.e., equality), since each new High, upon attaining its goal, invariably re-suppresses the Low as soon as possible to consolidate its power.

Socialism as a theory (says *The Book*) took root in the early 1800's, but by the end of the century was abandoning the professed aim of liberty and equality for all, and adopting instead, with increasing openness, the goal of dictatorial rule (realized, we might say, by Bolshevism in Russia and Fascism in Germany and Italy). From the early 1900's, one particular branch of socialism, called Ingsoc for English Socialism, took on the goal of not only ousting and replacing the High, but of doing it with such deliberately thought-out preplanning as to make the new arrangement *permanent*, that is,

arresting progress, freezing history at the chosen moment, and stopping forever the ancient Middle/High replacement cycle. Such a goal was deemed both necessary and possible, necessary because machine production had developed so much during the preceding century, and was continuing at such a pace, that economic differences among the classes were in the process of being obliterated, along with the need for any class structure at all. Middle groupings were acquiring so much leisure time that they were enabled to think about, and then work toward, replacing the High rulers. Specifically, "If leisure and security were enjoyed by all alike, the great mass of human beings who are normally stupefied by poverty would become literate and would learn to think for themselves; and when once they had done this, they would sooner or later realize that the privileged minority had no function, and they would sweep it away. In the long run, a hierarchical society was only possible on the basis of poverty and ignorance." The position of power historically maintained by a High class was therefore fundamentally endangered, necessitating corrective attention. (Cf. our Chapter 2 re the Ruskin plan to preserve the English upper class and its values, followed by Cecil Rhodes and his secret society, Milner, the Round Table, etc.)

Fortunately, the technological advances responsible for producing mass affluence also helped make possible strategies for maintaining the hierarchical structure. The development of historical knowledge laid bare (to those who would look) the nature of the prior Middle/High cycles, and therefore the keys to

preventing their recurrence. Technical developments in the communication field, including printing, radio, and then television, especially its more lately developed capability of both receiving and transmitting from the same set, made it much easier to both manipulate public opinion and to abolish individual privacy. (Quigley also included, on p. 15 of *Tragedy and Hope*, that by 1930, governments had developed weapons much more powerful than those their citizens could obtain.) During the consolidation of power phase, remaining dangerous opponents were readily liquidated as necessary, and all other sources of public information suppressed, guaranteeing the future uniformity of public opinion on all matters of significance to the new High group.

In this final phase, the Middle and Low were substantially disempowered by stripping all individuals of their physical resources (i.e., homes, land, businesses, etc.), a necessary condition for oligarchical security. The new High, utilizing the nomenclature of socialism, performed this last stage of "collectivization" by having the "Party" (the only existing government) take over whatever remaining property existed in private hands, and then relegating the phrase "private property" to the memory hole. The Low went along willingly, as they were flattered that their goal had thereby been attained of abolishing the hated "capitalists."

The Book next examined the ways in which Ingsoc might theoretically be overthrown, and prevention strategies defined to block each way. Four overthrow mechanisms were deemed possible: surrender to

an external power, revolt by the Lows, overthrow by a Middle group, or loss of High self-confidence and willingness to rule. The first danger was met by dividing the world into three parts, each being substantially self-sufficient, culturally homogeneous, and of approximately equal strength. Their defensive strengths were made high enough so that each part became essentially unconquerable, even by the other two parts together. Revolt by the Lows (in each part) could easily be avoided by keeping the Lows ignorant of the possibility of any state of life higher than that in which they presently existed. Overthrow efforts from the Middle and loss of faith in the Party within the High were to be avoided by continually enforced individual surveillance and education, backed up by appropriate rewards and punishments, including promotion and perks, or torture and death. The High class was to be kept strong, not by making its membership hereditary, but rather "adoptive," since history has shown family oligarchies to be short-lived compared to organizational oligarchies, such as the Catholic Church, which measured its staying power in millennia. In a word, "A ruling group is a ruling group so long as it can nominate its successors. The Party is not concerned with perpetuating its blood but with perpetuating itself. *Who* wields power is not important, provided that the hierarchical structure remains always the same." (Our banking elites may squabble among themselves, but they remain one in their efforts to wipe out the world's still unconquered middle class.)

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The key to keeping the Lows "stupefied by poverty" and therefore ignorant of any better way to live, while simultaneously weakening an entire society to the point that it is unable to become dominant over another society, is, in a word, war – continuous, draining warfare. To that end, the world was divided into three parts, as mentioned above, called Oceania, Eurasia, and Eastasia, an event that was foreseen before the mid 1900's. Following the absorption of the British Empire by the United States, Oceania came to consist of North and South America, the Atlantic islands including the British Isles, Australasia, and southern Africa. Following the Russian absorption of Europe, Eurasia came to consist of Europe and the northern portion of the Asian landmass. After considerable confused warfare, Eastasia came to consist of China, Japan, and the Asian countries south of them, with a fluctuating boundary with Eurasia in the vicinity of Manchuria, Mongolia, and Tibet. North Africa and countries in southern Asia are being constantly fought over by the three major powers for the cheap or slave labor that was available there. (*The Book* doesn't mention a "Trilateral Commission" but we presume that's occurred to you.)

The wars that were to continue among the three world powers were unlike prior wars in human history, in that their purpose was not to conquer an opponent but rather to assure the maintenance of control over one's own subjects in order to keep the structure of the society intact. The wars were therefore shams, impostures, executed by rather small numbers of professional specialists at great distances removed from the population

centers, with information concerning them coming to the subject peoples exclusively from the Party-controlled media. Killings and other brutalities were common, however, but secretly controlled and delivered, by rocket bombs and such, by a given ruling government against its own subjects, invariably the proles.

To assure the permanence of such a societal organization, the three powers each had to be substantially self-sufficient, geographically defensible, culturally uniform (to better permit hate to be directed at the other groups), and on a military, economic, and social par with the other powers, all in order to avoid either the incentive or the ability to actually defeat one another in war. The same pyramidal social structure exists in each, and the same dependency on a war economy. No advantage is therefore to be had by one power conquering another, and in fact the existence of each power is now dependent on the continuing existence of the other powers, providing an excuse for the ongoing "warfare." (The words in our Chapter 4 of Rowan Gaither to Norman Dodd concerning promoting convergence with the Soviet Union might be recalled at this point.)

And how does continuous war act to keep the Lows "stupefied by poverty" and thereby assure the maintenance of the social structure? The goal of the wars is to enable the economy to be kept going for the benefit of the High, its military, and its bureaucracy and control personnel (the Thought Police, etc.), but at the same time to assure that any excess production capacity is prevented from producing consumer goods for the

lower classes. That excess capacity is instead directed to producing excess military goods which will ultimately rust away or be destroyed in warfare; that is, the excess capacity is deliberately *wasted* in order to turn it away from the production of goods which would result in added leisure or well-being for the lower classes. Those classes are instead continually forced into group activities expressing hatred toward the current enemy (*any* enemy) and dependency upon and love toward their benevolent rulers for protecting them from that enemy. They are thereby led to accept the consumer shortages, the poverty, and the other privations to which they are subjected. Their economic status is kept at the subsistence level, forcing their priorities to be focused on simply acquiring basic food, clothing, and shelter. They are thus denied either the time or the inclination to question the fairness or permanence of their societal condition, or to otherwise evolve into a threat to the established hierarchy. (We have, of course, been subjected in this century to two major world wars, two good-sized no-win wars (Korea and Vietnam), and a host of smaller UN involvements, presently (1996) including an incipient war in Bosnia.)

But why, asks Orwell through the voice of his Party protagonist, does the Party cling to power? "What is our motive? Why should we want power?" He then proceeds to answer his own question: "The Party seeks power entirely for its own sake. We are not interested in the good of others; we are interested solely in power. Not wealth or luxury or long life or happiness; only power, pure power.... Power is not a means; it is an

end. One does not establish a dictatorship in order to safeguard a revolution; one makes the revolution in order to establish the dictatorship.... The object of power is power...."

Over what is that power to be exercised, the protagonist then asks. He answers, "The real power, the power we have to fight for night and day, is not power over things, but over men.... [And] how does one man assert his power over another?" He answers his own question: "By making him suffer. Obedience is not enough. Unless he is suffering, how can you be sure that he is obeying your will and not his own? Power is in inflicting pain and humiliation. Power is in tearing human minds to pieces and putting them together again in new shapes of your own choosing.... In our world there will be no emotions except fear, rage, triumph, and self-abasement. Everything else we shall destroy – everything. Already we are breaking down the habits of thought which have survived from before the Revolution. We have cut the links between child and parent, and between man and man, and between man and woman. But in the future there will be no wives and no friends. Children will be taken from their mothers at birth as one takes eggs from a hen.... There will be no art, no literature, no science. There will be no distinction between beauty and ugliness.... All competing pleasures will be destroyed. But always ... there will be the intoxication of power, constantly increasing and constantly growing subtler. Always, at every moment, there will be the thrill of victory, the sensation of trampling on an enemy who is helpless. If

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you want a picture of the future, imagine a boot stamping on a human face – forever."

This famous picture by Orwell of the ultimate depravity – the worst ultimate result of man's fatal flaw of being corruptible by power – is what we are striving, by writing this book for example, to help future generations to avoid.

Chapter 7

"REPORT FROM IRON MOUNTAIN ON THE POSSIBILITY AND DESIRABILITY OF PEACE"

(Foreword by Leonard Lewin. Pub. 1967, Dial Press, NY. Call American Opinion Books, 414-749-3783.)

This remarkable book appeared eighteen years after Orwell's *1984*, and suffers from many of the same speculations as to its origins. It is not a novel, but rather a report written by the members of a 15-man "Special Study Group" commissioned, they believe, by some governmental entity which wished to remain unknown. The report is addressed to that unknown requestor, the work of the group having been completed after about two and a half years of labor. The members of the group knew that they had been carefully screened and selected for the task, that they represented the highest levels of scholarship, experience, and expertise in a wide range of the physical and social sciences, that they possessed years of service in business, government, and academe, and that among them they had access to a vast proportion of the country's resources in the social and physical science fields. The Special Study Group was clearly possessed of outstanding establishmentarian credentials.

The book comes to us because one of the members of the group, identified only as John Doe,

approached Mr. Lewin several months after the completed report had been submitted, and sought his help in getting the report commercially published, since he (Doe) felt that the public had a right to be apprised of its existence, even though the group had previously agreed to keep it secret. Mr. Lewin, having agreed to serve in that capacity, wrote a foreword spelling out these circumstances and passing on what little he learned from Doe concerning the study's origin and its participants. He further revealed his personal reaction to the conclusions of the report, conclusions which he said he does not share, but which appear to explain aspects of recent American policies which have otherwise been incomprehensible from a "common sense" viewpoint.

As with *1984*, we shall not indulge in speculation as to the possible motives of persons involved in commissioning, performing, or publicizing the Study's activities, except to suggest the possibility that both *1984* and *The Report From Iron Mountain* may have been created to serve as guides for middle-level workers in the fields of the elites. This would require, of course, a certain skill in reading between the lines, since calling a spade a spade would obviously raise too much public reaction. But let's move right along, starting with a little background on the nature of the Study Group and its operations.

The name Iron Mountain was derived from the name of the location, near Hudson, N.Y., where the first and last meeting of the Study Group took place. The meeting place served to impress and convince the

participants of the authenticity of their endeavor. It was a well-equipped underground facility built to survive a nuclear holocaust, and was being used by hundreds of American corporations for the safekeeping of their critical documents. It also even housed substitute corporate headquarters for a number of them, including such major establishment firms as Standard Oil of New Jersey, Shell, and Manufacturers Hanover Trust.

Meetings other than the first and last were held, approximately monthly, at universities, hotels, summer camps, private estates, or business establishments in various parts of the country, but never in the same place twice. Participants were paid travel and per diem expenses by a member identified as the "government contact" who also instructed them not to report those payments on their income tax returns, and to otherwise do whatever was necessary to keep their deliberations secret.

The first meeting was held in August of 1963, though the idea for the study, according to Doe, originated as far back as 1961 with the incoming staff of John Kennedy's administration, mostly, says Doe, "with McNamara, Bundy, and Rusk." Doe further revealed that three of the fifteen Study Group members had been in on the planning which produced the group, but the identities of none of the members (except for Doe) were revealed to Lewin. The last meeting was held in March of 1966, and the report was completed and submitted shortly thereafter. Lewin was approached by Doe during the following winter to arrange for commercial

publication. (For reference, recall that John Kennedy was assassinated on November 22, 1963.)

Lewin warned in his foreword that the Report contained presumptions and recommendations which were, on the face of it, outrageous and offensive to ordinary common sense, including such notions that poverty is both necessary and desirable, that the return of slavery as an institution may be desirable, and that budgeting the optimum number of deaths to occur annually in warfare was a proper function of government. With this warning in mind, one cannot help but be mentally probing, as he proceeds through the Report, for the real purposes being served, including the foundation premises upon which the study was based. Doe told Lewin that the purpose stated by the anonymous caller who recruited him was "to determine, accurately and realistically, the nature of the problems that would confront the United States if and when a condition of 'permanent peace' should arrive, and to draft a program for dealing with this contingency." The Report's transmittal letter rephrased these purposes as: "1) to consider the problems involved in the contingency of a transition to a general condition of peace, and 2) to recommend procedures for dealing with this contingency." As the Report's Introduction again rephrased it, the following two questions were to be addressed: "What can be expected if peace comes? What should we be prepared to do about it?"

We are soon led to observe that there is something askew in the logic of the first stated purpose. A

society's "problems" are not nearly as uniquely determined by the presence or absence of "peace" as they are by other societal characteristics, most particularly the presence or absence of "individual liberty." The question to the Study Group should therefore spell out as a postulate the status of this elemental characteristic, since the society's "problems" will be grossly different depending upon whether its citizenry is or is not "free."

We, as Americans, would naturally assume that the Study Group would automatically acknowledge, respect, and seek to preserve the philosophical foundation of our country (the existence of our individual inalienable rights to life, liberty, and the pursuit of happiness) along with the mechanics which our forefathers put in place (the U.S. Constitution) to try to preserve those rights for their posterity, rights which they had just wrested from Old World monarchs representative of the entire prior world history of ongoing despotic rule by whoever managed to acquire a preponderance of arms. It soon became clear, however, that such an assumption was ill-founded, and that the implicit presumption of the Study Group was that the condition of individual freedom was to be that which had historically existed in the Old World, namely the subservience of the citizenry to an aristocratic elite.

The main question that was to absorb the group's labor was posed early in the Report's Introduction. Presuming a world with no war, war preparations, or armaments, were there not certain societal functions fulfilled in the past by warfare for which substitute

activities would have to be found in a world of peace? Thus, what functions *did* war fulfill? If no viable substitutes could be found to fulfill them, was "peace" even desirable, in terms of "social stability?"

The study member who was the government contact was code-named Able by Doe, who revealed to Lewin that it was Able who challenged the classical definition of war, and suggested that war served other purposes beyond being an extension of diplomacy, or ultimate physical actions in support of a foreign policy, etc. All the other members ultimately came around to his view. It was also Able who, with one other member, drafted the Report, circulated it for review, and then produced the final version. It therefore seems likely that those who conceived the study had pretty well in mind what the study would produce from the beginning.

Of course all of us ordinary folk have a pretty good idea of why peace is desirable. In a few words, war involves lots of us getting killed, usually for the benefit of kings or other elites with whom we have little truck, and even if we physically survive, our savings, i.e., the fruits of our lifelong labors, are expropriated (by inflation or otherwise) and spent on killing others, reducing our ability to lead the good life, and ruining life in its entirety for those who are killed, displaced, enslaved, tortured, etc. All that being so, what is this "social stability" that the Report refers to which may bring into question the desirability of peace?

It took a long time for the Report to get around to defining what it meant by "social stability." But here are a few of the significant steps that we detected on the way. First, in describing the scope of the study, the Report claims that one of the operative criteria was to avoid utilizing any preconceived value assumptions (such as one's right to life or liberty, we assume). But then it proclaims one, since any serious investigation "must be informed by some normative standard.... The stability of society is the one bedrock value that cannot be avoided." The words still remain undefined, however.

The Report next goes directly into the economic effects of disarmament, alleging that such effects would be the same whether disarmament preceded or followed the attainment of peace. The study therefore entirely bypasses the issue of how nations, centered about our own Constitutional Republic, might work to create the desired peace with freedom, for example by jointly defining the conditions, including self-sufficiency and security, which must be satisfied to make nations willing to disarm, and then working jointly to realize those conditions. With a regime of "peace with freedom" established, the institutions then existing could be examined to seek out problems then remaining and recommend programs for dealing with them. The Study, however, avoids looking at what institutional structures might evolve in the production of peace with freedom, though such structures would undoubtedly be very different from those presently existing.

The Report fleetingly describes and then dismisses prior studies leading to mechanistic disarmament procedures. This brief discourse acknowledges that before such scheduled disarmament procedures could begin, genuine agreement of intent would have to be reached among the major powers. We described that above as seeking to define and then realize the conditions which would permit nations to feel secure about disarming. The Report, however, does not mention the attainment of common intent, but rather proclaims that disarmament efforts have been unsuccessful because nations do not *want* peace to reign, and desire instead that the use of war as an institution continue, because war serves certain essential purposes that peace cannot. In point of fact, says the Report, war is not "subordinate to the social systems it is believed to serve." Rather, society's war readiness "supersedes its political and economic structure. War is itself the basic social system, within which other secondary modes of social organization conflict or conspire. It is the system which has governed most human societies of record, as it is today."

We find fault with the above, not respecting its accurate description of how the Old World powers behaved in order to expand their powers at the expense of others (that is, to indulge the fatal flaw of their rulers of being corruptible by power), but most particularly with respect to the purposes and intent of the United States of America, in whose name and for whose benefit the Special Study Group was presumably laboring. George Washington, in his Farewell Address, warned

Americans to stay out of Europe's intrigues and wars, which had no legitimate place in our newly constructed country, a country which, for the first time in human history, was put together to be run by the people for the benefit of the people, and not for the benefit of those momentarily powerful persons in governmental office, who would in fact be frequently replaced. The power to make war was carefully put in the hands of the Congress, representing the wide-ranging electorate. The carnage of the Civil War renewed our abhorrence of war, and conspiratorial efforts were required (see Chapter 5) to drag us against our will into World War 1. That produced further revulsion, and further conspiratorial efforts were required to get us into World War 2. That ghastly war fed mass efforts to get us out of the Vietnam War, mass efforts that arose from our increasing conviction that we, the public, were being manipulated, a conviction made possible by our improved historical awareness and our much improved access to current events due to the growth of modern communication media.

We the people do not want war, we know we do not want it, and we are more than willing to support efforts to obtain and maintain peace in the world. To this end we supported the formation of the UN, but were again conned into doing something against our real interests, because the UN is clearly recognized now not as an institution seeking peace with freedom, but rather as the institution charged with acquiring political and military control over the world's peoples for the benefit of today's power elites.

Let's go on with the Report. It next sets about to define what it says are the real functions served by war, and in so doing cannot avoid tipping its hand concerning its previously implicit postulates. It first takes up the economic functions of war. Though war involves waste, it says, such waste has social utility, in that the waste is outside the control of market forces, and is subject instead to "arbitrary central control." That control can be used to "stabilize the advance" of the world's industrial economies, which have "developed the capacity to produce more than is required for their economic survival..." It can also be used as a sort of economic flywheel to balance the economy, and is better for this purpose than wasteful social welfare programs, because the latter, once initiated, become imbedded in the general economy where they are "no longer subject to arbitrary control." In fact, compared to war, "no combination of techniques for controlling employment, production, and consumption has yet been tested that can remotely compare to it in effectiveness...."

One perhaps begins to detect that a major goal, perhaps *the* major implicit postulate, is *control*, and more particularly, arbitrary central control. But, we ask, why do we want to "stabilize the advance" of the industrial economies? Isn't it proper to try to avoid war in order to permit the continuing increase in our own standard of living, as well as the rest of the world's? And isn't war a ludicrous price to pay as a mechanism for smoothing out the ripples in the economy? Aren't

better and much less costly mechanisms available? The answers are right around the corner.

The Report has now arrived at its core issue: the hidden *political* functions of war. And here we run once again into that undefined phrase that we started with: "social stability." War, we are told, is even more critically needed for maintaining social stability than it is for providing economic stability. It is fully capable of doing so because a state's war powers constitute "the basic authority of a modern state *over its people*." In our modern industrial societies, war has served "as the last great safeguard against the elimination of *necessary social classes*." Our productive economies make it more difficult to "maintain distribution patterns insuring the existence of 'hewers of wood and drawers of water.'" But fortunately, the arbitrary nature of war expenditures and related military activities "make them ideally suited to *control* these essential class relationships." Unless a substitute can be found, the institution of war must be continued "to preserve whatever quality and degree of poverty a society requires as an incentive as well as to maintain the stability of its *internal organization of power*." (Our emphasis added.)

The prime political function of warfare, as understood by the Study Group, is thus seen to be to *preserve poverty* in the society as an aid to maintaining the elite class in control. The congruence of the Report with Orwell's *1984* is now clear. What social stability really means is "keeping the Low's in poverty and the High's in power, forever."

The last essential step to completing the Study Group's thesis is to understand why war is so readily accepted by the public, whose members are always the prime losers in any war. The reason, says the Report, is that individual citizens will willingly rise to the defense of their society when they see it being threatened by an external enemy. The enemy, of course, must be formidable and the threat real, or at least perceived to be real. Such a major threat to one's society justifies to the individual the loss of life associated with meeting that threat, including even the loss of one's own life. It may be very difficult, says the Report, to find a substitute for war that produces the desired waste of resources and is at the same time so readily acceptable to the populace. The Report makes no mention of the ease or difficulty of producing wars on demand, perhaps because the means were so obvious that no discussion was felt to be needed.

The final nonmilitary function of war, not necessarily incapable of adequate fulfillment by a substitute, is the loss of life which it produces. This comes under the euphemism of ecological control, aimed at maintaining the world's population at that reduced level at which it may successfully sustain itself within the constraints of the world's agricultural capacity. The Report briefly acknowledges that this Malthusian notion of population control may be approaching obsolescence due to the increasing efficiency with which food and other essentials are being produced, but then quickly dismisses the thought. The chief difficulty with using war for population

control, says the Report, is that war regressively kills off a higher proportion of the fittest (our young warriors), instead of our old, weak, and infirm, thereby acting against eugenic improvement. Modern warfare has the promise of improvement in this regard, however, since nuclear warfare will enable millions to be rapidly killed off, and indiscriminately with respect to the weak or the strong. (It really says that!)

The Report further notes, as an incidental matter, that medical science has also exacerbated the problem by removing pestilence as a method of population control, but even worse, it has done so by perpetuating the lives of those who would otherwise have been eliminated by their genetic susceptibilities, thereby eugenically weakening the race. The coming "transition to peace" should probably take these matters into account as well.

The Report then seeks to define substitutes for the essential nonmilitary functions of war which it has allegedly found in the economic, political, sociological, and ecological arenas. In the economic field, there are two important criteria for substitutes: they must be wasteful (involving the destruction of at least 10 percent of the gross national product) and they must be outside the consumer supply and demand system. The first candidates considered are massive social welfare systems, such as cradle-to-grave health care, college education for all, housing for all at the level of the current top 15 percent, environmental purity with respect to air, water, forests, parks, etc., and the

elimination of poverty via a guaranteed annual income or other appropriate redistribution scheme. While these schemes may prove useful during the transition to peace, says the Report, they all suffer from the disadvantage that they are too cheap (not as wasteful as war), and would work themselves into a permanent level of expenditure embedded within the general economy, and therefore not subject to arbitrary control.

A second possibility for an economic surrogate is a massive, open-ended space research program having substantially unattainable goals, such as the colonization of Mars, etc. This one might produce sufficient economic waste, and could be extended indefinitely, but lacks the urgency associated with an imminent, credible threat.

In fact, this lack of a credible threat turned out to be the main difficulty with finding *any* viable substitute for the political and sociological functions of war. Any such substitute requires the existence of an "alternate enemy" posing a massive and credible threat, sufficient for one to be willing to give up his life to fight. Of the social welfare programs mentioned above, environmental pollution is perhaps the only one which might be blown up into a big enough threat to convince people that lots of money urgently had to be thrown at the problem. But even this appears to have doubtful viability, even if efforts were made to deliberately poison the environment in various ways in order to enhance the threat. The Report's way around this apparent brick wall was to conclude that, if a viable natural substitute could not be found, *a fake one would have to be invented*. The Study

Group didn't wish to pursue that matter any further, at least in print, in order not "to compromise, by premature discussion, any possible option that may eventually lie open to our government."

The Study Group did manage to find an alternate to war for proper population control (an "ecological" function). The Report declares: "A universal requirement that procreation be limited to the products of artificial insemination would provide a fully adequate substitute for population levels. Such a reproductive system would have the added advantage of being susceptible of direct eugenic management.... The indicated intermediate step – total control of conception with a variant of the ubiquitous 'pill,' *via water supplies or certain essential foodstuffs* – is already under development." (Emphasis added.) The only question the Report raised about this matter was whether the imposition of procreation control should or should not await the arrival of peace. The participants seemed to reluctantly agree that it should, since significant excess manpower would probably be needed in the warfare that was likely to ensue prior to the arrival of the "peace system," and because procreation control would naturally also require the existence of a centrally enforced "peace."

The Report reprises the motivation for the study, now clearly stated, in its summary: "The permanent possibility of war is the foundation for stable government; it supplies the basis for general acceptance of political authority. It has enabled societies to

maintain necessary class distinctions, and it has ensured the subordination of the citizen to the state, by virtue of the residual war powers inherent in the concept of nationhood.... The war system has provided the machinery through which the motivational forces governing human behavior have been translated into binding social allegiance.... The foregoing [political and sociological] functions of war are essential to the survival of the social systems we know today." Except, perhaps, the one created in the late 1700's by Jefferson, Adams, Madison, Hamilton, and their revolutionary compatriots.

After all of this cerebral effort, the Report concludes, "No program or combination of programs yet proposed for a transition to peace has remotely approached meeting the comprehensive functional requirements of a world without war.... The war system cannot responsibly be allowed to disappear until 1) we know exactly what it is we plan to put in its place, and 2) we are certain, beyond reasonable doubt, that these substitute institutions will serve their purposes in terms of the survival and stability of society.... It is uncertain, at this time, whether peace will ever be possible. It is far *more* questionable ... that it would be *desirable*, even if it were demonstrably attainable."

But given the above, the Report goes on to complain how even the "war system" is getting difficult and risky to manage. For example, it is becoming more possible "that one or more sovereign nations may arrive, through ambiguous leadership, at a position in which a

ruling administrative class may lose control of basic public opinion or of its ability to rationalize a desired war." Horrors! What if significant leaks were to develop in the media's paper and electronic curtains?

The final recommendation of the study is that a War/Peace Research Agency be created, with unlimited secret funding, and accountable only to the President, to continue research on both how to get to the sought-for permanent peace, and how best to shore up the present war system so that it can continue to be efficiently used until such time as a stable peace is secured. The war studies should include, for example, the "determination of minimum and optimum levels of destruction of life, property, and natural resources prerequisite to the credibility of external threat essential to the political and motivational functions."

One wonders if such a War/Peace Research Agency presently exists.

In our review (Chapter 5) of Griffin's *The Creature From Jekyll Island* we noted that Griffin also had made reference to *The Report From Iron Mountain*. We encourage you to read and absorb his interpretation, which has an emphasis somewhat different from ours. Griffin supplies evidence of the authenticity of the Report by quoting the written assertion to that effect by Harvard's establishmentarian professor John Kenneth Galbraith, who admitted to participating in the study in at least a consultative capacity. We would also like to borrow from Griffin's conclusions concerning the

study's importance. He asks why this study differs from any other think tank effort, and then writes (p. 525):

"The answer is that *this* one was commissioned and executed, not by ivory tower dreamers and theoreticians, but by people who are in charge. It is the brainchild of the CFR. Furthermore, it should be obvious that the stratagems outlined in the report are already being implemented. All one has to do is hold the report in one hand and the daily newspaper in the other to realize that every major trend in American life is conforming to the recommendations of the report. So many things that otherwise are incomprehensible suddenly become perfectly clear: foreign aid, wasteful spending, the destruction of American industry, a job corps, gun control, a national police force, the apparent demise of Soviet power, a UN army, disarmament, a world bank, a world money, the surrender of national independence through treaties, and the ecology hysteria. *The Report From Iron Mountain* has already created our present. It is now shaping our future."

We will have more to say about a major element of that shaping process in our next review.

Chapter 8

"THE GREENING"

(By Larry Abraham. Pub. 1993 by Double A Publications, Inc., 2320 W. Peoria #C122, Phoenix, AZ 85029. Tel. (800) 528-0559)

The subtitle of Abraham's book is *The Environmentalists' Drive For Global Power*, and describes how the war-substitute that appeared most feasible to the Iron Mountain study group has been converted into an action program. First, however, let's review the other major possibilities that were considered by that group, and briefly observe what has developed.

A massive social welfare system was proposed, to include health care, college education, modern housing, and poverty elimination for all. We now have myriad programs dealing with these matters, including Medicare, Medicaid, college tuition grants, subsidized housing, and income assistance programs of various kinds, on which we as a nation have spent close to \$5 trillion in the 30 or so years since LBJ declared his War on Poverty, without appreciably changing the incidence of "poverty." All this can certainly be considered a world-class effort to produce serious waste, but it has also produced a major backlash among those who are being taxed to pay for it, a backlash which the elites

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can't control very well. As they predicted, it clearly can't serve their long-term goals.

We also now have a space research program which the public is willing to support at a reasonable level, but "reasonable" is nowhere near enough as a substitute for war.

The environmental issue has clearly been selected as the major policy initiative to be developed. Recall that the Iron Mountain report expressed doubt that this issue would prove to be viable if dealt with only on its inherent merits, since the public would not likely view a sullied environment as a sufficiently severe threat to justify spending massive amounts of money on it, much less give up one's life in such a cause. It might be possible, however, to enhance the environmental threat, or even to *invent a fake issue* if an appropriate real one could not be found, though the conferees thought it better not to further discuss such possibilities in their written report. That, however, is what Abraham discusses at length in his excellent book.

In the first few pages of his book, Abraham plainly states his fundamental thesis. The real goal of the secret elites, he says, "is nothing less than to control natural resources worldwide. The Insiders of Environmentalism realize – even if many innocent bystanders do not – that the wealth of the world consists of the things that men take from the earth, and *they want to control it all....* For what is now being unleashed in

the name of 'saving the earth' is nothing less than the most historic grab for power in all of human history."

Abraham then commences to lay out his evidence. In April 1970, just four years after the completion of the Iron Mountain study, President Nixon declared the first Earth Day, and in the same year established the Environmental Protection Agency. Abraham quotes a news article celebrating the 20th anniversary of that first Earth Day: "Government, business, and consumers have spent up to a trillion dollars, by Department of Commerce count, to clean the environment.... The U.S. seems to find three new environmental hazards for each one it conquers." Thus this "war-replacement" project, with its germ of a justifiable excuse for incurring public expenditures, has obviously added mightily to the production of economic waste, but that's hardly its total purpose, as we shall shortly see.

In April 1970 there also appeared an article by insider George F. Kennan in the CFR's journal *Foreign Affairs*, entitled "To Prevent a World Wasteland ... A Proposal." The article, no doubt written for the edification of the worker bees in the fields of the elites, was nothing less than the concrete plan for *implementing* the environmental project suggested by the Iron Mountain Special Study Group. Abraham quotes from the paper extensively, from which one may list the following principal elements of the plan:

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- Treat environmental issues as transnational, since water and air contamination are no respecters of national boundaries.
- Create facilities to collect, store, and disseminate worldwide data on all aspects of environmental problems and activities.
- Promote the coordination of present international research and operational environmental activities.
- Establish international environmental standards, and advise and help governments and other organizations on how to meet those standards.
- Most important of all, establish and enforce "suitable rules for all human activities" conducted within the great international media of the high seas, the stratosphere, outer space, and perhaps the polar areas. Since individual governments and their selfish parochial nationals cannot be trusted to make or enforce such regulations, the task must be given to an *international* authority.
- An international body should be created to perform the above functions, including that of enforcing the rules and standards to be created. The body, perhaps called the Environmental Agency, should be empowered to act, not on the basis of agreements between government representatives, but by "collaboration among scholars, scientists, experts, and perhaps also something in the nature of environmental statesmen and diplomats – but true international servants.... The agency would require, of course, financial support from the sponsoring governments ... and one should not underestimate the amount of money that would be required."

Just in case the Establishment workers still don't get it, Kennan specifically spells out that the environmental issue is to replace society's fixation on the then-current Cold War, of which Kennan was a major architect, as Abraham clearly documents. Kennan emotes:

"Not only the international scientific community but the world at large has great need, at this dark hour, of a new and more promising focus of attention. *The great communist and Western powers, particularly, have need to replace the waning fixations for the cold war with interests which they can pursue in common and to everyone's benefit.* For young people the world over, some new opening of hope and creativity is becoming an urgent spiritual necessity. Could there, one wonders, be any undertaking better designed to meet these needs, to relieve the great convulsions of anxiety and ingrained hostility that now rack international society, than a major international effort to restore the hope, the beauty, and the salubriousness of the international environment in which man has his being?" (Abraham's emphasis added.)

1984 has defined for us the purposes of war as an instrument for controlling a servile citizenry, *The Report From Iron Mountain* has defined the criteria and a suggested replacement for war, and Kennan's article provided a blueprint to install that replacement. It was expected to take about a generation and a half for that replacement to mature, however, and the remainder of

The Greening describes the forced growth of environmental fervor during that period.

Before going into that, however, Abraham gives us a preview of the elites' most recent assessment of the status of their plan, along with details on how it is to be completed. It appears in a 1991 book by Jim MacNeill called *Beyond Interdependence: The Meshing of the World's Economy and the Earth's Ecology*, published by the Trilateral Commission, and containing a foreword by David Rockefeller himself. The book lays out the major goal to be sought at the 1992 Rio Earth Summit meeting then being planned: "The major purpose of this conference is to launch a global transition to sustainable development." The mechanics laid out for the conference, says Abraham, were to be such as to endow it with "the political capacity to produce the basic changes needed in our national and international economic agendas and in our *institutions of governance* [our emphasis] to ensure a secure and sustainable future for the world community." He quotes *Beyond Interdependence*: "By the year 2012, these changes must be fully integrated into our economic and political life," and then notes that someone up there seems to be setting deadlines for us.

"Sustainable growth" says Abraham is "Insider jargon for Green de-industrialization, global cartelization of natural resources, and international control of the world's economy.... [It] is a new synonym for *Iron Mountain's* 'stability,' i.e., perpetuating Insider control." We have referred to the same term as "social stability,"

meaning "keeping the Low's in poverty and the High's in power, forever."

MacNeill recommends *environmental taxes* to pay for the real cost of using (replacing?) natural resources. Such costs may be highly speculative, but don't worry, those "environmental statesmen and diplomats" mentioned above can probably handle the job. "Politically," says Abraham, "MacNeill teaches that environmental interdependence means the end of national sovereignty. It will provide the 'external necessity' for a world government with new laws and regulations aplenty." And if some nations don't rush to relinquish their sovereignty, remember that MacNeill says it's OK to accept its piecemeal erosion by the "steady encroachment on their sovereignty by the forces of economic interdependence."

MacNeill's "credible threat," which *The Iron Mountain Report* required, consisted, said Abraham, of "the same old worn-out menu of eco-hoaxes: overpopulation, ozone hole, global warming, deforestation, bio-diversity, acid rain, rising sea levels, soil degradation, *ad nauseam*." The "alternate enemies" are to consist of those who resist the imposition of international controls over these areas, such as us taxpayers, especially those of us who can still read. To control all of this, MacNeill proposes that a new international environmental super-agency be created.

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Listening intently to all the above, the authors of the agenda of the Rio Summit of June 1992 included the following agenda items:

- Adopt an Earth Charter, defining new principles for handling environmental issues into the next century.
- Define an action program to implement the new principles, especially designating the agencies responsible for implementing the first phase of the effort, up to the year 2000.
- Define and sign treaties concerning global warming, deforestation, and bio-diversity.
- Create the necessary long-term international control agencies.

Abraham discusses the outcome of the Summit a little later. For now, he emphasizes just that the elites are deadly serious about their own goals and about the means they have chosen to attain them. "These megalomaniacs," he says, "genuinely *believe* they are the destined elite worthy to rule the world. Environmentalism is merely the ratty, ragged rationalization designed to hoodwink the world into accepting their rule." He digresses briefly to note that these elites have largely managed to identify themselves in their own writings, which few people outside of their own circles ever read. He lists over a dozen such books, including a couple that we have reviewed, and a couple more from which he quotes below. From his review of these and other sources, he says this of their organizational beginnings in the United States:

"The U.S. branch of the Institute [of International Affairs] was called the Council on Foreign Relations (CFR) and was officially founded in 1921. Prior to the formation of the CFR, a tight reciprocity existed between the Round Table group in the U.K. and the Carnegie Endowment for International Peace in the U.S., and once the Council was formed, most if not all of the Carnegie Trustees comprised its original board of directors.

"Dominating the leadership of the U.S. Establishment was the Wall Street lawyer for both Andrew Carnegie and J.P. Morgan, Elihu Root. Root was both chairman of the Carnegie Endowment and the first honorary chairman of the CFR. Orbiting Root were Morgan bank partners John W. Davis (CFR president 1921-33), Dwight Morrow, Thomas Lamont, and Henry Davison, along with other legal powerhouses such as Paul Cravath, Norman Davis, Russell Leffingwell, and Root's special protégé, Col. Henry L. Stimson [FDR's Secretary of War]."

Regarding the political clout which they developed, Abraham quotes from Professor Arthur S. Miller's *The Secret Constitution and the Need for Constitutional Change*: "In other words, those who formally rule take their signals and commands not from the electorate as a body but from a small group of men (plus a few women). This group will be called the establishment. It exists even though that existence is stoutly denied. It is one of the secrets of the American social order. A second secret is the fact that the existence of the

establishment, the ruling class, is not supposed to be discussed.... A third secret is implicit in what has been said – that there is really only one political party of any consequence in the United States, one that has been called the 'Property Party.' The Republicans and the Democrats are in fact two branches of the same (secret) party." Abraham notes support of this view from Alvin Toffler's new book, *Power Shift*, which "identifies this consortium as the 'Invisible Party' and agrees with Miller that partisan politics has little or no bearing on the wielding of this all-encompassing power."

Abraham then proceeds to outline how the elites have developed their environmental program over the last 20 years or so. First off, if we're going to replace war with something else, we must start by eliminating the threat of war that has been hanging over us. We do that by eliminating the "credible enemy" which has made us willing to fight the recent Cold War. Lo and behold, the USSR has suddenly become peaceful. Not only that, but it is converting itself into a "Green" image of its former self. Abraham quotes from a New York Times article in August 1991 entitled "Gorbachev Turns Green":

"Soviet diplomacy is preparing a dramatic leap in the concept of 'new world order' that will leave President Bush in the primeval sludge if he doesn't move.... Mikhail Gorbachev gave Mr. Bush a hint to his thinking at their Moscow meeting, proposing that next year's UN conference in Rio de Janeiro on the environment be held *at the summit level* [our emphasis].... Moscow's new idea is not only an astonishing

reversal of Soviet attitudes about international relations; it goes beyond accepted notions of the limits of national sovereignty and rules of behavior.... Foreign Ministry officials say they are working on a plan for a global code of environmental conduct. Moscow suggests a convention for all states to sign. It would provide for the World Court to judge states.... This is a breathtaking idea, beyond the current dreams of ecology militants. It is meant to show that the Soviets really take seriously their 'integration' in the world economy. And it is that the environment be [the] topic for what amounts to global policy." National borders must be disregarded, because "Environmental problems ignore borders, and the convention would draw the consequences on the basis of laws applied to all."

We have thus become witnesses to the birth of a "viable replacement for war." Abraham notes, in closing this topic, that the Gorbachev proposal not only "coincided perfectly with what George F. Kennan proposed in his April 1970 article in *Foreign Affairs*," it also presaged precisely what was to be the outcome of the upcoming Rio Summit. But Mr. Abraham doesn't believe that much in coincidences, and treats us instead to a thumbnail history of the art of deception in warfare, an art in which the international con men are highly adept, and in which we, the American public, are the primary "marks."

Abraham next backs up a few years to let us discover how the banking elites will profit even while journeying on their road to world control. In September

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1987, in Denver, Colorado, there occurred a conference called the Fourth World Wilderness Conference. The 1500 delegates from 60 countries found upon arriving that a conference Declaration had been written for them, stating in part that, because more funding was needed for expanding conservation activities, "a new conservation banking program should be created to integrate international aid for environmental management into coherent common programs for recipient countries based on objective assessments of each country's resources and needs."

These words clearly were not written by the whale lovers and tree huggers in attendance, but more likely by the most major of the several major actors that were found in attendance, who included not only David Rockefeller of the Chase Manhattan Bank, but even the seldom seen (in public) Baron Edmond de Rothschild, representing the interests of his 200-year-old international banking family. Abraham suggests that we best pay close attention.

Conference papers proposed that up to 30 percent of the world's wilderness land mass, i.e., about 12 billion acres, including whatever natural resources may lie underneath, be set aside for wilderness areas, with title vested in a "World Wilderness Trust." The new World Conservation Bank (WCB) would participate by financing "directly and through syndicated and co-financing arrangements:

- (1) The preparation, development, and implementation of national conservation strategies by developing country governments;
- (2) The acquisition/lease of environmentally important land for preservation of biological diversity and watersheds;
- (3) The management and conservation of selected areas."

And how are these lands to be acquired? In the Third World, we hark back to the fact of the Third World's unpayable debts, and listen to the conference's plan. It proposes that the WCB "act as intermediary between certain developing countries [e.g., Brazil] and multilateral or private banks [e.g., Chase] to transfer a specific debt [Brazil's debt to Chase] to the World Conservation Bank, thus substituting an existing doubtful debt on the bank's books [Brazil owes Chase] for a new loan to the WCB [WCB owes Chase]. In return for having been relieved of its debt obligation, the debtor country [Brazil] would transfer to the WCB natural resource assets of 'equivalent value'...."

"In other words," says Abraham, "the mega-banks' bad loans [created out of nothing by the 'Mandrake Mechanism'] which are not now collateralized would be sold at *full nominal value* to the WCB, instead of their presently discounted value on the open market (as low as 6 to 25 cents on the dollar). The WCB would 'buy' the loan from the existing holder [Chase] and the debtor country [Brazil] would have to collateralize the loan with wilderness areas. If [i.e., when] the debtor failed to pay, the WCB, or whoever its

stockholders happen to be [Rockefellers, Rothschilds, etc.], would end up with vast tracts of land and everything below it.

"Now you see why I've been warning for years that the mega-banks were just not going to fail. The fix is in. What was proposed in Denver was the 'Proposal' of Kennan over 20 years ago.... The name of the game is the creation of world banks, regional currencies, multinational trusts, giant foundations, land expropriations, and massive transfers of natural resources – the cartelization of the world's natural resources – which will ultimately evolve into transfers of national sovereignty...."

We might recall at this point our discussion toward the end of Chapter 1 of Henry Kissinger's National Security Council Study Memorandum 200 recommending that a program of population reduction be aimed at a list of 13 Third World countries that produced raw materials that the U.S. needed. As reported by William Engdahl (p. 164), Kissinger noted in the Memorandum "how much more efficient expenditures for population control might be than [expenditures for] raising production through direct investments in additional irrigation and power projects and factories," such as would be required if the country's population and standard of living were permitted to rise. We wondered aloud in Chapter 1 what the hidden rationale for such a policy might be. Now it's getting much clearer. The elites wish to reduce the targeted Third World populations to a bare subsistence level in

order to reduce to a minimum the costs of producing the raw materials on the lands which the elites are presently trying to wrest from those target countries in the name of world environmentalism.

In the United States, the methods are different. They depend upon the poor brainwashed citizen being willing to be taxed (or to use "government" money, no matter how it is created) in order for the government (ultimately to be synonymous with "elites") to "buy" vast additional tracts of U.S. real estate. In order for this to work, the media must keep up its bombardment of environmental horrors on the psyches of us ordinary folks. Abraham quotes from an arbitrary sampling of such material to remind us just how deeply we are swimming in such intellectual sewage.

We are constantly reminded that the costs of the overall environmental cleanup program will be immense, no doubt to reinforce the claim that the danger is critical and imminent, and to get us used to thinking in terms of throwing hundreds of billions of dollars a year at the problem. For instance, the New York Times article of August 1991, which was quoted above, projects environmental cleanup after the military production of the last 30 years or so to take 30 years and cost \$400 billion. Vice President Al Gore's book *Earth in the Balance* suggests that needed environmental activities would cost on the order of \$100 billion per year, or about 2 percent of the GNP, though this is quite a bit lower than the *Iron Mountain* assertion that the economic waste of the war substitute must reach at least

10 percent of the GNP. That probably means we'll have to keep activated for a little while longer the annual drug losses of around \$400 billion, the welfare waste of another \$200-\$300 billion, plus a little war now and then, such as in Bosnia, to keep more excess billions flowing into the Pentagon as well.

Abraham then launches into an outline of the personnel and programs constituting the environmental onslaught in the United States. He notes that we should not be surprised to find that the figures at the helm of each and every one of the major environmental foundations (such as the World Wildlife Fund, the Heritage Trust, the Nature Conservancy, the National Wildlife Federation, The Sierra Club, the World Wilderness Congress, Conservation International, and the Center for Earth Resource Analysis) are key members of the elite political organizations previously and repetitiously identified (i.e., the Royal Institute of International Affairs, the Council on Foreign Relations, the Bilderberger Group, the Club of Rome, and the Trilateral Commission). Abraham spends a whole chapter on mini-biographies of 20 of these "Eco-Prophets," as he calls them, namely David Brower, McGeorge Bundy, Helen Caldicott, Barry Commoner, Paul Ehrlich, Dave Foreman, Jay Hair, Denis Hayes, Amory Lovins, J. Michael McCloskey, Ralph Nader, William Reilly, Jeremy Rifkin, John D. Rockefeller III, Laurence Rockefeller, William Ruckelshaus, John Sawhill, J. Gustave Speth, Maurice Strong, and Russell Train. We'll pick out just one of these gentlemen to say a few words about, namely Maurice Strong.

Mr. Strong is a multimillionaire Canadian with Establishment credentials starting with President, World Federation of United Nations Associations; co-chairman, World Economic Forum; member, Club of Rome; trustee, Aspen Institute; trustee, Rockefeller Foundation; and on and on for a dozen more lines of type, including heading up the Rio Earth Summit in June 1992. Abraham reports: "To buttress the Earth Summit, Strong formed the *Business Council for Sustainable Development*, 'a blue-ribbon group of 50 eminent business leaders from all regions of the world ... to promote a clear understanding of and commitments to environmentally *sustainable development* within the private sector at the highest corporate level.'" Strong appointed members to the council, many of whose names are not familiar, but whose company affiliations certainly are, including Asea Brown Boveri, Chevron, Volkswagen, Alcoa, Dow Chemical, Royal Dutch Shell, and du Pont. Holding this little sketch of Mr. Strong in mind, Abraham continues:

"In May 1990 Daniel Wood interviewed Strong for *West* magazine. Strong presented the idea that the only way to save the planet from destruction is to see to it that the industrialized civilizations collapse... Wood recounts the conversation:

[Strong] has a novel he'd like to do.... [In] the novel's plot, the World Economic Forum convenes in Davos, Switzerland. Over a thousand CEOs, prime ministers, finance ministers, and leading academics gather ... to attend meetings and set

economic agendas for the year ahead.... "What if" [says Strong] "a small group of these world leaders were to conclude that the principal risk to the earth comes from the actions of the rich countries? And if the world is to survive, those rich countries would have to sign an agreement reducing their impact on the environment. Will they do it?"....

Strong resumes his story. "The group's conclusion is 'no.' The rich countries won't do it. They won't change. So, in order to save the planet, the group decides: isn't the *only* hope for the planet that the industrialized civilizations collapse? Isn't it our responsibility to bring that about?

"This group of world leaders," he continues, "form a secret society to bring about an economic collapse... These aren't terrorists. They're *world leaders*. They have positioned themselves in the world's commodity and stock markets ... and have engineered, using their access to stock exchanges and computers and gold supplies, a panic. Then, they prevent the world's stock markets from closing. They jam the gears. They hire mercenaries who hold the rest of the world leaders at Davos as hostages. The markets *can't close*. The rich countries ..." And Strong makes a slight motion with his fingers as if he were flicking a cigarette butt out the window.

I sit there spellbound. This is not *any* storyteller talking. This is Maurice Strong. He knows these world leaders. He is, in fact, co-chairman of the Council of the World Economic Forum. He sits at the fulcrum of power. He is in a position to *do* it...."

Abraham concludes that Strong's megalomaniacal daydream speaks for itself, that he has surrounded himself with a group of people who believe in the coming of an apocalypse, and that a *cult of personality* is appearing around him. "Strong," says Abraham, "is part of a terrifically dangerous group of elitists who actually believe they are Plato's 'philosopher kings.' They alone are fit to rule the world. After all, without their guiding light, nothing 'can save humankind from itself.'"

Recalling that *Iron Mountain* noted that only the *perception* of impending catastrophe was necessary, Abraham includes a couple of chapters on how the elites are doing at creating this perception. The first has to do with the one-sided media barrages on the various environmental issues, the second on environmental brainwashing of kids in the public schools. On the elites' side in the media effort is the ownership and expert use of the mass media; on our side is scientific truth. Though the printed and spoken words on the one side vastly outnumber those on the other, truth and skepticism are still winning out among the public, as indicated by polls which ask people to define what they believe to be the most important problem facing the country. Results: 34 percent - economic problems; 27 percent - the drug crisis; 10 percent - poverty and homelessness; and 4 percent - environmental problems. Abraham presents a reading list of literature refuting the various environmental calamities which are claimed to beset us. The mass media drumbeat continues, however.

Abraham then outlines with what ease and effectiveness the "green" message is cleansing the brains of our next generation in the public schools. He quotes a New York Times article of November 1989: "Educators and environmentalists say that schools across the country are reporting an increase in classroom demand for environmental education.... Government officials and other spokesmen ... go to schools with [various environmental] messages. Several teachers describe the campaign as brainwashing for a good cause.... By and large the environmental groups are active and moving into education." Abraham notes that these "environmental groups" involve not only private organizations, such as the National Audubon Society, but large corporate entities as well, including Dow Chemical, AT&T, Exxon, and 3M. "Is it only an accident," asks Abraham, "that all [of these corporate entities] are also members of the National Wildlife Federation's Corporate Conservation Council as well as Maurice Strong's Business Council for Sustainable Development?" He winds up his discussion of the green indoctrination of our children with a look at *Captain Planet* and similar programs on children's TV.

The next couple of chapters are devoted to debunking a few of the specific ways that we are being told that the sky is falling. This is the fun part, because whenever the claims are racked up against measurable facts, the claims and their claimants suddenly lose their credibility. Abraham takes on briefly the issues of the population explosion, global warming, the ozone hole,

and acid rain. This is fun reading, and I won't steal it from him. You should read it yourself.

He does introduce a final issue, however, which we must discuss. It involves a legal ploy long ago developed by the elites, but now being increasingly used in the name of environmentalism, to bring our citizenry under the much more direct control of government bureaucrats who are enabled to define and enforce their own arbitrary "law." The legal starting point is with the Congress, which, against the long-term best interests of the country, "delegates authority to an independent agency with no specific powers, only a general 'mandate' for enforcement. The EPA is only the latest example of a legacy most exemplified by the fearsome power of the IRS. In varying measure, these agencies are cop, judge, and jury. They all possess legislative powers, executive powers, and judicial enforcement powers – which means they can define law [and] impose fines, civil penalties, injunctions, and in some cases even criminal sanctions. Legal proceedings have been removed from a 'judicial' to an 'administrative' setting. We are no longer protected by a presumption of innocence. These entities operate on a *presumption of guilt*. Administrative law replaces constitutional and common law rights...."

Abraham continues: "Objective law affords prior notice so that people can *avoid* criminal acts. But when the law becomes subjective, when legislatures refuse to define offenses but issue only generalized mandates to bureaucracies ('clean up the air,' 'protect the environment' ...) then the very definition of the law

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becomes unknowable, [and] liable to change with the bureaucrats' subjective perceptions."

Given the above, Abraham concludes that the purpose of this "law" is not to save the environment, but to change the law itself into an institution better suited to controlling our once-independent citizenry. Of course, congressional delegation of such bureaucratic authority is unconstitutional on at least two counts: that the Constitution does not grant to Congress the power to delegate its legislative authority to other agencies, and that it does not grant Congress the power to legislate concerning the "environment." Such action appears to be an obvious violation of the Tenth Amendment to the Constitution, and, so long as it stands, is a major threat to our God-given natural rights of life, liberty, and the pursuit of happiness, and a major tool in the hands of the elites who wish to dominate us.

Abraham includes as an appendix an article written recently by scholar Brooks Alexander entitled *The View From Iron Mountain*, reprinted by permission. It seeks to answer the question of the authenticity of *The Report From Iron Mountain*, and evaluates the available evidence. It's a highly interesting interpretation from yet another party of one of the most significant publications of this last century, a publication which created a significant stir immediately after its appearance, and which continues to resist efforts by the elites to relegate it, once and for all, to the memory hole.