

Chapter 9

"THE POLITICS OF HEROIN"

(By Alfred W. McCoy. Pub. 1991 by Lawrence Hill Books, Brooklyn, NY.)

This book is subtitled *CIA Complicity in the Global Drug Trade*. It is the product of about 20 years of research and travel by Professor McCoy, primarily in Southeast Asia, tracking down the mechanics of the international drug trade. The first edition of the book was published in 1972 under the title *The Politics of Heroin in Southeast Asia*. McCoy is presently professor of Southeast Asian History at the University of Wisconsin-Madison.

We take up this and the two following books because they deal with entities utilized by the elites which concern themselves not with foundation grants, or monetary manipulation, or media propaganda, or secret diplomacy, but rather with highly physical, very illegal, and therefore always covert, means to attain various ends which the elites deem important enough to justify such means. We won't presume to assign a motivation to the elites' apparent effort to perpetuate the "drug war," though we can't refrain from pointing out its \$400 billion annual cost to the American public which we estimated in the previous chapter, certainly an attractive

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source of "waste" which the Iron Mountain Study Group may actually have considered but left unrecorded.

McCoy starts by sketching the history of the drug trade. Opium was first mentioned in Greek texts in the fifth century BC and in Chinese texts in the eighth century AD. Its use remained local until western traders discovered its commercial potential, starting with the Portuguese in the sixteenth century, followed by the Dutch and then on a much larger scale by the British in the eighteenth and nineteenth centuries. Starting in 1773, the British East India Company established a monopoly on the production of Indian opium, transported it to China and bartered it for Chinese tea, silk, and porcelains, and shipped and sold those goods back in Britain and other European countries for vast profits. This triangular trade depended first upon political control in India and second upon military force in China, the latter necessitated by Chinese efforts to ban opium, efforts which were defeated by the two opium wars which the British successfully waged against the Chinese in 1839 and 1856. By 1900 the Chinese had become the world's greatest opium consumer, having about 13.5 million addicts in its population of 400 million. Its annual production had grown to over 35,000 tons, over 85 percent of the world's total, making China also the world's greatest producer.

The poppy produces the opium from which morphine and heroin are chemically derived. Germany's E. Merck and Co. discovered in 1805 how to extract morphine from the opium sap, and began commercial morphine manufacture in 1827. An English chemist first

synthesized heroin (diacetylmorphine) in 1874, and in 1898 Germany's Bayer Company commenced commercial production of heroin as a pain reliever. (One year later they discovered aspirin and began marketing it as well.) Bayer advertised heroin as non-addictive, and it was included in countless patent medicines in America, Europe, and Australia. The AMA in 1906 approved its use as a substitute for morphine, which was finally recognized as being addictive.

Cocaine likewise became known to the western world in the nineteenth century. Noting the Andean Indian practice of chewing coca leaves, European firms began efforts in the 1850's to extract the active element. Merck was successful, and began commercial manufacture of cocaine. Sigmund Freud experimented with it and gave it a ringing endorsement, including "its ability to cure morphine and alcohol addiction." For a few-score years it enjoyed legal manufacture, by Parke-Davis Company for example, and widespread use in medicines, tonics, and even foods of various kinds. Coca-Cola contained a dose of cocaine until 1903, around which time the medical community started becoming aware of its addictive nature.

It took 10 more years for Congress to get stirred to action, but in 1914 it passed a law requiring a doctor's prescription to purchase heroin or cocaine. The law was widely circumvented, but by 1923 was strengthened into an effective federal ban on sales of essentially all narcotics, accompanied by the creation of the first drug

enforcement agency, the Treasury Department's Narcotics Division.

The termination of legal distribution of narcotics did not end addiction, however, and criminal syndicates grew up to supply the demand for both alcohol and narcotics. But whereas alcohol prohibition was terminated in 1933, ending its criminal involvement, the narcotics ban has remained permanent, says McCoy, "making the illicit heroin traffic the most constant source of income for organized crime in America."

The Treasury's Narcotics Division came a cropper in 1929 when a grand jury found it protecting New York City drug dealers, including the notorious Arnold Rothstein, the leading organizer of the city's criminal syndicates in the 20's. Congress then created in its place the Federal Bureau of Narcotics (FBN), and President Hoover named Harry Anslinger, a young Prohibition officer, as its director. Anslinger ran it with enthusiasm through the 30's, confining his efforts to domestic suppression.

But after World War 2, when the U.S. sought to extend its drug suppression activities overseas, Anslinger faltered. According to McCoy, "In retrospect, it seems that Anslinger's intelligence connections compromised his bureau's anti-narcotics mission. As a strong anti-Communist and a specialist in counterintelligence, Anslinger maintained close ties to the U.S. intelligence community. During World War 2, he had lent his bureau's key personnel to form the Office of

Strategic Services (OSS), forerunner of the CIA [Central Intelligence Agency], thereby setting a postwar pattern of cross-fertilization between the two agencies." Anslinger thereafter denied the primacy of Southeast Asia's Golden Triangle as the prime source of postwar opium, claiming erroneously that the Chinese Communists controlled that trade, and otherwise steering his agency around any position or activity in opposition to the interests or positions taken by the CIA.

We noted in our own Chapter 1 on Engdahl's *A Century of War* that the British helped us form our international intelligence agencies, housing our OSS in the London offices of the British intelligence services. Staffed in part by Anslinger's drug fighters, the OSS metamorphosed into the CIA, which was formally created by President Truman in 1947 to prosecute espionage and covert action projects against the USSR in the Cold War which was then just starting. Whatever else may be said about the CIA, its genes may be seen to have come from persons involved for two centuries in the British Far Eastern drug trade, persons with extensive knowledge and involvement with the organized criminal syndicates handling illegal narcotics in the United States, and persons with anti-Communist mind-sets.

As a prelude to his main theme, McCoy goes into some detail concerning the organizational familiarity between the wartime intelligence agencies and the criminal syndicates. Very briefly, in 1942 the Office of Naval Intelligence (ONI) approached the Sicilian-American Mafia who were "in charge" of the New York

waterfront to seek their help in preventing German espionage and sabotage on the docks. The ONI was shortly referred to Lucky Luciano, then in a New York prison for prostitution racketeering, and to his good friend Meyer Lansky, patriot, who assured the Navy that Luciano would be trustworthy. Luciano and Lansky represented the "new generation" (following the death of Arnold Rothstein in 1928) of the Italian and Jewish Mafia respectively, with their friendship and pact of assistance going back to their youthful boyhoods on the streets of New York. A deal was struck: the ONI would define its problems to Luciano, who would advise Lansky of what was to be done, and Lansky would relay the orders to "whomever he thought appropriate" to get the job done. Among other services, the ONI learned, via Luciano and Lansky, what it needed concerning coastal waters around Sicily, where Italian army files could be found on Sicily, and who (among the Sicilian Mafia) would be helpful to Patton in defeating the Italian garrison on Sicily. When the war was over, the Mafia in Sicily was stronger than ever, having earlier been reduced to near impotence by Mussolini. In addition, Lucky Luciano's prison sentence was commuted by New York Governor Thomas E. Dewey, upon the request of American military intelligence officers, and Luciano was deported back to Italy.

McCoy then lays out the theme of his book. The number of U.S. addicts had dropped from around 200,000 in 1924 to perhaps 20,000 by the end of World War 2, largely due to the wartime disruption of the heroin supply and transport organizations. McCoy observes:

"With American consumer demand reduced to its lowest point in fifty years and the international syndicates in disarray, the U.S. government had a unique opportunity to eliminate heroin addiction as a major American social problem. Instead, the government – through the CIA and its wartime predecessor, the OSS – created a situation that made it possible for the Sicilian-American Mafia and the Corsican underworld to revive the international narcotics traffic. These operations were the first signs of the CIA's willingness to form tactical, anti-Communist alliances with major narcotics dealers, whether in the cities of Europe or the jungles of the Third World. During the forty years of the Cold War, several of the CIA's covert action allies were to play a significant role in sustaining a global narcotics industry that supplied the United States."

McCoy then goes to the CIA's first involvement. Back in Sicily, Lucky Luciano proceeded to construct one of the most successful narcotic syndicates in the history of the trade. He started by diverting heroin legally manufactured by Schiaparelli, a respected Italian pharmaceutical firm, and smuggling it to destinations in North America where it was received and distributed by his long-time associate, Meyer Lansky. Luciano had himself visited Cuba in 1947, met with the American syndicate leaders, and distributed lavish bribes to appropriate Cuban officials. Cuba was to be the focal point of North American distribution. Lansky was placed in charge, not only of organizing the remaining American heroin distribution network, but also of managing Luciano's entire financial empire in America. In this role

he was responsible for collecting the enormous flood of North American drug cash and seeing that it got properly distributed, i.e., to the workers within the cartel, to bribed authorities, and of course back to Luciano who saw to the monetary distribution within Europe and Asia, no doubt including his own Swiss bank accounts. It was reportedly planned that the heroin transshipments within Cuba were to be managed by Santo Trafficante, Jr., a Lansky lieutenant and son of a Sicilian-born Tampa gangster. (His name will crop up again in this and in our next chapter.)

In 1950, Italian pharmaceutical regulations underwent a tightening, and Luciano turned to an alternate source of supply which he had under development. He began receiving morphine base from a major Lebanese wholesaler who received opium grown in Turkey and processed it in Lebanon into the much more compact morphine base. The Lebanese operation was secured politically by extensive bribing of Lebanese airport directors, customs officials, narcotics police, etc., arrangements which Luciano had considerable experience with, and no doubt inquired carefully about when making his arrangement with his new supplier.

He was now in need of the sophisticated chemical labs which could produce heroin from the morphine base. He established and operated a number of such secret labs in Sicily under the watchful direction of local Mafiosi, but they only operated successfully for five years or so (up to 1954) when the Italian police and press became aware of what was going on. Luciano saw that it might be wise to shut down the chemical

operations so close to his command center, and utilize instead the services of an alternate processing center being run by the Corsican criminal syndicates in Marseille, on the southern shore of France. Anticipating this usage, Meyer Lansky, on a trip he had made to Europe in 1949-1950 to help arrange the financial labyrinth for handling and hiding drug proceeds from tax authorities, had also toured through France and held lengthy discussions with Corsican syndicate leaders on matters of mutual concern. A year or so later, the first heroin labs began appearing in Marseille. The highly successful route from Turkey to Lebanon to Marseille to the United States was to dominate the international heroin trade for the next twenty years.

McCoy outlines the political history in and around Marseille in great detail. In brief, Marseille had for many years been a rough laboring town, strongly populated by Corsican gangster elements, but also a stronghold of the French Communist Party and powerful Communist labor unions. The Corsican syndicates struck bargains with local French fascists during the 30's, and with Nazis during the occupation years, to support those political regimes in return for relatively free rein in running their "businesses."

Upon the beginning of the Cold War, the European Recovery Plan (the Marshall Plan) was instituted, and in early 1947 Congress appropriated \$400 million to "fight communism." According to McCoy's sources, President Truman "used it overtly in Greece and Turkey and covertly in France and Italy, through the

CIA, to support ... democratic political parties." The CIA, established in September 1947, was going to be the operative agency to do this covert fighting.

Marseille was to be the primary port of entry of Marshall Plan goods. The dock workers and other Marseille working people, feeling economically put upon, commenced wildcat strikes and demonstrations, supported by the Communist Party. The strike spread throughout the country. Truman, fearing a Communist coup, ordered the CIA to help break up the strike. It did so, by providing millions of dollars to the French Socialist Party to procure their help in fighting the Communists. Thereupon the Socialist Minister of the Interior called up military reserves to fight the strikers, and the lead Communist union shortly backed out. In Marseille, the Socialist mayor purged Communist supporters from the police units. The CIA joined the physical fray by supplying arms and money to Corsican gangs so that they could help the Communist-purged police forces assault the Communist picket lines and harass their union officials. The CIA then mounted a media assault on the people, promising to withhold recently shipped foods unless the dock workers unloaded them immediately. All this pressure proved sufficient, and the strike was, for the moment, broken.

These events established the Corsican Guerini brothers as the new leaders of the Corsican underworld, with the CIA and the French Socialists beholden to them. A substantial repeat of the strike occurred 3 years later, with the CIA again supplying money, and the Corsicans

the brawn. This time, the Communist unionists were ousted from the docks, and the Corsicans won control of the waterfront. The stage was now set for the "unforeseen consequence" which Lansky was just at that time discussing with the Corsican leadership. Marseille's first heroin laboratories were opened in 1951, just a year or so after the Marseille waterfront was secured, courtesy of the anti-Communist efforts of the American CIA.

The clinching political safeguard which guaranteed success appeared to be located at the apex of the French government. McCoy points out, "Under the terms of their informal alliance with France's Gaullist government, the Marseille syndicates manufactured their heroin exclusively for export. Marseille may have become the world's largest heroin producer, but France remained drug-free – an essential element in the political equation that allowed this illicit industry to operate. Protected and connected, the Corsicans, according to the Federal Bureau of Narcotics, produced an estimated 80 percent of America's heroin supply." McCoy further points out that, toward the end of the Guerini reign, around 1970, they could no longer enforce their prohibition on domestic drug trafficking, and France started developing its own heroin addiction problem.

It is thus apparent that during the 50's and most of the 60's, French national administrations were aware of the heroin traffic and secretly permitted it to operate. One French agency which was itself involved was the Service d'Action Civique (SAC). It was a force of some 5000 men, many of them French and Corsican

gangsters, created by General de Gaulle for the purpose of providing street protection at pro-Gaullist rallies, breaking up opposition demonstrations, providing bodyguards for government officials, and performing "dirty" (i.e., illegal) missions for French police and intelligence agencies. In return for their services they were granted broad immunities, which many abused to the point of being arrested for heroin smuggling.

A second, and much more important, French agency that was involved with the traffic was the French intelligence agency called the SDECE, the equivalent of our CIA. McCoy relates: "Moreover, informed observers were convinced that some of SDECE's top intelligence officers had been organizing narcotics shipments to the United States to finance SAC operations." McCoy describes an instance of an American undercover drug sting operation being exposed to the targeted French smugglers by a high-ranking SDECE officer. He continues, "The extent of SDECE's involvement in the heroin trade was finally exposed in November 1971 when a New Jersey prosecutor indicted Colonel Paul Fournier, one of SDECE's top supervisory agents, for conspiring to smuggle 45 kilos of heroin into the United States. On April 5 a U.S. customs inspector ... had discovered the heroin concealed in a Volkswagen camper and arrested its owner, a retired SDECE agent named Roger de Louette. After confessing his role in the affair, de Louette claimed that he was only working as a courier for Colonel Fournier. Fournier's indictment rated banner headlines in the French press and prompted former high-ranking SDECE officials to come forward with some startling

allegations about SDECE's involvement in the heroin traffic."

In point of fact, France's official protection of their domestic heroin operations goes back to the early Corsican takeover of Marseille. McCoy reports: "After the CIA withdrew in the early 1950's, Marseille's Corsicans won political protection from France's intelligence service, the SDECE, which allowed their heroin laboratories to operate undisturbed for nearly 20 years." This will not be the only cooperative tie that we will discuss between the CIA and the SDECE, clearly two birds of a feather.

In the early 70's, the European drug traffic started into a steep decline, owing primarily to the start of serious French suppression efforts (because of the revelations noted above and of the growing French addiction problem) and also because of American pressure which resulted in Turkey's plan, announced in 1967, to reduce and eventually abolish opium production, a plan which was completed in 1972. Thus, in the late 60's, the Corsican and Mafia traffickers saw that they were going to have to rely upon an alternate source of supply. With Luciano having died in 1962, and Lansky retired at age 66 to Israel, the organization of the new source of supply fell to Lansky's heir apparent, Santo Trafficante, Jr. He observed that Southeast Asia seemed to be the Mafia's most promising source, since (1) it presently grew over 70 percent of the world's illicit opium, (2) Corsican syndicates were already there supplying morphine to the international markets, and (3)

Chinese-operated laboratories in Hong Kong were producing some of the best high-grade heroin in the world. So in 1968, Trafficante boarded a plane for Southeast Asia.

McCoy then backs up in time to relate something of the history of the peoples and culture of Southeast Asia, with emphasis on opium production, and most particularly the central economic position accorded it by the French colonial administration. Colonial control was acquired over the bulk of the region by the late 1800's. The French managed their own opium distribution monopoly for the 40 years prior to World War 2, first utilizing opium grown and shipped from India, and later from Iran and Turkey. Its use was "taxed" and produced about 15 percent of French Indochina's tax revenues.

During the war, the opium flow was cut off and the French decided to raise it locally, to keep the taxes coming in from the addict populations. They granted power and influence to local leaders of the Hmong hill tribes in return for the efforts of those leaders to encourage the hill farmers to cultivate poppies. The system was very successful, except the French violated one of their own rules in northwestern Vietnam by recruiting Tai leaders of lowland rice-growing country to be the controlling brokers of the Hmong farmers in the surrounding hill country. This produced the animosity of the Vietnamese Hmong which resulted in the Dien Bien Phu catastrophe for the French when they attempted to re-establish postwar control over their

former colonial regions in the first Indochina War in 1954, losing both the war and their Southeast Asian empire. McCoy's account provides a highly interesting view of Southeast Asian history from a uniquely different perspective. The official, deliberate French policy of using opium as a revenue producer is duly noted, and may help to explain how the French could rationalize their actions previously noted in Marseille.

Immediately after World War 2, Southeast Asia's home-grown opium was supplemented by some legal opium from Iran and a much greater illegal supply smuggled from China. In 1949 the Chinese supply was cut off by the Communist victory in China, its ban on opium production, and the massive detoxification program forced on the Chinese population. Iranian production was then banned, making that source illegal, and thus more uncertain. Domestic Southeast Asian production was therefore indicated, which would involve the United States this time, and would make the Southeast Asian Golden Triangle the largest single opium-producing area in the world. McCoy notes that these changes in the patterns of the international narcotic drug traffic came about primarily as a result of decisions made by governments (i.e., France, China, Iran, and the United States), and not due to unilateral decisions made by criminal syndicates, who could only be charged with taking advantage of the illegal cash flow that was made available to them.

The French were involved with raising opium in Laos and northern Vietnam and selling it to the opium

dens of Saigon. The U.S. was involved with opium raised in Burma and Thailand, supplying the dens of Bangkok, Thailand's capitol city. McCoy details the history of each development at great length.

In French Indochina, the French army found that standard battle tactics didn't work, and that the guerrilla assistance of the Hmong hill dwellers was a necessity. The French bought that assistance covertly by purchasing the Hmong farmers' opium, transporting it to Saigon, and selling it to the large addict market there, with any surplus going to the Corsican underworld running the illicit export market. This secret operation, called Operation X, was run as a joint endeavor of the French military and the French Intelligence Service, the SDECE, all under the ultimate authority of the French Ministry of War. The American CIA in Vietnam, in the person of Col. Edward G. Lansdale, found out about Operation X in July 1953, "complained to Washington that the French military was involved in the narcotics traffic, and suggested that an investigation was in order." He was told by Washington to drop any investigation, since it would only serve to embarrass a good ally. "Washington" clearly knew what was going on.

The French defeat at Dien Bien Phu in May 1954 and the peace agreement negotiated in Geneva by Vietnamese, French, Russian, Chinese, British, and American delegates and signed on July 20 did not deter the French military from continuing the war covertly. They were supported by a criminal organization of river

pirates known as the Binh Xuyen, who had been installed by the French as the legal administrators of Saigon, France's "Pearl of the Orient," the richest and most important city in French Indochina. The Binh Xuyen ran the opium dens in Saigon, along with the city's gambling, prostitution, and other criminal enterprises, and were sufficiently ruthless and locally knowledgeable to keep the Communist Viet Minh terrorists out of the city.

France's last gasp as a colonial power in Southeast Asia was in a war over the control of Saigon, and therefore over the source of funds (i.e., from heroin addicts) for any future military or other activities. Opposing the French military and the Binh Xuyen, in the spring of 1955, were the Vietnamese Army (the ARVN) and the American CIA, led locally by Edward Lansdale. The war was actually a fight between the United States and France over who was to control Saigon and South Vietnam. It was a battle by proxy, actually fought by the Binh Xuyen criminals against the ARVN. It was a savage house-to-house battle in which whole blocks of Saigon were leveled. In the end, Lansdale and the ARVN won, and immediately thereafter, in a May 8-11 meeting between French Premier Edgar Foure and the American Secretary of State John Foster Dulles, France agreed to leave Indochina and let the U.S try its hand at managing it.

Thus ended France's colonial empire in Southeast Asia. But why did the United States wish to get involved? Why did it *fight* France for the privilege?

Part of the answer may be perceived in the fact that the U.S. in the early 50's had paid about 78 percent of the costs of the French Expeditionary Corps, and "hundreds of American advisors had served with the French units." It was only after Dien Bien Phu that cooperation between the French and the Americans began to unravel. A larger part of the answer may be seen by rolling the clock back to the end of World War 2 and looking at American activities in Southeast Asia, particularly in Burma and Thailand.

In January 1949, the Chinese Communists rolled into Yunnan province, and remnants of the Kuomintang's Nationalist army (KMT) straggled into neighboring Burma and Indochina. In the latter, the French disarmed, interned, and later repatriated the stragglers to Taiwan. The Burmese tried the same, but were initially unsuccessful due to their own military weakness. More importantly, in November 1950, upon the entry of massive Chinese forces into Korea, President Truman approved a plan put forward by the Office of Policy Coordination (OPC) and the CIA to covertly train and equip the KMT remnants in Burma for an invasion of southern China, presumably to relieve the pressure on Korea. Doubters were put aside by the CIA's insistence that, though the tiny force would start out as a pinprick, it would ultimately be successful because of the millions of patriotic Chinese who would join the counterrevolution once it was started.

With their authority in hand, the CIA set up covert channels for getting military equipment to the

KMT, including a shipping front and a "commercial" airline actually purchased by the CIA, and it helped the KMT recruit and organize a viable army, which actually mounted three separate invasions of China – in June 1951, July 1951, and, after heavy-duty reinforcement by the CIA, again in August 1952. Each invasion force consisted of about 2000 men plus CIA advisors, several of whom were killed. Each invasion failed to attract any millions of supportive Chinese, and each was easily defeated by huge Communist forces and driven back into Burma. At that point, support from the existing CIA channels dried up, and the thrust of future KMT activities, coinciding in time with the incoming administration of Dwight Eisenhower, was entirely redirected.

Instead of training, arming, and organizing for exerting pressure on China, the KMT spread out into the great bulk of northeastern Burma, substantially conquering it. They then took over the opium production in that region, vastly increasing production by coercively imposing taxes on the farmers, to be paid in opium, just as the French were doing in Laos and northern Vietnam. The vastly expanded opium yields were shipped out to Thailand, mostly by a system of mule caravans which the KMT had organized soon after their arrival in Burma. Even before the failed Chinese invasions, the caravans had carried opium on the way out and arms on the way back into Burma, supplementing the arms and drug flows that were also carried in and out by unmarked CIA airplanes.

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The Burmese government complained to the UN in March 1953. Publicly embarrassed, the U.S. called a conference in May with Burma, Taiwan, and Thailand at which KMT withdrawal from Burma was agreed to. (It was at about this time that Lansdale was "discovering" French drug operations in Vietnam.) The KMT didn't go along, however, and various foot dragging was engaged in, involving, among others, the newly appointed U.S. ambassador to Thailand, William Donovan, who will be remembered as the founder of the OSS. When all the flak had died away, and some KMT had been removed to Taiwan, so many remained that the Burmese were finally led to mount a major military offensive against them in March 1954. The KMT were momentarily routed, and its general announced the dissolution of the KMT army. Nevertheless, some 6000 troops remained in Burma, and would remain in full control of opium production for another seven years. Only by 1961 were they finally defeated by the Burmese and driven into Laos. Upon this victory, the Burmese were enraged to find American arms and ammunition of recent manufacture left behind by the KMT. They also found three refineries for morphine base that had been operated by the KMT. Opium production in Burma had by then expanded from the 1946 level of 80 tons per year to between 300 and 400 tons per year.

The clincher concerning the CIA involvement with Burmese opium took McCoy to Thailand. Very briefly, the official who received the Burmese opium in northern Thailand was, for about 10 years starting in 1948, General Phao Siyanan, the notoriously corrupt

director of Thailand's national police, and the secret kingpin of Thailand's drug trade. General Phao, who had murdered his way into power, had about 40,000 national police at his disposal. His last obstacle to power was a rival who had about 45,000 army personnel at *his* disposal. Phao's final victory came upon the CIA's selection of Phao to receive *its* support, including, says McCoy, "naval vessels, arms, armored vehicles, and aircraft [delivered] to Phao's police force. The CIA denied similar aid to his rival, and by 1952 General Phao had consolidated his political power. "By 1953," says McCoy, "the CIA had at least 275 overt and covert agents working with Phao's police and had delivered [via the CIA shipping front] \$35 million worth of assistance."

Phao took control of the Bangkok vice rackets, including the delivery of opium to Bangkok's addict population. His police protected the CIA's delivery of arms to the KMT in Burma, and obtained also the control of the opium delivered by the KMT into Thailand. He was shortly able to build "a virtual monopoly on Burmese opium exports." This man, says McCoy, "whom a respected Thai diplomat hailed as the 'worst man in the whole history of modern Thailand'" was nevertheless praised by U.S. Ambassador William Donovan, the founder of the OSS, saying that Phao's police constituted "a tough and well-trained police force." Accordingly, General Phao was awarded the Legion of Merit in 1954 for "exceptionally meritorious service" by the U.S. Secretary of the Army.

Phao's reign lasted only three more years, when he was finally overthrown by an army coup, and he flew off to Switzerland, no doubt to be closer to his ill-gotten gains. The factions assuming power in Thailand threw the CIA agents in Phao's police out of the country, closed the existing opium dens, and in 1959 prohibited opium use or distribution. The addicts remained, however, and the trade simply went underground, to be run by Bangkok's Chinese syndicates rather than the army, but protected as usual by secret payoffs to the reigning politicians and the Thai military.

McCoy notes that by the beginning of the 60's, Thailand's opium production had grown from 7 tons per year to over 100 tons per year. The total production in the Burma-Thailand-Laos area had grown to perhaps 700 tons per year, making the Golden Triangle the largest single opium growing region in the world, courtesy of the French SDECE, the American CIA, and various purchased political and military officials in Southeast Asia. The region was fully capable at this time of supplying essentially the whole world should the need or opportunity arise.

McCoy's story then goes back to the 15 years or so following the French defeat in Saigon in 1955 by the American CIA. It's a fascinating account, including the naive years in support of Ngo Dinh Diem, in which the Americans attempted to create and run South Vietnam with a more or less honest officialdom, followed by their support of the overthrow (and murder) of Diem on November 1, 1963, and their acceptance in 1966 of the

return of a corrupt and opium drenched administration, that of Premier Nguyen Cao Ky, which was capable of freeing Saigon of Communist terrorists. Ky in turn ultimately lost substantial power to General Nguyen Van Thieu in 1968, changing the names of the high-level officials dealing in drugs, but not the fact of drug-dealing and other corruption. Throughout the Ky/Thieu period, the CIA and the U.S. embassy in Saigon supported the regimes, denying charges raised in the U.S. Congress and elsewhere that the regimes were corrupt, or were supporting themselves by drug trafficking, though the evidence presented by McCoy to the contrary is overwhelming. He shows, for example, that Lansdale and his CIA subordinate and former OSS officer, Lucien Conein, were well aware in 1966 that then-Premier Ky had agreed to let the Corsican underworld "start making large drug shipments to Europe in exchange for a fixed percentage of the profits."

McCoy continues his narrative with the developments in the Golden Triangle in the period from 1960 to 1975. In Burma, the KMT were driven out and into Thailand, where they were protected and granted secret bases next to Burma from which to operate. They continued to run their heavily armed donkey caravans into Burma to pick up opium from the farmers and return most of it to Thailand, paying "duties" to the Thai officialdom, and selling the opium to Chinese syndicates for domestic distribution and export to Hong Kong. In Thailand, the KMT, being skilled in mountain warfare among the Hmong tribesmen, and with American

financial support, helped the Thai military keep down Communist insurgency. In return, the KMT was given a free hand to manage their caravans into Burma and were also permitted to operate modern heroin labs in their secret bases.

But the main thrust of the American involvement in the Golden Triangle during these years was in Laos. This unfortunate country was bordered on the east by northern Vietnam, on the west by Burma, on the north by China, and on the south by Thailand. After the fall of Dien Bien Phu, it was subject to infiltrative attack by the Communist Pathet Lao. McCoy reports: "For 15 years, 1960-1974, the CIA maintained a secret army of 30,000 Hmong tribesmen in the mountains of northern Laos – participants in a covert war that remains the largest single operation in the agency's forty-year history [as of 1991]."

The strategy followed that of the French before them, except that the CIA was not directly involved with buying and selling opium, as the French had been. The CIA merely *facilitated* the trade. The CIA's purpose was to recruit an army of local tribesmen who were familiar with the terrain, who could be convinced that they had something to lose if the Communists were to take over, and who would fight in the stead of American combat contingents that would otherwise be necessary. The Hmong army would be mobilized via a Hmong commander chosen by the CIA, Major Vang Pao. He approached local tribesmen, offering to supply rice to them and buy opium from them if they would raise it

instead of rice, provided they would supply young men to join the Laotian mercenary army. The later sale of the opium to Chinese or Corsican syndicates supplied funds for rice purchases and arms and other supplies for the secret army, thus reducing the CIA's direct costs. "In effect," says McCoy, "the CIA's support for the Hmong opium crop insured the economic survival of the tribal villages, thereby allowing the agency to make its annual harvest of Hmong children. More important, control over the opium crop reinforced the authority of the CIA's Hmong commander, General Vang Pao, transforming him from a minor officer into a tribal warrior who could extract adolescent recruits from villages no longer willing to accept the war's high casualties."

The strategy was successful, at least for a while, largely because of the CIA's Air America network of agile aircraft which tied the Hmong villages into an integrated whole, transporting rice to the villages, recruits to battle, and opium to market. However, in the larger picture, the strategy was substantially defensive, and the offense undertaken by the Communist forces eventually overran northern Laos. The CIA then turned to a scorched earth policy, forcing the Hmong to leave their villages and retreat away from the advancing Pathet Lao, denying the Hmong manpower to the conquerors. But by 1973, Vang Pao's army had been reduced from a peak of 40,000 to a remnant of 10,000, with the Pathet Lao threatening the Laotian capitol of Vientiane. The Royal Lao government then signed a cease-fire with the Pathet Lao, effectively ending the

secret war. The CIA's Air America gave up all its Laotian facilities in June 1974. Vang Pao attempted to fight on for some time, but in May 1975 was evacuated by a CIA plane just prior to his capture, and shortly thereafter spent a half a million dollars on a cattle ranch and other real estate in Montana. By the end of 1975, some 30,000 Hmong refugees had fled Laos into Thailand.

By 1970, opium production in the Golden Triangle had reached nearly 1000 tons per year, and had by then become highly interesting to the Corsicans, the Chinese, and the Mafia syndicates. The Corsicans had been there for years, having followed the French military into Indochina after World War 2, and having been engaged in narcotics smuggling with their compatriots in Marseille ever since. The Chinese had for some years received opium and morphine smuggled into Hong Kong, converted it into high-grade heroin, and shipped it to various world markets. They also sent master chemists skilled in that conversion into the Golden Triangle area to help the various local powers there set up heroin labs which came into production by early 1970. The Mafia showed interest starting in about 1965 with the arrival of John Pullman, Meyer Lansky's "courier and financial expert," for a visit with certain Chinese entrepreneurs in Hong Kong with whom he probably wished to make certain financial and other strategic arrangements. At about the same time, a "young Mafioso from Tampa, Florida" named Frank Furci arrived in Vietnam, engaged in various joint enterprises with the local Corsican gangsters there for

about three years, was ejected and went to Hong Kong, where he introduced himself to the Chinese drug lords. While there, he was visited by Santo Trafficante, Jr. and one of his lieutenants, Dominick Furci, who also happened to be Frank Furci's father. Santo, of course, was probably there to discuss how the business empires of Meyer Lansky and of the Chinese drug kingpins might synergistically prosper.

The first visible upshot of these several events was that a plague of heroin addiction started among American GIs in 1970. Army medical officers estimated in 1971 that 10 to 15 percent of the GIs were users, and a White House task force in 1973 found that 34 percent of GIs in Vietnam had "commonly used" heroin. The heroin was smuggled from the Golden Triangle laboratories to every conceivable location in Vietnam close to American soldiers, where it was pressed upon them by an army of pushers, including street peddlers, roadside stands, pimps, prostitutes, and even officers in the Vietnamese army. The distribution network was set up by the Ky/Thieu political regimes, run for their financial benefit, and protected by their officialdom, including elements of their army, navy, customs, police, and anyone else they needed. Whenever questioned by U.S. newspapers or congressmen, the CIA and U.S. Embassy officials in Saigon denied the involvement of Vietnamese officials.

But why would the Vietnamese willingly bring this scourge on American soldiers who were trying to save Vietnam from the Communists? The answer, says

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McCoy, was money, about \$88 million per year, coming from about 20,000 GI addicts each spending about \$12 per day for heroin. That cash was used in the same way as the French found it useful – to hold together the politically corrupt infrastructure that seemed to be necessary in the post-colonial Vietnamese culture.

Following the American evacuation from Vietnam in 1975, the Golden Triangle heroin labs did not go out of business, but continued shipping their product out via Bangkok. The Hong Kong labs also continued in operation. Heroin destined for the U.S. was sent from Bangkok and Hong Kong to Chile and then to Paraguay. Morphine from Bangkok was also sent to Marseille, converted to heroin, sent to Argentina, and then sometimes to Paraguay. Santo Trafficante would then deal with the problem of getting it from Paraguay and Argentina into the Mafia distribution system in the U.S. This system was available to serve the American addicts coming home from Vietnam, and helped mightily to fuel the heroin plague with which our country is still struggling. Heroin made this sorry chapter of American history even worse than most of us realized at the time.

McCoy details what he knows of the Hong Kong Chinese syndicates. They originated in Shanghai, but moved out of there to Hong Kong just before the Chinese Communists arrived. They possessed the world's best expertise in the chemical process of creating high-grade heroin from morphine base. They organized the smuggling of opium and morphine by sea

from Bangkok to Hong Kong. They created the heroin labs in the Golden Triangle. In the late 60's they had started significant heroin production and were heavy into it in the early 70's. They organized the heroin smuggling from Hong Kong to South America and elsewhere, for delivery to Mafia types who would get it to the American market.

During these same years, poppy cultivation in Turkey had been abolished, and the French were busily suppressing heroin production in Marseille, to protect the French population. Notwithstanding the growing evidence that the great bulk of the heroin arriving stateside originated in the Golden Triangle under the management of the Chinese criminal syndicates in Hong Kong, the U.S. State Department, says McCoy, "clung to its belief in Turkey's importance. Convinced that the root of the problem still lay in the Mediterranean and unwilling to confront the political consequences of thinking otherwise, America's diplomats were reluctant to apply the same political leverage in Southeast Asia as they had in France and Turkey."

What "political consequences?" We presume that McCoy is referring to the secret knowledge held by our political elites that the United States had just fought a war which had produced, with our complicity, the greatest illicit heroin production and delivery network that the world has ever seen, and that the population of the United States was the primary targeted market. We can't help but wonder how those Iron Mountain scholars

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would have graded this activity on its potential for promoting "economic waste."

McCoy isn't through. The United States was involved in a second anti-Communist war run covertly by the CIA which resulted in the development of a second major heroin production area, rivaling the Golden Triangle. The war lasted from 1979 to 1989. The battleground was Afghanistan. The Communist threat was supplied by Russia. The CIA client was the neighboring country of Pakistan, specifically in the persons of General Zia ul-Haq, who was newly running the country following a military coup, and his chosen Afghan guerrilla client, Gulbuddin Hekmatyar. Hekmatyar ended up being the enforcer for opium production in the neighboring Afghan highlands, plus its collection and delivery to heroin labs in Pakistan, all under the protection of General Zia, and using arms supplied by the CIA and American "military aid."

The origins of the above conflict are interesting. In April 1978, Communist elements in the Afghan army had thrown out the previous dictator and established a pro-Soviet regime. Then in April 1979 Zbigniew Brzezinski, President Carter's National Security Advisor and conduit to our elites, convinced the National Security Council to be "more sympathetic" to the fledgling anti-Communist resistance. A month later, a CIA special envoy arrived in Pakistan to interview Afghan resistance leaders, and selected Hekmatyar, the man recommended by Pakistan's Inter-Service Intelligence agency, through which General Zia in-

tended to prosecute the upcoming conflict. A half-year later, Russia invaded Afghanistan, President Carter made a public display on TV denouncing Leonid Brezhnev, and sent Brzezinski out again to twist some arms and rustle up some arms for the resistance. He got them, from China, Egypt, and Saudi Arabia, plus of course some from the CIA itself. President Reagan later followed up with a \$3 billion program of military aid to Pakistan.

President Carter had a White House advisor on drugs, Dr. David Musto, who warned Carter and his Council on Drug Abuse about militarily supporting the opium-growing guerrilla resistance. "I told the council," he recalled, "that we were going into Afghanistan to support the opium growers in their rebellion against the Soviets. Shouldn't we try to avoid what we had done in Laos? Shouldn't we try to pay the growers if they will eradicate their opium production? There was silence." By the end of the 10-year war, the Afghanistan-Pakistan border area had emerged into a major heroin production region, complete with political protection. World opium production was then up to 4200 tons, with 73 percent of it coming from the Golden Triangle and most of the rest coming from the CIA's Afghan guerrilla clients. The American public barely knew that anything was going on in Afghanistan, and certainly not anything that was going to exacerbate the American drug problem.

Finally, McCoy looks briefly at the CIA's covert war against the Nicaraguan Sandinista government, waged at the same time that the U.S. was being deluged

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in a sea of cocaine. Though much remains to be uncovered, some outlines have emerged. President Reagan in 1981 ordered the CIA to commence a covert action in support of the Contras' fight against the Sandinistas, following their overthrow in 1979 of the anti-Communist Somoza government. The U.S. Congress refused in 1984 to continue supporting the Contras, following which a "civilian" support effort was mounted, led by Lieutenant Colonel Oliver North. He recruited retired General Richard Secord, who in turn recruited Thomas Clines, an ex-CIA compatriot from their days together commanding the CIA's secret war in Laos. Clines and Secord raised money, bought airplanes, and hired veterans of former clandestine operations as pilots, mechanics, etc., as required to procure and ship arms to the Contras.

The planes flew arms and supplies from the U.S. to supply points in Costa Rica and Honduras on the borders of Nicaragua, and frequently returned to the U.S. loaded with cocaine. The cocaine had started in the high valleys of Peru and Bolivia, was accumulated in the town of Medellin, Columbia, and was thence sent by air and other means toward the United States, with at least some of it going to way-stations in Central America. The Medellin Cartel presumably paid the Contras to help deliver the cocaine to the United States, thus providing the Contras with money to pay for arms to fight their war. The CIA then acted as at least one of the smuggling agencies which brought the cocaine back into the U.S. Presuming all this to be accurate, the parallels to the CIA operations in Afghanistan, Laos,

Burma, and Marseille can easily be drawn, which McCoy proceeds to do, quite adequately.

For a little more background on Somoza's overthrow during the Carter presidency, in Somoza's own words, see *Nicaragua Betrayed* (by A. Somoza, Western Islands, 1980). Roughly speaking, his book details how he was militarily overthrown because of various actions and inactions of the United States, creating the excuse for the later patriotic efforts of the CIA to save Nicaragua from the Communists. By 1982 Americans were spending annually about \$29 billion on cocaine, more than on any other single illicit drug. Its use continued to rise through the rest of the 80's, particularly upon the advent of crack cocaine, a form which could be sold for as little as \$10 a dose, and thus much more salable to juvenile users.

McCoy finishes up by summarizing America's 70-year history of trying to suppress or interdict narcotic drugs aimed at the United States, and then briefly discusses alternative ways of dealing with the drug plague. He toys with regulation, or partial legalization, but we believe that solutions which we ourselves have offered, and will discuss in the last chapter, better hit the mark. McCoy's only suggestion with which we wholly agree is contained in his final sentence, i.e., rescind the CIA's covert action authority and close down its covert action apparatus.

Chapter 10

"FINAL JUDGMENT"

(By Michael Collins Piper. Pub. 1995 by The Wolfe Press, Washington, DC. Tel. 1-800-522-6292.)

Piper has subtitled his book *The Missing Link in the JFK Assassination Conspiracy*. We take up this book not simply to lay out the evidence which many investigators have accumulated concerning the Kennedy assassination conspiracy, but also to further pursue our reason for reviewing McCoy's book, *The Politics of Heroin*. Where McCoy introduces us to the illegal strong-arm activities of our own CIA, acting in concert with organized crime in its world-wide drug trafficking, Piper, in investigating the Kennedy assassination, draws a picture of cooperative illegal activities in a number of additional arenas by the secret intelligence agencies of the United States, France, and Israel, i.e., the CIA, the SDECE, and the Mossad, all of which have histories of utilizing the services of organized crime elements in pursuing their various goals. Our approach will be to review the ties Piper has unearthed among the three intelligence agencies, and then the ties existing between each one of them and organized crime. The picture which emerges is one of vast *criminal* power available to those secretly manipulating the affairs of the world, in addition to the monetary, social, and political power we have discussed in our earlier chapters.

McCoy discusses perhaps the first cooperative venture involving the CIA and the SDECE: the securing of Marseille for the use of Corsican gangsters for heroin manufacture and drug transit. During these same years, the late 40's and early 50's, the CIA was helping establish the KMT "army" in Burma, financed by opium the CIA helped the KMT to transport out of Burma and through Thailand. At the same time, the U.S. was funding the French in their war against the North Vietnamese, which also utilized the services of Hmong hill tribes in raising opium to help finance the war. The SDECE and the French military ran that show, which was eventually lost at Dien Bien Phu in 1954. The CIA won the right to continue the Vietnamese War, and mounted a major effort in Laos from 1960 to 1974, copying the strategy of the French military and the SDECE of financing the war by the cultivation and sale of drugs, selling even to American military personnel who were fighting that hated "anti-Communist" war in Southeast Asia.

Piper discusses another CIA-SDECE tie, connected with General Charles DeGaulle's fight with the French Secret Army Organization (OAS) over granting independence to Algeria. (DeGaulle became French President in 1958. Algeria attained independence in 1962.) Piper indicates that the OAS, like the CIA, was highly compartmented, with projects kept secret from all except those who were directly involved and had a "need to know." The Algerian question had created a split within the body politic of the French nation, and most particularly among French politicians

and bureaucrats, specifically including the French secret service, the SDECE. Piper references sources which indicate the heavy involvement of SDECE officers in support of the OAS and its goals, goals which included multiple attempts on DeGaulle's life.

Likewise, in the United States the CIA was similarly compartmented. Piper's narrative repeatedly involves James J. Angleton, the CIA's Chief of Counterintelligence under Allen Dulles and then Richard Helms. Angleton, says Piper, served as American intelligence liaison with the SDECE after World War 2 and "maintained close friendships with a number of French intelligence officials throughout his career." During this period of DeGaulle's struggles with the OAS, the CIA "was actively engaged in an effort to topple ... DeGaulle, lending aid and support to the French Secret Army Organization that was fighting DeGaulle's decision to grant independence to Algeria." John F. Kennedy was *supporting* DeGaulle and his Algerian position at this very same time, indicating the degree of autonomy which the CIA was secretly enjoying.

Another connection involved a Frenchman named Jean Souetre, an OAS mercenary who had approached the CIA a few months before the JFK assassination allegedly with information concerning Communists in the SDECE. A CIA document dated about four months after the assassination was uncovered in 1977, which reported that the SDECE wanted help in locating Souetre, and asking why American authorities had expelled him from the U.S. immediately after he

had been picked up in Dallas "within 48 hours after Kennedy's death." Souetre, the document said, sometimes went under the name Michel Mertz. Mertz was in turn identified, says Piper, by former CIA insider Robert Morrow, as a member of one of the assassination teams that killed Kennedy. Further, says Morrow, "Mertz was on the Angleton-supervised CIA ZR/Rifle Team of foreign mercenaries where he was known by his code name, QJ/WIN." If you are left wondering about these specific matters, so are we, and so is Piper.

The final tie to be noted involves the CIA's James Angleton and the then deputy chief of the SDECE, Col. Georges deLannurien. Piper says (p. 241): "In a private communication to this author after he read the first draft of *Final Judgment*, a former high-ranking retired French diplomat and intelligence officer stated (based on his own inside knowledge) that a French team – professional assassins – were the actual shooters in Dealey Plaza...." [More about this in a moment.] The unidentified diplomat wrote to Piper indicating that the assassination team had been hired "through the good offices of ... Col. Georges deLannurien. 'It was no coincidence,' he wrote, 'that on the very day of the execution of the President by the French team that [deLannurien] was in Langley meeting with James Jesus Angleton....'

"According to the diplomat, 'There are no coincidences in the suspicion business – just cover-ups. The case of Communist infiltration of the French secret

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service was an appropriate cover-up to justify the presence of the French deLannurien at Langley, Virginia.'

"Obviously, Angleton and deLannurien were together for a very specific purpose: damage control – making sure that the assassination cover-up fell into place after the crime itself had been committed.

"Angleton himself told the House Assassination Committee that deLannurien had come to his office for just that purpose: seeking assistance in routing out Communist moles in the SDECE."

We go next to the ties which Piper discusses between the SDECE/OAS and the Mossad, the Israeli intelligence agency. The prime issue here revolves around the antipathy felt by the Israelis toward General DeGaulle for granting independence to Algeria. Algeria was a predominantly Muslim state, though it contained a substantial Jewish minority. Piper quotes the Washington Post of March 20, 1982: "Diplomatically, France, shorn of Algeria, returned under President Charles DeGaulle to its traditional policy of friendship with the Arabs – much to the chagrin of Israel and the 200,000 Algerian Jews who had lived peacefully alongside their Arab neighbors until emigrating to France." Piper points out elsewhere (p. 31): "Israel, of course, saw the emergence of another independent Arab republic as a threat to its security, and anyone favoring Algerian independence [e.g., Charles DeGaulle, or John Kennedy] was, thus, advocating a policy deemed threatening to Israel's survival."

The OAS, including its supportive elements within the SDECE, were therefore found to be enjoying covert financial and other support from the Israeli Mossad and other entities supportive of Israel. Piper quotes Israeli historian Benjamin Beit-Hallahmi: "During 1961 and 1962, there were numerous reports of Israeli support for the French OAS movement in Algeria." Historian Stewart Steven is also quoted: "When in 1961 the OAS was created, it was a natural development that Israel, as keen on [French retention of Algeria as a colony] as the OAS themselves, should lock themselves into the [OAS]." An SDECE report supportive of DeGaulle charged that funds from the Israeli Bank Hapoalim were routed to the OAS in Paris via Guy Banister in New Orleans, about whom more will be said shortly.

We now go back to the retired French diplomat and intelligence agent who corresponded with Piper. He told Piper that it was at the behest of the Israeli Mossad that Col. Georges deLannurien arranged for the physical execution of John Kennedy. Specifically, Piper writes: "According to the French intelligence officer, then-Mossad assassination chief Yitzhak Shamir (later Israeli prime minister) arranged the hiring of the assassination team through the good offices of the deputy chief of the SDECE, Col. Georges deLannurien."

We'll get to Piper's discussion of the Israeli motivation for the crime in a few minutes, but in explanation of the Mossad's contracting of the physical

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assassination with the SDECE, Piper quotes the French officer: "Never the Prime Minister of Israel would have involved Mossad people, American Jews, or CIA personnel in the execution part of the conspiracy. Even the CIA contracts the services of other members of the intelligence community (they like the French style) to wash dirty linens. The right hand does not know what the left did. The cover-up team doesn't know who executes. And the executioners are not interested in the aftermath of their mission. They don't care less."

DeGaulle continued to have trouble with the Mossad after JFK was killed, though he managed to survive assassination efforts directed at himself. After an incident in 1965 involving the Mossad and various elements in his own SDECE, he furiously set about to clean house within the SDECE, and simultaneously expelled the Mossad from France and ordered the termination of all intelligence cooperation between France and Israel. Historian Stewart Steven described the expulsion as "a severe blow, perhaps the most severe the Israeli secret service has ever suffered.... DeGaulle was never to forgive Israel."

We go next to the ties between the Mossad and the CIA. We'll discuss here just three of the many ties which Piper discusses. They are embodied in the names Angleton, Shaw, and Rafizadeh.

Piper devotes a whole chapter to discussing the relationship of the CIA's James Angleton with the Mossad and other of Israel's support entities in the

United States and elsewhere. He was recruited into the OSS directly out of Yale University, entered the CIA after it was formed in 1947 following the abolition of the OSS, and by 1954 assumed the position of chief of CIA counterintelligence, under the patronage of Richard Helms, who became CIA director under Lyndon Johnson. Angleton was given his own secret slush fund to operate with essentially as he wished. According to one researcher quoted by Piper, Angleton was the "official CIA liaison for all Allied foreign intelligence agencies" – most particularly including the Mossad. A friend is further quoted: "That's the job that was so sensitive and that's the one that you don't read about. While he was liaising with everyone, he was getting them to do favors for either the CIA ... or for his own agenda.... He could use his contacts with Israeli intelligence, which he kept to himself, as authority for whatever line he was trying to push at the CIA.... No one was going to contradict him, since no one else was allowed to talk to Israeli intelligence."

Piper then quotes Angleton's biographer, Tom Mangold: "I would like to place on the record, however, that Angleton's closest professional friends overseas ... came from the Mossad, and that he was held in immense esteem by his Israeli colleagues and by the state of Israel, which was to award him profound honors after his death." In fact, says Piper, "Following his death in 1987, a monument was unveiled in Israel by its government in his honor."

Piper goes into detail about a number of the joint ventures undertaken by Angleton and the Mossad. These included a plot to kill the Egyptian President Nasser, a similar plot against Israel's enemies in Syria, and, very importantly, an effort to assist Israel in their development of nuclear weapons and to cover up that secret development. This latter effort went to the heart of the disagreement between John Kennedy and the Israeli prime minister David Ben-Gurion, and also between JFK and the CIA.

There is much more, but let us hurry on to Clay Shaw. Shaw's name came to the attention of the public when he was tried in New Orleans by District Attorney Jim Garrison as being a conspirator in the JFK assassination. Though Garrison could not himself prove it, Piper indicates that assassination researchers are substantially unanimous concerning Shaw's CIA affiliation. Garrison suspected it because of the ties which he found between Shaw and Guy Banister and David Ferrie, both having histories of CIA involvements and both tied to pre-assassination contacts with Lee Harvey Oswald, presumably as his CIA "handlers." Piper repeats the claim of one researcher that Shaw was, in fact, "Banister's immediate superior in coordinating CIA operations out of New Orleans."

Further, Shaw had been assigned to the OSS while a young army officer in Britain during World War 2, and had at that time become a good friend of Winston Churchill. This was the same entrée into the intelligence world that we noted above for James Angleton, and yet

also for a third gentleman of great interest, Louis M. Bloomfield. Bloomfield was later hired by J. Edgar Hoover, says Piper, "to serve as a recruiting agent for the FBI's counterespionage division, Division Five. Through this position, Bloomfield became a working partner of Division Five chief William Sullivan, a close friend of James J. Angleton, the Mossad's CIA ally. Sullivan was Angleton's 'man inside' the FBI."

Both Shaw and Bloomfield were directors of a company called Permindex, which was in turn a subsidiary of an organization based in Rome called Centro Mondiale Commerciale (CMC), which translates to World Trade Center. "Permindex" is an acronym for PERmanent INDustrial EXpositions, in accordance with the stated function of CMC which was to establish a worldwide network of trade expositions. Piper lists a few of the other board members, remarkably including a couple with significant ties to Meyer Lansky's organized crime network. The CMC founder, he says, was one Georges Mandel, an Eastern European Jew who Italianized his name to Giorgio Mantello. One of the chief shareholders of CMC, says Piper, "was the Banque De Credit International of Geneva (BCI), established by Tibor Rosenbaum, the longtime Director for Finance and Supply of Israel's Mossad.... BCI also served as a depository for the Permindex account." Piper identifies several of the BCI directors, including "Ernest Israel Japhet, also chairman and president of the Bank Leumi, the largest bank in Israel," plus two men, Ed Levinson and John Pullman, connected with Meyer Lansky's crime network.

Piper quotes author Paris Flammonde: "Actually it was soon to become evident that the seemingly vast, mighty structure [the CMC] was not a rock of solidarity, but a shell of superficiality; not constructed with mass, supporting promise, but composed of channels through which money flowed back and forth, with no one knowing the source or the destination of these liquid assets." In short, says Piper, it was a money laundry, a joint venture between the CIA and the Mossad, with ties to organized crime, which we will discuss presently.

Public controversy arose in Europe in 1962 over Permindex involvement with assassination plots against President DeGaulle, involving funds from the Israeli Bank Hapoalim routed to the OAS via Guy Banister in New Orleans. Permindex was thereupon expelled from Switzerland and Italy, and was subsequently relocated in Johannesburg, South Africa, the move being managed by Dr. David Biegun, the national secretary of a New York organization called the National Committee for Labor Israel, Inc., whose parent organization in Israel controlled the Israeli Bank Hapoalim, referred to above.

As with the case of Angleton, there's much more detail about Shaw that Piper goes into, but you really must get the book yourself. Let's go on to our last name suggestive of CIA/Mossad ties – Mansur Rafizadeh.

Rafizadeh was the former chief of the SAVAK, which was the secret police of the Shah of Iran, with whom Rafizadeh later broke. The SAVAK was created

in 1957, said Rafizadeh in his memoirs, at the joint urging of Israel, the United States, and Britain. Only 4 years earlier, CIA director Allen Dulles and his deputy director Richard Helms had organized a coup in Iran, ousting the elected Prime Minister Mossadegh and installing the Shah, as we outlined in our Chapter 1. Helms and the Shah, says Piper, had been schoolmates as children in Switzerland, a relationship that was capped by Helms finally becoming U.S. Ambassador to Iran.

The CIA and the Mossad cooperated in training SAVAK recruits. To this end the CIA maintained an operation called the International Police Academy in Washington, which trained recruits for both the SAVAK and the Mossad. It was run by one Joseph Shimon, friend of Chicago Mafia boss Sam Giancana among others of questionable character. Shimon once testified before the Senate Intelligence Committee concerning his participation with Giancana and CIA operatives in Miami in assassination plots against Fidel Castro.

Piper's proximate reason for bringing up the SAVAK has to do with the assassination of JFK's brother, Robert F. Kennedy. He describes the thesis put forward by former CIA contract agent Robert Morrow. In Piper's words: "Simply put, Morrow's thesis is this: that the murder of Robert F. Kennedy was a CIA contract hit, carried out through the CIA's long-standing ally in international intrigue, the SAVAK, the secret police of the Shah of Iran – an intelligence agency created in part by Israel's Mossad itself, and tied closely

to the Mossad." Piper outlines the available evidence in support of this thesis.

Before going into the ties of the CIA, the SDECE, and the Mossad to organized crime, let's spend a few moments examining the common origins of these agencies. We noted in Chapter 1 that Engdahl noted in his *A Century of War* that the CIA got its start as the OSS, which was created as an adjunct to and in the London offices of the British intelligence agency which Engdahl calls the Special Operations Executive (SOE). Piper adds a few more specifics. Louis Bloomfield, who, with Clay Shaw and James Angleton, had joined the OSS during the war, had in 1938 been recruited into Britain's counterintelligence agency, the same SOE, reporting to another Canadian, Sir William Stephenson. British intelligence, in the person of Sir William Stephenson, appears to be the common key we are seeking.

Stephenson's job in 1938 was to set up British intelligence activities in the United States. Stephenson, the reputed role model for the fictional James Bond, with Louis Bloomfield as his top aide, worked in Operation Underworld, the anti-Nazi activities undertaken during World War 2 by the FBI and the Office of Naval Intelligence utilizing the services of Lucky Luciano and Meyer Lansky. After the war, Stephenson and Bloomfield, says Piper, "were integral to gun-running operations on behalf of the Jewish terrorist underground that later emerged as the government of the new Jewish State in 1948." (Recall that Engdahl had noted that the British purpose for estab-

lishing Israel – a small country dependent on Britain and surrounded by squabbling Arabs – was to project British control into the oil-laden Middle-East.) Stephenson in addition worked after the war with a U.S. army counterintelligence officer named General Julius Klein on the task of setting up the Mossad, the secret service of the new Jewish State, and training its officers. Stephenson, said Piper, "became a critical player in the establishment of Israel's Mossad." The British were even involved in the creation of the Iranian SAVAK, according to Mr. Rafizadeh. This omnipresence of British Intelligence is strongly suggestive of control by British political elites, and therefore also by the dynastic banking families listed by Carroll Quigley to whom those politicians are subservient.

We go now to the organized crime ties. The SDECE's cooperative arrangement with the Corsican Mafia in Marseille, in which the SDECE protected the Marseille labs that were producing heroin for American consumption, was discussed at some length in our Chapter 9. Also discussed was the secret SDECE Operation X, involving the French collection of Hmong opium and its delivery to Saigon's controlling criminal gang (the Binh Xuyen) for sale in Saigon's opium dens, utilized as a means of financing the French Indochinese War against the Communist Pathet Lao.

The CIA ties are much more extensive, and seem invariably to involve "The Chairman of the Board" of American organized crime, Meyer Lansky, or one of his subordinates. It was Lansky with whom the Office of

Naval Intelligence (ONI) directly dealt in Operation Underworld, described briefly by Piper and much more extensively by McCoy.

But to understand Lansky, a couple of preliminaries are mandatory. First, there was for many years not one, but two branches of "organized crime": the "Sicilian Mafia" and the "Jewish Mafia." The former contained mostly Italian names, such as Lucky Luciano, Frank Costello, Joe Adonis, and Sam Giancana; the latter contained Jewish names, including Meyer Lansky, Micky Cohen, and Bugsy Siegel. The two organizations were for many years in a state of "cooperative competition" which was finally resolved in favor of Lansky upon the retirement, death, or deportation of all those capable of leadership challenges from among the Sicilians. Lansky was not at all bashful about helping along such retirements, deaths, and/or deportations, as Luciano ruefully came to realize.

Second, Lansky for years remained immune from federal prosecution, the only top crime figure (except for his heir Santo Trafficante) to remain untouched. The Justice Department twice refused IRS requests to prosecute him. How come? It went beyond just the "help" that Lansky gave the ONI during the war against the Nazis. Piper tops off his list of evidences on the matter by identifying the carrot and the stick Lansky used against FBI Director J. Edgar Hoover. Piper relates from the biography of the Chicago Mafia chieftain Sam Giancana: "The Giancanas say that Hoover had worked out a deal with Lansky's boyhood

friend and criminal associate Frank Costello. The New York mobster would pass horse race betting tips to columnist Walter Winchell, a Hoover intimate. Winchell, in turn, would pass the information on fixed races to Hoover. Hoover would arrange his real bets through his associates, while making minimal bets on his own ticket at the horse races. According to the Giancanas, 'Hoover won every time.'"

The stick, as reported by 1993 author Anthony Summers in his Hoover biography *Official and Confidential*, was that Lansky was blackmailing Hoover with pictures of Hoover engaged in homosexual activity. Summers reports that the pictures were also held by James J. Angleton and his former OSS chief William Donovan. This, of course, would explain Hoover's hands-off policy toward Lansky, and would also explain FBI reticence concerning any investigation of various CIA peccadilloes, up to and including the assassination of John F. Kennedy.

Third and last, in Piper's words: "It was the Meyer Lansky Organized Crime Syndicate that played a pivotal role in the establishment of Israel. Lansky, you see, was Israel's modern-day 'Godfather.' Lansky was with Israel from the beginning." To be more specific, the intellectual outlooks of Lansky and the Mossad with respect to the fortunes of the new Israeli state were identical.

CIA (and OSS) ties to the Corsican Mafia in Marseille, to Lansky in Operation Underworld, and to various parties dealing with opium cultivation and

transport in Indochina and Afghanistan (including Meyer Lansky and Santo Trafficante) have been thoroughly covered in our review of Alfred McCoy's book in Chapter 9. Piper notes that Angleton, working for the OSS in Britain and Italy during the war, had contact with the Lansky-linked Operation Underworld. By 1951, Angleton was stationed in Rome doing OSS counterintelligence work, where he was supporting "the underground Jewish network that ran down from Eastern Europe through Italy to the ports where shiploads of immigrants were loaded for Palestine." One of his contacts was Teddy Kollek, who was later to be the mayor of Jerusalem. Kollek, says Piper, was engaged in arms smuggling to Palestine in conjunction with Meyer Lansky and Major Louis M. Bloomfield, the aforementioned deputy to Sir William Stephenson. Angleton was obviously aware, even as he worked for the American OSS, of the illegal activities of Meyer Lansky in acquiring and smuggling arms into Palestine.

The Giancana biography referred to above also claimed that Mafia figure Carlos Marcello, the New Orleans "boss" (at the sufferance of Meyer Lansky, the real boss), "was a co-conspirator with the CIA in gunrunning operations and a fervent supporter of the anti-Castro exiles. It was an arrangement ... aimed at returning Cuba to its pre-Castro glory – meaning its lucrative casinos and vice rackets [which Lansky had previously run]." The biography elsewhere had Sam Giancana showing his brother an ancient Roman coin and declaring: "Look, this is one of the Roman gods. This one has two faces ... two sides. That's what we

are, the Outfit and the CIA ... two sides of the same coin." Piper quotes a great deal of additional detail concerning the personnel and activities of the joint CIA / Organized Crime activities to assassinate Fidel Castro, which the CIA labeled Operation Mongoose. Included were General Edward Lansdale directing the operation, assisted by Ted Shackley and Thomas Clines, all also much involved in the CIA war and drug operation in Indochina. Included also was CIA operative E. Howard Hunt, who was later personally implicated in the JFK assassination conspiracy. Piper concludes, "So it was that the CIA and Organized Crime entered into a complex – and controversial – liaison for a mutual aim: the elimination of Cuban dictator Fidel Castro. There is no question that Trafficante, [Johnny] Rosselli and Giancana did indeed help coordinate assassination plots against Castro with representatives of the CIA.... However, as one author succinctly put it: 'Lansky was the top man in the CIA-Mafia plot against Castro.' All of [his subordinates'] operations in league with the CIA were being conducted with Lansky's approval and under Lansky's watchful eye."

Rosselli and Giancana were later murdered, effectively shutting them up, but the 1992 Giancana biography alleged that "The Outfit" and the CIA were also jointly planning JFK's assassination, though Piper suggests that that operation was probably only one of several "false flags" set up by whoever the master assassination planners were to direct suspicion away from the true culprits. Nevertheless, the Giancana biography had Sam explaining: "The politicians and the

CIA made it real simple. We'd each provide men for the hit. I'd oversee the Outfit side of things and throw in Jack Ruby and some extra backup, and the CIA would put their own guys on to take care of the rest." Piper notes that Santo Trafficante, being Meyer Lansky's chosen heir, remained untouched, dying of kidney failure in 1987. Anything that Trafficante contributed to the Kennedy assassination, however, Meyer Lansky surely knew about and approved.

The Giancana biography also detailed the cut that Sam Giancana said the CIA was getting from the drug traffic being managed by Santo Trafficante: "The CIA looked the other way – allowing over \$100 million a year in illicit drugs to flow through Havana into the United States. It was an arrangement similar to all the rest they'd made, he said. The CIA received 10 percent of the take on the sale of narcotics, which they utilized 'for their undercover slush fund.' Such illegally earned moneys were stashed away by the CIA in Swiss, Italian, Bahamian, and Panamanian accounts."

One last tie which Piper outlines between the CIA and Organized Crime involves Jack Ruby. Piper quotes sources detailing Ruby's gunrunning activities under the guidance of the CIA both to Castro before his takeover of Cuba and to Castro's opponents afterwards. Ruby was clearly well-known to both the CIA and the FBI before the JFK assassination. Piper relates: "[Reporter John] Henshaw also wrote that Texas Attorney General Waggoner Carr was being kept under surveillance by the FBI because he had undisclosed

evidence: 'The evidence includes a copy of the missing film taken moments before Jack Ruby shot and killed Lee Harvey Oswald. The film covers Ruby's progress through the FBI and police screens guarding the entrance of the Dallas Police headquarters. Two cameramen had been assigned by a Dallas TV station to cover the entrance, but were ordered by federal agents to knock off film footage which showed a high official of the Justice Department escorting [Ruby] through the two security screens.'" A suspicious person might smell the hands of CIA and/or FBI persons here as well, acting in concert with The Outfit.

We finally get to ties between the Mossad (plus its organizational appurtenances) and Meyer Lansky's organized crime apparatus. We'll start with the primary tie and flesh it out a little from there. That primary tie is in the person of Rabbi Tibor Rosenbaum. As we mentioned above in our discussion of Clay Shaw, Rosenbaum was the long-time Director for Finance and Supply of Israel's Mossad. To serve Israel's purposes, Rosenbaum created the Banque de Credit International in Geneva, Switzerland. Rosenbaum, having earlier served as international vice president of the World Jewish Congress, and as a co-founder of the World Zionist Congress, and as a director of the Jewish Agency in Geneva, attracted deposits from such agencies into his BCI. The bank, says Piper, "was very much an Israeli government / Mossad operation, critical to the survival of the Jewish State."

But the tie to Organized Crime? Piper continues: "BCI was to become Meyer Lansky's primary overseas money laundering bank – sharing those money laundering services that the bank provided to Israel's Mossad. In fact, during its heyday, BCI included among its board of directors two longtime Lansky associates, Edward Levinson and John Pullman.... Levinson was one of the operators of the Fremont Casino in Las Vegas, a front man for Lansky's close friend, Joseph 'Doc' Stacher, and a frequent business partner of Bobby Baker, reputed 'bagman' for Lyndon Johnson. John Pullman ... was Lansky's key international money handler." Recall that we encountered Pullman in our previous chapter, who was then traveling to Hong Kong for Lansky to cement deals with the Hong Kong heroin merchants.

One of the real keys to the Lansky / Israeli tie, says Piper, was money. Lansky needed a network to launder his criminal proceeds. Israel needed money to survive. It was a natural marriage of interests. The importance to Israel of those early money-raising efforts is described by reporter Jim Hougan: "During the Second World War [Rosenbaum had become] a hero of the resistance through his underground activities on behalf of the Jews. After the War he became a delegate to the World Zionist Congress in Basel, where plans were made for the creation of Israel.... This was at the height of Zionist terrorist attacks in Palestine. A superb clandestine operator, Rosenbaum is said to have been instrumental in providing weapons to the Haganah and Stern Gang. That would tend to explain why the [BCI],

'Rosenbaum's Baby,' became gambling czar Meyer Lansky's Number One conduit abroad.

"Rosenbaum was more than a friend to the Jews, however.... The newspaper *Ha'aretz* solemnly declared, 'Tibor Rosenbaum is Israel.' And the paper wasn't far from wrong.... Rosenbaum's bank ... served as a source of secret funds for the Mossad, Israel's intelligence service, and as one of the country's primary weapons brokers. At one point 'as much as ninety percent of the Israeli Defense Ministry's external budget flowed through [the BCI].'

"In economic matters he was equally important, founding the Israel Corporation with the help of Baron Edmond de Rothschild, a French aristocrat committed to the Zionist cause. The *raison d'être* of the Israel Corporation was to raise money among the world's Jews, money to be invested in a variety of public and semi-public Israeli enterprises. By finding money abroad to fund development projects in 'the homeland,' Rosenbaum and Rothschild freed Israeli tax moneys to be spent on the country's critical military needs....

"The mix of Mob, Mossad, ... and Rothschild moneys was an intoxicating one in which the common denominator appears to have been a love of Israel. Certainly Rosenbaum ... shared that affection with Lansky and the French baron."

Let's flesh out the structure a little more. Says Piper: "It was in 1947 that Rudolph Sonneborn (husband

of New York publisher Dorothy Schiff) set up an entity known as the Sonneborn Institute. It was this institute that provided the Jewish Haganah, and later the Irgun, in Palestine with arms and money. The Institute's coordinator for arms smuggling to the Jewish underground was Louis Bloomfield. Working with Bloomfield were liquor baron Samuel Bronfman ... and Lansky himself." Bloomfield, you will recall, was aide to Sir William Stephenson in Operation Underworld during World War 2, was later a director and board chairman of Permindex, and was also the attorney and front man for the Bronfman bootlegging family of Canada, which built its fortune working with the Lansky Organized Crime Syndicate in the illegal liquor trade, and which now owns a controlling interest in Time Warner, the giant American media conglomerate. Sam Bronfman's family and members of Meyer Lansky's "Jewish Mafia" provide major financial support to the Anti-Defamation League of B'nai B'rith (ADL), whose origins go back to 1913, when it was incorporated by one Sigmund Livingston as a public relations entity whose prime purpose was to defend Jewish mobsters in New York City. It was thereafter used for that purpose by Arnold Rothstein in the 20's and by Meyer Lansky up through the 60's. J. Edgar Hoover, who protected Lansky from prosecution, had a foundation named in his honor which was established by the ADL. The first president of the foundation was Rabbi Paul Richman, the Washington director of the ADL.

The difference between Piper's book and the many other books that have been written about the JFK

assassination is that Piper decided to follow the leads that were associated with motivation as opposed to the mechanics of the deed, such as how many shots were fired, from where, and how they might have bounced around, etc. He asked instead such questions as Who gained by JFK's death? and Who was capable of mounting such a masterfully orchestrated cover-up? This led him to examine the motivations of the major covert action agencies which we have discussed above. So let's turn finally to the relationships which Piper has uncovered between John Kennedy and each of the SDECE, the CIA, the Mossad, and Organized Crime.

Taking the SDECE first, John Kennedy had announced his support for DeGaulle's policy of granting independence to Algeria. In so doing he earned the enmity of the French Secret Army Organization (OAS), and also those elements within the SDECE supportive of the OAS. As Piper describes it, "The debate over Algerian independence had sparked a major crisis within France, and the French OAS, which fought Algerian freedom, considered John F. Kennedy an enemy second only to Charles DeGaulle." These facts make it understandable how a "French" team might plausibly have been recruited to perform the JFK assassination, as Piper says was reported to him by a French ex-diplomat and intelligence officer.

JFK and the CIA parted company on at least three major policy issues: Algeria, the Bay of Pigs, and Vietnam. Over Algeria, we noted near the beginning of this chapter that the CIA was secretly engaged in

supporting the effort by the OAS to overthrow French President Charles DeGaulle. Piper does not say whether or not Kennedy was aware of such CIA help. The CIA, however, was fully aware of Kennedy's support of DeGaulle, producing what amounted to at least a one-sided disagreement, if not a direct confrontation.

The second issue was the Bay of Pigs. Kennedy and the CIA each blamed the other for the operation's failure. Piper quotes from Mark Lane's *Plausible Denial*: "John F. Kennedy made it clear that he planned to destroy the CIA. The *New York Times* reported on April 25, 1966 ... that 'as the enormity of the Bay of Pigs disaster came home to him, [Kennedy] said to one of the highest officials of his Administration that he wanted 'to splinter the CIA in a thousand pieces and scatter it to the winds.' He clearly was not suggesting a modest legislative proposal or executive order to modify or reform the organization. The total destruction of the Agency was his apparent objective." Piper further quotes from *Plausible Denial* describing the preliminary steps Kennedy actually took in trying to bring the Agency to heel.

The third issue was Vietnam. Piper again quotes Mark Lane: "[In October 1963, New York Times columnist Arthur] Krock pointed out that John F. Kennedy had gone to war against the CIA.... The columnist stated that President Kennedy sent Henry Cabot Lodge, his Ambassador to Vietnam, with orders to the CIA on two separate occasions, and in both cases the CIA ignored those orders, saying that it was different from what the agency thought should be done.

In other words the CIA had decided that it – not the President – would make the decisions as to how American foreign policy should be conducted."

Kennedy sent Defense Secretary McNamara and General Maxwell Taylor on a fact-finding trip to Vietnam. They returned and reported that they believed that the U.S. could withdraw all personnel from Vietnam by the end of 1965. Col. Fletcher Prouty thereupon commented in his book *The Secret Team*: "Now we can see why they chose that date. This was the date that the President had used in his own discussions with his closest advisors. They all knew that he planned to announce a pullout once he had been re-elected." The CIA, of course, heavy into its "anti-Communist" war in Indochina which was as a side effect developing the Golden Triangle opium trade, wanted no part of JFK's withdrawal plans.

Piper, in investigating these policy differences between Kennedy and the CIA was also aware that many Kennedy assassination researchers were now convinced that the CIA had at least some partial role in the assassination. He devotes an entire chapter to the assassination facts developed by attorney Mark Lane, who reported in his own book, *Plausible Denial*, his experiences in a related trial. The trial actually involved a libel case, but the jury was asked to find for the defendant based on the jury becoming convinced that the CIA was in fact implicated in the assassination. The jury forewoman issued a statement upon the release of Lane's written account of the trial, saying: "Mr. Lane was asking

us [the jury] to do something very difficult. He was asking us to believe John Kennedy had been killed by our own government. Yet when we examined the evidence closely, we were compelled to conclude that the CIA had indeed killed President Kennedy." Piper, of course, only holds in his book that the CIA was a major conspirator, but did not necessarily employ the man who held the gun that shot the bullet that killed the President. The trial outcome suffered a mysterious media blackout, explaining why you probably never heard about it.

Next we look at John Kennedy's policy differences with Israel and its Mossad. There were perhaps three significant issues: Algeria, nuclear weapon development, and Palestinian resettlement. We discussed earlier how Israeli leaders felt that a new Arab state of Algeria would represent an added threat to the security of Israel, and since both Kennedy and France's DeGaulle were supportive of Algerian independence, those two men were to be regarded as enemies of the Israeli state. The feeling toward Kennedy, however, went much deeper. The Israelis felt that Kennedy had betrayed them. JFK's father, Joseph P. Kennedy, Sr., as Ambassador to Great Britain in the late 30's, had been supportive of Neville Chamberlain and of his policy of appeasing Hitler. Later in his life, he renounced his former views and pledged his support for the Jewish community. That community remained suspicious of him, however, and was even more so following John Kennedy's Senate speech proclaiming his support for an independent Algeria.

Kennedy, however, recognizing in 1960 that he needed both money and votes from the Jewish community, made moves to appease the pro-Israel lobby, very successfully, it turned out. His contact with the lobby was Abraham Feinberg, president of the Israel Bond Organization, who later acknowledged, "My path to power was cooperation in terms of what they needed – campaign money." Kennedy met with Feinberg "and a host of other wealthy Jewish Americans" in Feinberg's New York apartment. The group agreed to support Kennedy to the tune of \$500,000. Kennedy, said Feinberg, "got emotional" with gratitude. To his own intimates, however, Kennedy was outraged. He said that he was told, "We're willing to pay your bills if you'll let us have control of your Middle East policy," and he vowed that if he did get to be President, he was going to do something about eliminating the influence of special interest lobbies – especially foreign pressure groups – in American election campaigns. After his election, he *did* introduce such campaign reform legislation, and he *did* proclaim an even-handed Middle Eastern policy – that the United States "will act promptly and decisively against any nation in the Middle East which attacks its neighbor," a policy clearly directed at both the Israelis and the Arabs. Israel, says Piper, "was not happy."

Of much greater import, however, was Kennedy's stance on nuclear weaponry. Upon becoming President, he was informed by the Eisenhower administration that Israel was secretly developing nuclear weapons at a desert site known as Dimona. Kennedy was determined to support a non-proliferation policy, however, and set

about, as one of his primary concerns, to derail the Dimona development. Therefore, says Piper, "from the very beginning of his presidency, John F. Kennedy found himself at severe odds with the government of Israel."

Israeli Prime Minister David Ben-Gurion publicly announced that the Dimona project was for the purpose of studying "desert flora and fauna." Charles DeGaulle, who had helped Israel design the Dimona nuclear reactor as a power plant, was not amused. Nor was John Kennedy. According to Israeli historians Raviv and Melman, writing in 1990, Kennedy met with Ben-Gurion, stated his position, and demanded periodic international inspection of the site. Ben-Gurion resisted, and there thus began what amounted to a "secret war" between Kennedy and Israel, which was not resolved until Kennedy was killed and replaced by Lyndon Johnson. Author Seymour Hersh, writing in 1991, said: "Israel's bomb, and what to do about it, became a White House fixation, part of the secret presidential agenda that would remain hidden for the next thirty years." Hersh, further noting that this secret war had never been noted by any of Kennedy's biographers, evoked the following comment from Piper: "If indeed it had been, ... the mystery behind the JFK assassination might have been unraveled long, long ago."

For here, found in 1990, was the missing motivation. The relations between Ben-Gurion and Kennedy deteriorated down to the level of personal hatred. Ben-Gurion, who, according to Abraham

Feinberg, hated old Joe Kennedy as an "anti-Semite," harbored a contempt for the younger Kennedy, says Piper, that "was growing by leaps and bounds – almost pathologically." Hersh writes that on Kennedy's part, he was getting fed up with the fact that the Israeli "sons of bitches lie to me constantly about their nuclear capability." Hersh then wrote, "Kennedy's relationship with Ben-Gurion remained at an impasse over Dimona, and the correspondence between the two became increasingly sour. None of those letters has been made public." Given the fact of Piper's present book, those letters today would be of very great interest.

Kennedy further proposed, said Piper, that Palestinian refugees "either be permitted to return to their homes in Israel or be compensated by Israel and resettled in the Arab countries or elsewhere. Former Undersecretary of State George Ball, writing in 1992, quoted as follows from a Ben-Gurion letter commenting on the Kennedy proposal, sent to the Israeli Ambassador in Washington for him to convey to Jewish leaders in America: "Israel will regard this plan as a more serious danger to her existence than all the threats of the Arab dictators and kings, than all the Arab armies, than all of Nasser's missiles and his Soviet MIGs.... Israel will fight against this implementation down to the last man."

Author Seymour Hersh reported that in one of Ben-Gurion's last communications with Kennedy he wrote: "Mr. President, my people have a right to exist ... and this existence is in danger." He then demanded that Kennedy sign a security treaty with Israel. Kennedy

refused, whereupon David Ben-Gurion, on June 16, 1963, resigned from office. Piper suggests that it was at this time, just before his resignation, that Ben-Gurion gave the order to the Mossad's assassinations chief, Yitzhak Shamir, to proceed with plans for Kennedy's assassination.

In summary, JFK would not countenance a nuclear Israel, and Israel perceived Kennedy's Palestinian resolution and nuclear non-proliferation policies as threats to Israel's very existence. From Piper's perspective, with this strong motivational information newly in hand, the rest of the known elements of the assassination conspiracy fell easily into place, with only a few final pieces of the puzzle to be inserted in the future. Let's put several of these last pieces in right now by examining the relationship between John Kennedy and the Organized Crime empire of Meyer Lansky.

The story is simple in its outline. Back in 1927, Joe Kennedy Sr. had a shipment of his bootleg whiskey from Ireland hijacked by a Luciano-Lansky mob in southern New England, with considerable loss of life, and significant financial loss to Kennedy. Things were smoothed over, but Lansky biographers said that Kennedy held a grudge against Lansky from that time on, and, in fact, "passed the hostility on to his sons." When Lansky later found out that Kennedy was sympathetic to the Nazi movement, Lansky was furious, and "swore a blood revenge on the whole [Kennedy] family."

Papa Joe Kennedy also transgressed the territory of the "Jewish Mafia" in Detroit during Prohibition days, and a Detroit contract was taken out on him. He went to the Chicago Mafia boss Sam Giancana to beg for his life, and Sam intervened on his behalf, putting Kennedy ever after in Chicago's debt. Years later, Joe Kennedy again went to Sam Giancana, this time to ask for his help in getting his son John elected President. Giancana, said his biographers, asked what the quid pro quo would be, and Kennedy responded, "You help me now, Sam, and I'll see to it that Chicago – that you – can sit in the goddamned Oval Office if you want.... He'll be your man. I swear to that. My son – the President of the United States – will owe you his father's life. He won't refuse you, ever. You have my word."

Mafia money thereafter poured into JFK's campaign, and following some questionable vote-counting in Illinois, he was elected. The aftermath, however, was not what Giancana and his boss Lansky expected. Says Piper, "Soon after JFK assumed the presidency, an unexpected war on organized crime began. Robert Kennedy, who had cut his teeth prosecuting mobsters as a counsel for the Senate's 'racket's committee' was named attorney general, and it was apparent that he was taking his new job seriously." Sam Giancana, says his biographers, responded: "It's a brilliant move on Joe [Kennedy]'s part. He'll have Bobby wipe us out to cover their own dirty tracks, and it'll all be done in the name of the Kennedy 'war on organized crime.' Brilliant. Just fuckin' brilliant."

Seth Kantor, Jack Ruby's biographer, summarized the fallout of the double-cross: "As Attorney General, [Robert F. Kennedy] got more indictments on members of America's criminal industry than had any previous prosecutor, pursuing them relentlessly. Meyer Lansky, for instance, no longer was safe behind the bolted doors of that industry's executive suite." Bobby Kennedy had bypassed Hoover's FBI and put together a Justice Department group called the Organized Crime Division, and "was stalking Lansky's secret operations in the Bahamas and Las Vegas."

If *you* were running Organized Crime, wouldn't you feel a little peeved at the Kennedy family?

We can't resist at least touching on one additional "detail" that Piper covers involving The Mob. That has to do with the death of Marilyn Monroe. The Mob, in the person of Micky Cohen, Lansky's man in Los Angeles, arranged for Marilyn, "America's sweetheart," to meet President Kennedy at a Hollywood party. Kennedy, as was his wont, took the bait, and a continuing affair commenced. This "arranged liaison" had a serious ulterior purpose, however, which was for Marilyn to find out what Kennedy planned for U.S. policy toward Israel. Marilyn resisted these demands, insisting that she had neither any knowledge of or interest in politics, but pressure on her to find out nevertheless continued. She was found dead on August 5, 1962. Piper relates a great deal more about the circumstances, and suggests that, in the light of all the other matters he has discovered and integrated with

respect to the JFK assassination, it seems highly plausible that Marilyn was killed because Israel / Lansky / Cohen could not risk having Marilyn ever talk about what had been demanded of her. You will find Piper's account of these matters highly interesting.

Following JFK's death, what happened with respect to all the issues that JFK's enemies were concerned about?

1. The Dimona nuclear reactor went critical in early 1964. That event elicited no reaction from President Johnson, who raised no objection to Israel's continuing nuclear weapons development.
2. Major military aid to Israel was started in LBJ's fiscal 1965, and turned into a flood in fiscal 1966. Writing in 1984, author Stephen Green said: "America has given Israel over \$17 billion in military aid since 1946, virtually all of which – over 99 percent – has been provided since 1965."
3. Kennedy's plan to withdraw from Vietnam was reversed by Johnson just a few days after the assassination. In the following months the American commitment was increased "from under 20,000 troops to approximately a quarter of a million."
4. The autonomy of the CIA, including its covert action branch, was preserved.
5. The Kennedy war against Organized Crime came to an immediate and sudden halt, protecting, among others, J. Edgar Hoover's FBI empire. The Golden Triangle heroin development continued, and drug

smuggling, money laundering, and the addiction of American youth continued apace.

In short, the international intelligence agencies, acting in concert with the international organized crime rings, displayed in the JFK assassination affair their immense capabilities for controlling the course of history. The cover-up, of course, required the services of additional agencies in the service of our elites, particularly the mass media, as Piper discusses at some length.

But we take particular interest in the revelations concerning the British antecedents of Permindex, the CIA, the Mossad, and Israel itself, since they suggest even higher-level ties back to the banking families identified by Carroll Quigley and others whose books we have reviewed in our previous chapters. In our next chapter we will undertake to trace the circle of influence back to that starting point.

Chapter 11

"DOPE, INC."

(By the Editors of *Executive Intelligence Review* (EIR). Commissioned by Lyndon H. LaRouche, Jr. Pub. 1st ed. in 1978, 2nd ed. in 1986, 3rd ed. in 1992 by EIR, PO Box 17390, Washington, DC 20041-0390.)

McCoy's *The Politics of Heroin* describes how the cultivation and distribution of drugs have in recent times been secretly promoted by American and French governments via the activities of their covert intelligence agencies. Piper's *Final Judgment* enlarges the picture by including the British and Israeli governments and agencies, and uncovering a scope of criminal enterprises larger than just the drug trade which has been undertaken by these agencies in cooperation with the world's organized crime rings. The EIR's *Dope, Inc.* seeks to identify the kingpins at the top of the drug trade by examining the origins of the trade, by studying the paths via which drug profits are laundered, and by tracing the ownership of the controlling corporate entities.

The first few chapters of *Dope, Inc.* serve to update the 1986 edition to 1992, and are also useful in further fleshing out the subject matter of McCoy's and Piper's books. McCoy discusses the cocaine trafficking attendant to the Nicaraguan Contra affair, but the EIR is less bashful about naming names: "Colonel [Oliver]

North was the day-to-day operations officer for the Contra resupply program. But it was Vice President George Bush, the former CIA director, who was formally in charge of the entire Reagan administration Central America covert operations program." Reagan created and placed Bush in charge of the secret "Crisis Pre-Planning Group" with North as its secretary. In that capacity, North "ran the Central America spook show – under George Bush." The EIR quotes memos from North's personal notebooks which indicate that North was fully aware of the cocaine traffic to the United States which was generating funds from American addicts to pay for Contra arms.

According to the EIR, North and other administration officials were also involved in the arms-for-hostages swap with the Lebanese terrorists who were holding American hostages. Negotiations were conducted with a Syrian drug and arms smuggler named Mansur Al-Kassar, who was a supplier of arms to the PLO, a black market partner of Syria's Vice President Rifaat al-Assad, and a known business associate of Medellin Cartel boss Pablo Escobar Gaviria. North did not manage to get any hostages freed, though Al-Kassar's drug-running activities were protected, and though he received, in one transaction that was uncovered, \$1.5 million from North for Soviet-bloc arms which went to the Contras. Al-Kassar's drug-runners were suspected of being involved in the bombing of Pan Am Flight 103 over Lockerbie, Scotland, on December 21, 1988, as was publicly suggested by U.S. Rep. James Traficant among others. Syria's role in the flourishing

Middle-Eastern heroin and hashish trade into Europe, along with Al-Kassar's possible role in the Flight 103 bombing, have both been deliberately covered up, says the EIR, by British and American intelligence agencies.

Columbian and Middle Eastern dope trafficking seems to the EIR to have a recurring common denominator of Israeli involvement. In April 1989, the EIR says, "a DEA and U.S. Customs Service report was covered in the media alleging that New York's Republic National Bank was serving as a money-laundering facility for Middle East and Ibero-American narcotics-trafficking organizations. Republic National Bank is owned by Edmond Safra, a prominent Jewish banker of Lebanese descent" having world-wide banking operations. The report said that Safra and his bank were part of a money-laundering network run out of the Zurich-based Shakarchi Trading Co., which "operates as a currency exchange company and is utilized by some of the world's largest drug-trafficking organizations to launder the proceeds of their drug-trafficking activities.... Shakarchi Trading Company maintains accounts at the Republic National Bank of New York...." Mr. Safra, the EIR notes, in 1989 donated "a reported \$1 million to his favorite charity – the Anti-Defamation League."

(The EIR goes way beyond the brief description of the ADL which appears in Piper's book, which simply painted the ADL as a public relations support arm of the "Jewish Mafia" going back to 1913, with Arnold Rothstein and Meyer Lansky its primary early

beneficiaries. The EIR devotes a 49-page appendix to the ADL, which we will briefly review in a few moments.)

On December 15, 1989, a Columbian army shoot-out with Medellin Cartel boss Rodriguez Gacha occurred. Gacha was killed, and shortly thereafter large stockpiles of cartel arms were seized, the majority of which were found to have been made in Israel. After months of investigation, it was determined that "Israeli intelligence ... had been providing weapons and terrorist training to the Medellin Cartel's assassination squads in collaboration with British mercenaries.... The funds to purchase the weapons ... had been provided by the U.S. State Department through a program personally run by Assistant Secretary of State Elliott Abrams," who later pled guilty to Iran-Contra crimes."

EIR continues: "The trainer of Rodriguez Gacha's killer squads was a reserve Israeli army colonel named Yair Klein.... In a parallel operation, a group of British mercenaries also engaged in training the cartel hit squads.... The involvement of British intelligence in the CIA-Mossad Columbia deal was further confirmed when Louis Blom-Cooper and Geoffrey Robertson, both officials of Amnesty International, which is funded by British intelligence, were deployed to cover up the official U.S., British, and Israeli government sponsorship of the Klein operation...."

A shipload of Israeli arms was transferred on April 24, 1989 in the British Crown Colony of Antigua, to a Panamanian-registered ship, *Sea Point*, and "shuttled

off to Rodriguez Gacha in Columbia.... The escrow deposit to ensure that the hundreds of guns left Israel on time had come through the Miami branch of the Israeli Bank Hapoalim" into which Elliott Abrams had deposited the funds to purchase the arms. On December 20, 1989, just a few days after the start of the Gacha shoot-out, the U.S. under President Bush invaded Panama, overthrew General Noriega, and installed in his place "a local Panamanian lawyer, Guillermo "Porky" Endara. A review of court records shows that President Endara and several of his law partners were the owners of record of the ship *Sea Point* in April 1989 when the ship had delivered the Israeli weapons to Rodriguez Gacha.... [Furthermore,] in Panama City, Endara was the co-owner, along with Rodriguez Gacha, of the drug money-laundering Banco Interoceánico." The British-Mossad-CIA intelligence combine thus lost or disposed of a former drug ally (Gacha) in Columbia, but almost simultaneously picked up a new one (Endara) in Panama.

A little more light is shed on this matter by the EIR: "In 1986, in Panama, Gen. Manuel Noriega closed down First Interamericas Bank after it was proven that the bank was owned by the Cali Cartel. In December 1989, U.S. occupation forces invaded Panama ... and proceeded to place four members of the board of that same First Interamericas Bank in power – as President, attorney general, president of the Supreme Court, and minister of the Treasury. The result: Drug running in Panama has *grown* since Noriega's ouster." Bush's strategy? "Specifically, a working alliance has been created between the U.S. government and the Cali

Cartel, against the Medellin Cartel of Pablo Escobar and Rodriguez Gacha. The result has been ... that the Cali Cartel has become dominant among the different Columbian groups ... all with behind-the-scenes American approval." It seems clear that Washington wants the drug trade to continue, but that it also wants to be able to hire and fire those who it chooses to participate in the trade.

The EIR published a report in November 1990 detailing the growth of narcotic revenues over the immediately preceding years. The totals were astonishing, and contradicted the Bush administration's optimistic reports on the same subject. Growth was phenomenal in cultivation and street sales of all the major drugs – heroine, cocaine, and marijuana. Street sales of all drugs throughout the world had increased from \$175 billion back in 1977 to \$558 billion in 1989. Cumulative sales from 1977 to 1989 of drugs raised only in Ibero-America (Mexico and South and Central America) is nearly \$2 trillion, dwarfing even Ibero-America's gigantic foreign debt of \$430 billion. Worldwide addiction continues to grow. Some 70 million Americans are estimated to have used drugs at some point, with many of these remaining as addicts. Consumption has jumped throughout South America, including such places as Brazil, Peru, and Columbia. More millions of people are users in India, Iran, Pakistan, Egypt, and other Asian countries. Europe is another very large market, with an unknown number of consumers.

Very little of the money raised from street sales is returned and kept by the countries raising the drugs. Some of the money is laundered by businesses having high cash turnover, such as restaurants and casinos. A great deal of it is sent out of the country in suitcases and deposited in off-shore banks which don't have the laws which U.S. banks do requiring cash deposits over \$10,000 to be reported to the IRS. The great bulk of the \$558 billion annual revenue (in 1989) is deposited in banks elsewhere. "Although no precise figures are available," says the EIR, "a leading anti-drug prosecutor in Switzerland, Paolo Bernasconi, told Italy's *La Stampa* newspaper in January 1990 that the leading money-laundering centers include the United States (Miami and Wall Street), Canada, Great Britain, and, of course, Switzerland."

Further, far from fighting the trade, the banks are fighting to get their share: "As the London *Economist* wrote proudly in June 1989: 'It is obvious that drug dealers use banks.... The business ... has become part of the financial system.... If you had morals or ethics in this business, you would not be in it.'" The EIR further writes, "As one banker stated in an off-the-record discussion in London in 1986: Dope 'is the biggest source of new financial business in the world today.... I know banks which will literally kill to secure a chunk of this action.' The banker worked for one of Wall Street's biggest investment houses, Merrill Lynch."

The EIR insists that any strategy of fighting the drug trade must aim at the drug proceeds. "A competent

war on drugs must begin with a war against the banking institutions and bankers who 'launder' Dope, Inc.'s ill-gotten gains." And: "Shut down the drug money-laundering by the major Anglo-American banks, and the dope cartel would choke to death on its own profits!" And: "Dope, Inc.'s vulnerable flank is the international network of banks and other financial institutions that 'launder' the cartel's \$558 billion per year in gross revenue.... Action by governments against the drug bankers could rapidly shut down Dope, Inc." And yet, says the EIR, "no government has ever touched the *system* which allowed [the drug trade to develop]. At best, a few accounts here and there have been seized. To this day, money-laundering is not even a criminal offense in 8 out of the 15 industrial nations. In the United States, the center of the problem, government action is a joke: No top management has *ever* been charged or prosecuted for criminal money-laundering activity."

There is negligible opium or cocaine presently being grown in the U.S., says the EIR, but the same can't be said for marijuana. In fact, the 1987 U.S. pot harvest was valued by the EIR at \$33.1 billion, barely less than the receipts tabulated by the USDA of the largest single farm commodity in 1987, which was cattle and calves yielding \$33.8 billion. Marijuana receipts were greater than any grain crop, or in fact any other commodity excepting cattle. The major pot-growing states were Hawaii, Washington, Oregon, California, and a set of relatively impoverished states running from Arkansas and Missouri through Georgia and North Carolina. A great deal of the financial stress on farmers

which helped produce this situation was the high-interest policies of the Fed imposed during the 80's, which devastated *all* businesses which had become dependent upon low-cost credit. The EIR relates instances in which banks actually suggested to financially stressed farmers and ranchers that they try their hand at the profitable marijuana business to help get their bank loans paid off.

We made reference near the beginning of our review to the appendix which the EIR has included on the Anti-Defamation League (ADL). It's an amazing compendium of information which utterly frees one of the misapprehension that the ADL is simply an honorable, upright, civic-minded institution supporting Judaism. The appendix goes into detail concerning the following matters related to the ADL and its operations:

- **What Is It?** Basically, a public relations front for the Rothstein-Lansky branch of American Organized Crime, though it operates formally as a tax-exempt public interest organization under Section 501(c)3 of the Internal Revenue Service Codes.
- **Structure and Key Personnel:** It is an organization having a National Commission of about 150 members, a National Executive Committee, officers, and a number of standing committees. Membership is by nomination or invitation only. The standing committees and their chairmen are listed. Nine operatives in the "active core" of the ADL are listed, some of whom are mentioned below.

- **Ties to Organized Crime:** This gets interesting. First mention is of former ADL national chairman Kenneth Bialkin, who, says the EIR, masterminded the \$60 million looting of Investors Overseas Service (IOS) by financier Robert Vesco, an indicted fugitive living in Havana and charged with complicity in Medellin Cartel cocaine smuggling from 1974 to 1989. In January 1980, a jury ordered Bialkin's law firm to pay \$35 million to the victims of the IOS looting, and found Bialkin to be instrumental in that fraud. The IOS was believed by law enforcement officials to have been used by Meyer Lansky as a conduit for laundering his illicit drug profits.

A second mention is of the Sterling National Bank of New York City. It was charged by Italian authorities in January 1982 of looting \$27 million from the Banca Privata Italiana. The chairman of Sterling, says the EIR, "both at the time of the alleged theft and today, is Theodore H. Silbert, another honorary vice-chairman of the ADL and the former head of the ADL Appeal, its major fundraising arm. Law enforcement sources have identified Sterling National as a mob front since its founding in 1929 by Meyer Lansky associate Frank Erickson."

The EIR alleges: "A listing of ADL financial contributors and award recipients over the recent decades reads like a 'Who's Who' of the Meyer Lansky international crime syndicate. Longtime Lansky cronies such as Victor Posner, Hollywood attorney Sidney Korshak, and Moe Dalitz all appear as ADL patrons. The same pattern holds true at the

regional levels of the ADL." Lots more detail is given.

The final major mention is the Canadian Edgar Bronfman, an honorary vice chairman of the ADL. His family's criminal dynasty started with his father Sam, who, with Arnold Rothstein, was dispatched to Hong Kong in 1920 to arrange for supplies of opium, and who further organized the smuggling and retail distribution of the illegal drugs. A nephew of Edgar Bronfman "was named in a 1972 Montreal Crime Commission report as an intimate of local crime boss Willy Obront." Further detail is quoted from *The Bronfman Dynasty* by Peter C. Newman. The Bronfmans' present holdings include Seagrams Corp., including its majority share in E. I. du Pont de Nemours Co. The EIR says that, upon the appearance of the 1978 edition of *Dope, Inc.*, which prominently mentioned the Bronfman clan, Quebec police sources said that Bronfman ordered his attorneys to sue EIR for libel, but that, "after careful deliberation, the attorneys strongly argued against such an action." Bronfman instead poured money into the ADL, which then commenced a campaign of shrill attacks against Lyndon LaRouche and the EIR.

- **Ties to the Soviet Union:** The extensive relationships are detailed between major ADL figures, including Edgar Bronfman and Dwayne Andreas, the president of the Archer Daniels Midland grain giant, and communist bloc leaders, including the East German communist dictator Erich Honecker, and Mikhail Gorbachev, who ascended to power in Moscow in 1985. Some of the purposes

were "to improve ADL coordination with the KGB in running pro-Gorbachev propaganda inside the United States" and "to move in on the 'lucrative new markets' in the liberated nations of Central Europe – on behalf of organized crime." Ties between the Soviets and the ADL are described going back as far as the mid-30's, involving also the Soviet spy rings operating during World War 2.

- **Ties to the Nicaraguan Contra Program:** The ADL's ties to this covert program for developing the South American drug trade are extensively described by reference to the participation of several eminent ADL figures, including Carl Gershman, the director of the National Endowment for Democracy (NED), the administration's agency for secretly funding the Contras; Rabbi Morten M. Rosenthal, who, with NED funding, produced a study pronouncing that the Sandinistas were "anti-Semitic," aimed at marshaling Jewish support for the Contra effort; Kenneth Bialkin, the attorney for Saudi billionaire Adnan Khashoggi, whose money purchased arms for Iran via the good offices of Col. Oliver North, as part of the arms-for-hostages negotiations; Willard Zucker, who ran the Lake Resources front company in Geneva, Switzerland, which laundered the Iranian arms profits to the Contras; Edmond Safra, who, with Willard Zucker, owned the corporate jets used by Oliver North and National Security Advisor Robert MacFarland in traveling to secret conferences in Iran.
- **Domestic Terrorism:** The ADL's activities as agent-provocateur within groups involving the civil rights movement, the Ku Klux Klan, the Nazis, the

anti-war movement, and the paramilitary Right are described, with the ADL frequently cooperating with the FBI's Division Five in these matters. This collusive work is shown to have extended to bombings, assaults, jury-tampering, and other illegal activities.

- **International Terrorism:** The EIR focuses on the ADL efforts concerning the preparation for and/or the cover-up after the murders of Indian Prime Minister Indira Gandhi and Swedish Prime Minister Olof Palme. Prime Minister Gandhi was murdered in October 1984, perhaps because she was moving toward American and away from Soviet military assistance. During the immediately preceding months, a Sikh "extremist" group had threatened and predicted her death, and had formed the World Sikh Organization. That organization has had assistance and ongoing communication with the ADL, with its leader Surjit Singh being "a close personal friend of ADL Honorary National Chairman Kenneth Bialkin."

Prime Minister Palme's murder in February 1986 was apparently to cover up the massive arms and drug trafficking by American, British, Israeli, and Soviet agencies that became known to him from documents obtained following a police raid which he ordered on a trafficker in his own country. He thereupon undertook to halt the flow of arms from Sweden to the Persian Gulf, and his murder shortly followed. The ADL's involvement in the cover-up is described, as is the proof uncovered by the Swedish police of the KGB's prior knowledge of the assassination.

- **Penetration of Law Enforcement:** Despite its ties to organized crime and other less-than-legal activities outlined above, the ADL has, with the help of the FBI, "managed to conduct a highly successful campaign to insinuate itself into the day-to-day workings of virtually every major police department and sheriff's department in the United States." The methods and some of the results of this activity are described.

Other matters discussed, which we will not go into here, include involvement with Israeli / Palestinian politics, ties to Mossad operations, support of efforts by the major Midwest grain cartels to liquidate the independent family farmer, and even the support of cultism, followed by the creation of "deprogramming" entities to which parents of cultists would pay big bucks to recover their children, both physically and mentally, from the clutches of those same cults. Study of these matters, and in fact the entire appendix on the ADL, is highly recommended, since the nature of the ADL is so grossly misunderstood in our country, and since its works are so pernicious.

Our strategy at this point will be to delve into the core of the first edition of *Dope, Inc.*, plainly exposing the tie we presumed would appear between the dynastic banking families and the conspiratorial combination of intelligence agencies and organized crime rings described by Piper. We will then end by updating the organizational structure of that combine as was seen by the EIR in their 1986 edition of *Dope, Inc.*

As McCoy related, the Portuguese and then the Dutch preceded the British in running the drugs from India, where the opium was raised, to China and elsewhere in Southeast Asia, where it was consumed. "By 1659," says the EIR, "the opium trade had become second only to the trade in spices, for which opium was a medium of exchange. By 1750, the Dutch were shipping more than 100 tons of opium a year to Indonesia," where, according to one historian, they took good advantage of one of opium's side effects: its use broke down the moral resistance of its users.

The British East India Company (BEIC) started getting involved in 1715, when they opened an office in Canton, on the Chinese coast. They nibbled around the edges of the trade until 1757, when, by military victory, they turned the prime opium-growing area of Bengal (now Bangladesh) into a Crown Colony. Profits went into the pockets of local BEIC officials, however, and did not accrue to England or even the BEIC itself until the effective coup in 1783, when, in the EIR's words, "the dope trade took over Britain."

The coup was organized by Lord Shelburne, who proposed to take two bankrupt entities, the BEIC and Britain, which was hugely in debt at the end of the Revolutionary War, and combine them into a single going concern. Drug profits would henceforth go to the BEIC *and* to Britain, and Britain's political establishment would protect and enhance the operations of the BEIC, particularly its profitable drug trade. Shel-

burne struck an alliance with the BEIC's Lawrence Sullivan, "whose son had subcontracted for the private opium monopoly in Bengal," and Anglo-Dutch banker Francis Baring. Then with money from the opium trade and with the support of the monarchical patronage machine, "Shelburne bought the Parliament in 1783, lock, stock, and barrel," and consolidated an unbeatable financial and political power.

Shelburne's proposed program for returning Britain to greatness was, says the EIR, to "expand the opium traffic and subvert the United States – both under the banner of free trade. The first achieved crowning success with the Chinese Opium War; the second not until the twentieth century."

As early as 1787, the British Secretary of State proposed that Britain force the opium market into China. Jardine Matheson was one of the trading companies entrusted to covertly manage the opium exportation from India to China, hiding the BEIC's involvement. The drug trade soared, and by 1830, "opium was the largest commodity in world trade." In China, local criminal gangs called Triads (analogous to American "Mafia") were selected by the British trading companies to distribute their opium into the hinterlands. The Chinese Emperor finally resisted by seeking to expropriate the opium in the warehouses of the trading companies, and the British declared war. It was over very quickly, since "The Chinese forces, decimated by ten years of rampant opium addiction within the Imperial Army, proved no match for the British." The

peace treaty, signed in 1842, delivered, besides monetary reparations, British extraterritorial control over the 'free port' of Hong Kong, "to this day [in 1978] the capital of Britain's global drug-running."

Britain's official policy of using mind-destroying drugs to enhance British commerce was laid out in an 1841 memo from British Prime Minister Lord Palmerston to the British governor-general of India: "... we must unremittingly endeavor to find, in other parts of the world [than Europe], new vents for our industry [opium].... If we succeed in our China expedition [i.e., the Opium War], Abyssinia, Arabia, the countries of the Indus, and the new markets of China will at no distant period give us a most important extension to the range of our foreign commerce."

The process was repeated in the Second Opium War, ending with the joint British-French siege of Beijing in October 1860. Out of this war, "the British merchant banks and trading companies established the Hongkong and Shanghai Corporation, which to this day serves as the central clearinghouse for all Far Eastern financial transactions relating to the black market in opium and its heroin derivative." The British had thus completed the process of opening up all of China, as Lord Palmerston had sought in 1841, and now controlled about seven-eighths of the Chinese drug trade, which doubled again by 1880. Its modus operandi had been:

- Addict the target population, "to sap the vitality of the nation."

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- Utilize the military as needed to install and protect the drug trade.
- Use profits to fund a criminal infrastructure to carry out the trade.

The EIR then outlines ties created by the British merchant bankers to American bankers and traders, and something of how certain of them were drawn into the drug trafficking business. Some of the familiar names which come up are John Jacob Astor and his descendent Waldorf Astor, who was chairman of the Council of the Royal Institute of International Affairs (RIIA) during World War 2. John Murray Forbes of Boston was U.S. agent for Baring Brothers, the "premier merchant bank of the opium traffic from 1783 to the present day." Several other Boston families were involved in the trade, including the Hathaway and Perkins families. The leading banker for this group of families became the House of Morgan. Thomas Nelson Perkins became the chief Boston agent of the Morgan Bank. Morgan partner Willard Straight spent 1901-1912 in China as assistant to Sir Robert Hart, the head of the Chinese Customs Service, and thus the leading Britisher conducting the opium traffic. Straight then became head of the Morgan Bank's Far Eastern operations. Today (i.e., 1978), the chairman of Morgan Grenfell, which is 40 percent owned by Morgan Guaranty Trust, is Lord Catto of Cairncatto, who sits on the "London Committee" of the Hongkong and Shanghai Bank.

The bulk introduction of drugs into the United States came about by the introduction of coolies onto the

West Coast. They were transported there by the same British trading companies who were running the slave trade to the South. Some 117,000 coolies entered in 1846 alone, a great many of them being opium addicts. The opium followed them, laying the foundation for the later drug trade out of the Chinatowns of the major West Coast cities. Lincoln outlawed the coolie traffic in 1862, but it continued without significant pause up to the turn of the century. By 1875, officials estimated that 120,000 Americans in addition to the Chinese coolies were addicted to opium.

As Americans and others around the world began to perceive addiction problems in their own back yards, efforts were made to shut down the traffic, efforts which the British sternly opposed. A Hague Convention was passed in 1905 (which the British signed and then evaded), and a proposal was brought to the League of Nations Opium Committee in 1923 aimed at worldwide reduction of both production and consumption to 10 percent of current values, a proposal which the British publicly and vehemently opposed. By 1927, British statistics showed that about 26 percent of British Far Eastern colonial revenues were derived from opium, providing a believable rationalization for their adamant support of the drug trade.

The next major step, taken in 1920, was Prohibition. Basic opium supply was now available, and its transport into the country was simple enough. What was needed was a criminal infrastructure to deliver it on American streets. The effort started by mounting a

campaign in both Canada and the U.S. to outlaw liquor. The agitation for Prohibition was not spontaneous. Rather, it was deliberately funded by American families who had been drawn into the British web. The Women's Christian Temperance Union (WCTU) and its offshoots "enjoyed the financial backing of the Astors, the Vanderbilts, the Warburgs, and the Rockefellers." Tax-exempt foundations were also brought in, "especially the Russell Sage Foundation and the Rockefeller Foundation."

Prohibition commenced first in Canada, running from 1915 to 1919. During this period, the Canadian criminal infrastructure for the delivery of British (and Scotch) booze was developed, centered largely on Canada's Bronfman family, who "established the local mob contacts in the United States [which would soon be needed], and consolidated contractual agreements with the Royal Liquor Commission in London." In the United States, the Prohibition Amendment was ratified in 1917, but only went into effect via the Volstead Act in January of 1920. Canadian Prohibition terminated just one month earlier, giving the Bronfman's free rein in their own country to import and manufacture distilled spirits, and to move that liquor into the hands of the American organized crime rings under development.

The scheme worked like a charm. The needed street gangs were spawned, and those capable of managing their internal organization rose to the top, with Meyer Lansky being the final emergent kingpin. Even though Prohibition was repealed in 1933, narcotic

drugs remained illegal, and the criminal gangs were enabled to continue honing their skills by branching out in other directions, including casino gambling, prostitution, extortion, loan-sharking, etc. Narcotics, however, was not to become their really big business until the supply was further developed after World War 2, the monetary pathways developed for handling the anticipated flood of illicit cash, and a cultural climate created "conducive to fostering drug addiction."

The British stayed demurely above all this illegal fray. The heroin they sold to Arnold Rothstein and Meyer Lansky in the 20's was sold legally. What the buyers did with it was their own business. Likewise the booze the British sold to Joe Kennedy and the Bronfman family was legally sold, and what those buyers did with it was likewise their own business, simply a matter of "free enterprise" at work.

The EIR next plunges into how the monetary end of the drug system works. It looks first at the size of the trade. Annual street sales in the U.S. of the three major drugs (heroin, cocaine, and marijuana) amount to about \$233 billion, according to House Select Committee on Narcotics in 1986. The worldwide trade is accordingly estimated at about \$500 billion. The first question, says the EIR, is "How is it possible that \$500 billion in dirty money ... can remain outside the control of the law?" It is obvious that no one bank is large enough to handle this volume of money. The EIR answers its own question: "A huge chunk of international banking and related financial operations has been created solely to manage dirty

money." And who is capable of creating such a network? "British banking operations [comprise] the only possible banking network that could handle the requisite volume of illegal traffic." That network has become qualified to do so, says the EIR, by virtue of having handled the trade for about a century and a half, by controlling the political jurisdiction over the major off-shore banking outlets (whose records are invisible to target governments), by controlling the world trade in gold and diamonds (used to hide the routes of illicit cash flows), and by possession of the needed connections to organized crime, law enforcement, and intelligence agencies around the world.

Off-shore banking occurs largely in Britain's old island colonies around the Caribbean, as in the Bahamas and Cayman Islands, and "with very few exceptions ... is under the thumb of the British oligarchy." The bulk of the net drug proceeds in the U.S., i.e., after paying off the crime rings engaged in street distribution, are then "laundered" by including such cash in bank deposits made by companies normally handling large volumes of cash, such as casinos, race tracks, sports stadiums, commodity or other brokerages, restaurant chains, and even department stores. Once such a deposit is made, the illicit money is wired to an off-shore bank, following which it is lost in an electronic maze of transfers substantially impossible to trace, even if investigative agencies had access to off-shore banking records, which they do not.

The trick is making that first laundering deposit and then transferring the money out of the depositing

bank in such a way as to make the transaction disappear or appear normal to the bank's computers and to later auditors. The EIR devotes a chapter of *Dope, Inc.* describing some of the illegal ways in which this can and has been done, usually involving an inside conspirator in the bank accepting the deposit, in addition to the needed conspirator(s) in the business establishment making the deposit. However, says the EIR, "If the reader is beginning to suspect that thousands of bankers and IRS officials are all in on the game, we emphasize that no such thing is, or could possibly be the case. Dope, Inc. is a tightly run little network. What makes it effective is that there is nothing 'abnormal' about it; it is built into the business structure of the United States and a number of other countries." The "good news" part of this is that the group of conspirators is small enough to be successfully attacked. As the EIR put it, "We know their names and addresses, and how to mop them up."

The EIR relates an instructive example at this point which involves a small American airline suspected of delivering dope to various urban crime centers, while simultaneously contracting with the Federal Reserve to deliver cleared checks. The airline was partially owned by Airborne Freight of Seattle, controlled by a New York bank called Allen and Co., the Allen being Meyer Lansky's investment banker Charles Allen. On the board of Airborne Freight was one James H. Carey, an executive Vice President of Chase Manhattan Bank. Carey had previously worked at Hambro's, the leading British merchant bank, for its then president Richard Hambro, immediately following which he became CEO

of First Empire Bank, a joint venture between Hambro's and Macy's. First Empire did banking for the Jacobs brothers, who ran a major money-laundering branch of Lansky's empire. Carey's sponsors at Hambro's, says the EIR, "were among the best-connected of Britain's elite: Richard Hambro's uncle, the late Sir Charles Hambro, was chief of Britain's Special Operations Executive during World War 2, the superior of Sir William 'Intrepid' Stephenson" who we have met a number of times before.

But the "choke point" of dirty money was in Hong Kong, where the huge money volume dwarfed legitimate economic activity. The drug money estimated by the EIR to have flowed through Hong Kong in 1978 was \$10 billion, about twice Hong Kong's total money supply. The EIR therefore focused its attention upon Hong Kong and set about to trace that money flow back to its origins in the British-controlled syndicates in America.

The core of control is at the Hongkong and Shanghai Bank (the "HongShang"), created by the British after the Second Chinese Opium War. The bank, says the EIR, "is the semi-official central bank for the Crown Colony, regulating general market conditions, holding excess deposits of the myriad smaller banks, providing rediscount facilities, and so forth. The HongShang is also the financial hydra unifying the production, transportation, and distribution of Asia's opium." The colonial government and the bank "often work closely together," as the London *Financial Times* is quoted, though neither entity makes any banking statistics public. Sitting adjacent to the HongShang in the Crown Colony

are "213 deposit-taking finance companies, as well as 34 local banks and 104 bank representative offices" via which the HongShang receives deposits from and tenders payments to the external world.

One of the bank's chores is to finance the cultivation and acquisition of each year's new crop. This goes a little beyond legitimate agriculture, since the financing must cover not only the equivalent of seed, fertilizer, and equipment, but also transportation on pack mule trains, chemicals for heroin laboratories, smuggling to ports of embarkation, private armed security forces, and official bribery as required at each step along the way. Opium from the farm costs about \$100 per pound, grows to \$200 at the Thai border, becomes \$2000 per pound for heroin out of the laboratory, and ultimately grows to about \$2 *million* per pound on the streets of San Francisco, Los Angeles, or Chicago. The HongShang must see that the finances are in place to pay for each new year's heroin supply, at \$2000 per pound, before any of the heroin ever reaches the final markets. Some portion of that seed money is probably available from retained earnings by the several participants in the production, transportation, and marketing processes. However, any and all credit which the HongShang may have to extend within Southeast Asia, which the EIR says might amount annually to around \$150 million, can readily be handled, particularly when it is realized that a much larger stream of money is coming into the area than is going out.

The larger stream is labeled "reflow" by the EIR, and consists of the cut that the Far Eastern end of the

dope trade is receiving out of the overall profits realized by the trade, the great bulk of which comes about from the huge price markups at the street level. "In other words," says the EIR, "the Hong Kong networks are directly represented in the Western 'organized crime' segment of Dope, Inc., and take their cut in the form of a reflow of the retailing profits. Scattered bits of evidence ... indicate that this is, in fact, how these syndicates operate."

The business structure managing the drug trade in Southeast Asia consists of "the old British banks and trading companies, including the HongShang, Jardine Matheson, Charterhouse Japhet, Swire's, and the Peninsular and Orient Lines" plus a second satellite group of "overseas Chinese networks, under the control of London and Beijing." This latter group is indispensable to the HongShang: "The essence of the bank's drug control is its intimate relationship to scores of expatriate Chinese banking families scattered throughout the Far East. The British and Dutch connection to these families dates back to the first East India Company penetration of the region. The central banking role of the HongShang expresses an agreement that grew out of a century of official opium trade and continues through to the present." The Bangkok Metropolitan Bank is cited as an example. The bank developed the Golden Triangle's major source of acetic anhydride, an essential component of heroin production. It has reported links to the Triads, the expatriate Chinese secret society involved in much of the legwork of the drug trade. Yet the Chairman of the Bangkok Bank,

Chin Sophonpanich, "is actually nothing more than a subcontractor of the Hongkong and Shanghai Bank."

The Chinese expatriate community handles a large percentage of the legitimate commerce of the Southeast Asian region, much of it in partnership with the HongShang. The corrupt segments of that community which handle the drug trade "have provoked a long series of clashes with national authorities.... The one exception is the British possession of Hong Kong, the center of illegal operations in the area, where smugglers are members of Hong Kong's high society...."

A critical element in managing the finances of the drug trade is the use of gold and diamonds to hide the route of money transfers from point A to point B. As the EIR puts it, "One bar of gold looks like any other; changing a bank balance into gold or diamonds, and then changing it back into a bank balance, is like crossing a river to avoid bloodhounds." The trade simply could not be run without these commodities. These facts led the EIR to examine where the gold and diamonds that were readily available in Hong Kong came from.

First, the Hong Kong gold market was found to be run by a company called Sharps Pixley Ward, 51 percent owned by the HongShang. The Hong Kong diamond market was found to be monopolized by the Union Bank of Israel, which was wholly owned by Israel's largest finance house, Bank Leumi. Following each of these commodities back to their source brought the EIR to Harry Oppenheimer in South Africa.

Taking gold first, the market in Hong Kong involved a daily trading volume in the hundreds of millions of dollars, on a par with the other major gold markets in London and Zurich. The EIR quotes from an address by British expert Timothy Green of Consolidated Gold Fields, Ltd. at the Gold Conference of the London *Financial Times* in October 1972: "It is a fact that both in 1970 and 1971 at least 500 tons of gold – that is to say half of all South Africa's production, or 40% of total gold production in the non-Communist world – passed through unofficial [i.e., illegal] channels on the way to its ultimate destination. These unofficial channels usually start in gold markets such as Beirut [since defunct], Dubai, Vientiane, Hong Kong, and Singapore.... Their chief role – their raison d'être – is as distribution centers for smuggling.... Dubai has become the largest gold market in the world, except for London and Zurich." In 1970 and 1971 the Dubai market transmitted about 200 tons of gold, about one-fourth of South Africa's production, into a golden pipeline toward India and the East. The EIR notes, "The dominant commercial and gold market force in Dubai is the British Bank of the Middle East, a 100% subsidiary of the Hongkong and Shanghai Bank."

Many more details about the mechanics of illegal use are discussed, but we'll try to keep focused on the bigger picture. Hong Kong, says the EIR, "depends entirely on the London gold pool for its supplies [of gold]. The London gold pool is the same operation as the Hongkong and Shanghai Bank, controlled by the same

London families whose drug-running activities go back 150 years." The EIR then offers up its details, including:

There are two major South African gold companies: Anglo-American and Consolidated Gold Fields. The Anglo-American chairman is Harry Oppenheimer. In 1980 Oppenheimer also took 28% control of Consolidated Gold Fields. The gold pool consists of five firms which meet daily to "fix" the day's gold price. "Examining these firms individually," says the EIR, "we discover such a manifold of connections that it is meaningless to speak of the London and Hong Kong gold markets as anything but branch offices of the same operation."

The first London pool member, Sharps Pixley, has a subsidiary Sharps Pixley Ward, which is 51% owned by the HongShang. Other cited ties: Sharps Pixley is itself fully owned by the London merchant bank Kleinwort Benson, whose employee George Young "was the number-two man of British intelligence throughout the 1960s." Kleinwort Benson's deputy chairman is Sir Mark Turner, the chairman of Rio Tinto Zinc, which was founded a century ago by a member of the Matheson family with the opium-trading profits of Jardine Matheson. Members of the Matheson family are still large shareholders in the HongShang.

The second pool member is Mocatta Metals, a majority share of which is owned by Hong Kong's second largest bank, the Standard and Chartered Bank, whose predecessor, the Standard Bank, was created a

century ago by Cecil Rhodes. Standard and Chartered has for years been closely interlocked with the Hong-Shang. Mocatta Metals' current chairman is Dr. Henry Jarecki, who has of late been investigated for illegal activities. The EIR says that European intelligence sources have alleged that Jarecki's money laundering activities in the New York City area have helped fund the activities of the Mossad. Other details are discussed.

The third pool member is Samuel Montagu, which is wholly owned by the Midland Bank. Midland also owns 20% of Standard and Chartered, thus standing behind Mocatta Metals as well. Sir Mark Turner, mentioned above, "is a director of both Midland Bank and Samuel Montagu. The Montagu family is heavily intermarried with the Rothschilds, Montefiores, and Samuels. One of the family's protégés is HongShang board member Philip de Zulueta."

The fourth pool member is N.M. Rothschild and Sons, which commenced Hong Kong operations in 1975. The Rothschild name appeared in our earliest reviews, and will frequently appear again.

The fifth and last member of the London gold pool is Johnson Matthey. Both it and N.M. Rothschild and Sons are "interlocked several times over with both the HongShang and the major South African gold producers, Consolidated Gold Fields and Anglo-American, who control between them 90% of South Africa's gold output."

Going briefly to diamonds, the second commodity facilitating the opium trade, we noted above that the Hong Kong market was under the financial control of Israel's largest finance house, Bank Leumi. That bank in turn is under the control of Barclays Bank, "on whose board sat Harry Oppenheimer and the Oppenheimer family itself." Harry Oppenheimer, who is first of all the manager of the largest South African gold producer, Anglo-American, is also the presiding manager of the De Beers Corporation, which runs the worldwide diamond cartel. De Beers was created in 1888 by Cecil Rhodes (again!). Today the diamond cartel sells raw diamonds to 300 secret, select customers, following which the purchased diamonds are sent to either Antwerp or Ashqelon, Israel for cutting. The Israeli processing is financed by Bank Leumi, the Antwerp processing by the Banque Bruxelles-Lambert. The latter bank is "controlled by the Lambert family, the Belgian cousins of the Rothschilds." I think that we could fairly say at this point that a pattern has emerged.

Whereas the "reflow" of drug profits to the HongShang and other destinations in the Far East is no doubt desired to be entirely in laundered, readily negotiable form, some portion of it apparently trickles in in small U.S. bills which still require laundering, since Hmong peasants and other legmen in the trade much prefer goods, gold, or their own local currency. One such laundering attempt by the HongShang and five other Hong Kong banks illustrated this need when an American bank receiving large cash deposits from them was caught by the U.S. Treasury department, and fined

\$2.25 million, for not reporting deposits greater than \$10,000 from 1980 to 1984 aggregating some \$3.43 *billion*. The bank in question was the Crocker National Bank of San Francisco, which is closely tied to the HongShang. "Indeed," says the EIR, "the HongShang is the parent company of the Crocker Bank," with both of them being owned wholly or in part by the London-based Midland Bank. Note that the fine amounted to about 60 cents per \$1000 of illegal deposits, a truly negligible laundering "cost."

The true nature of the drug and supportive financial operations in Hong Kong are well-known to U.S. officialdom. The EIR notes, "In testimony before the House Select Committee on Narcotics Abuse and Control in 1984, Assistant Secretary of State Dominick Di Carlo pointed to Hong Kong as 'the major financial center for Southeast Asia's drug-trafficking. Hong Kong-based trafficking organizations operate throughout the world.'" The EIR further quotes a 1984 Presidential Commission on Organized Crime which noted that the currency being repatriated from Hong Kong in small bills "exceeds the total volume of all currency transactions with any European country," including France and West Germany. The commission discounted any notion that the flood of small bills could be anything other than dope money.

There is one aspect of the drug trade which is *not* well known, however, or which is at least officially denied. That is the matter of the involvement of the People's Republic of China (PRC). On this issue, the

EIR takes explicit exception to the allegations of Alfred McCoy in his *The Politics of Heroin*. The issue is important enough for us to clearly identify.

With respect to PRC involvement, McCoy claims in his book: 1) that Harry Anslinger, the first director of the Federal Bureau of Narcotics, was wrong in claiming PRC involvement; 2) that the Golden Triangle opium cultivation and collection area excluded any portion of the PRC, specifically Yunnan province; 3) that all opium production within mainland China was terminated upon the Communist conquest; 4) that Vietnamese officials were primarily responsible for pushing drugs onto American soldiers, in order to raise money to support their corrupt political infrastructure; and 5) that the Hong Kong drug business was run by the heads of Chinese criminal syndicates who had fled from Shanghai just before the Communists arrived.

The EIR takes issue with each of these claims, even to the point of alleging that McCoy was led to make them because of his own sympathy with the anti-Vietnam War movement, and his desire to help stop the war by exposing the U.S. government's complicity in promoting the drug trade. The EIR's footnote on Part III, Chapter 7 says in part (p. 278): "Experts on the Southeast Asian theater at the time McCoy wrote simply doubt the author's integrity. McCoy had available to him a mass of documentary evidence showing that roughly half the Golden Triangle growing area lay within the confines of Communist China's Yunnan province.... McCoy simply chose to ignore this evidence, or, more accurately, to

attempt to refute it with unsubstantiated assertions....
*McCoy's book cannot be taken seriously as far as the
PRC issue is concerned.*" [EIR's emphasis]

With respect to the PRC, the EIR updates to 1992 what it first wrote back in 1978, and also adds an entirely new appendix covering the PRC's involvement. The EIR's evidence is extensive. They start by quoting comments made by Chinese Prime Minister Chou En-lai in a 1965 conversation with Egyptian President Nasser: "Some of [the U.S. troops in Vietnam] are trying opium, and we are helping them. We are planting the best kinds of poppies especially for the American soldiers in Vietnam.... Do you remember when the West imposed opium on us? They fought us with opium, and we are going to fight them with their own weapons.... The effect this demoralization is going to have on the United States will be far greater than anyone realizes."

It is through the triad of the PRC and the British and expatriate Chinese in Hong Kong that the PRC will realize its share of the drug trade profits, says the EIR. It quotes from a Reuters report of Sept. 25, 1982 in which British Prime Minister Margaret Thatcher flew to Beijing to consult with PRC elder statesman Deng Xiaoping on the future of Hong Kong. From there she flew to Shanghai to have lunch with Sir Y. K. Pao, an expatriate Chinese and British knight who is a board member of both the HongShang and the Chase Manhattan Bank, and who runs Hong Kong's World-wide Shipping, which manages the world's largest merchant fleet. From there she went to a shipyard in

Shanghai and performed the naming ceremony for one of Pao's new ships, called *World Goodwill*. She told the Shanghai mayor, "The ship is the symbol of the close relation between China, Britain, and Hong Kong."

The EIR continues, "Since the late 1950s, Beijing has deliberately integrated its external financial affairs with the top British drug-running firms in Hong Kong and Macao and the overseas Chinese drug wholesaling and dirty money networks throughout the Orient.... Beijing's financial dependence on Hong Kong is a matter of public record. On Oct. 2, 1978, Chase Manhattan's newsletter *East-West Markets* estimated that the financial flow into mainland China in 1978 (excluding [payments for] exports) through Hong Kong would total \$2.5 billion.... Beijing does all its banking through Hong Kong, largely through the Hongkong and Shanghai Bank, and secondarily through the Standard and Chartered Bank. The astonishing \$2.5 billion financial reflow back to Communist China represents the fruits of Beijing's twenty-year program of moving into the higher echelons of the drug traffic, by agreement with the British.... Beijing's current policy represents a direct line of continuity between the current regime and Britain's nineteenth-century corrupt collaborators in China. Correspondingly, the fortunes of the Beijing Communists are linked to the opium trade and the British oligarchy. They have staked China's economy – its capacity to import urgently needed foreign goods – on the opium trade."

Much more detail and lines of evidence are offered by the EIR in the update of their old material, including the complicity of the PRC intelligence service, the PRC's participation in the Hong Kong gold market, Hong Kong's act of self-protection by moving its heroin labs out of Hong Kong, another joint venture between Sir Pao and the PRC in 1980, born out of an earlier discussion with Margaret Thatcher in London, and more.

Then in their new appendix, the EIR seeks to summarize the then-present (1992) state of the PRC involvement. The cover-up of the PRC's drug war against us far exceeds in effectiveness the Warren Commission attempted cover-up of the Kennedy assassination. The PRC cover-up was orchestrated by Henry Kissinger following his trip to China in 1972. Nixon fought it, but was outmaneuvered and eventually driven from office. The PRC never did stop growing and distributing opium, though they outlawed its domestic consumption, ruthlessly enforced that proscription, and brought production under state monopoly control. "Corroborated reports indicate that today [1992] the PRC is the world's largest opium producer, [at] 800 metric tons of opium per year.... The Hong Kong-based *Liberation Monthly* reported in December 1989 that the PRC provides 80% of the high-quality heroin selling on the international market.... A *San Jose Mercury* article, published May 16, 1975, explained why [such details were seldom seen]: 'A secret federal report, the *Mercury* has learned, pinpoints the PRC as the producer of quantities of heroin that have been detected in the Bay area. The report ... supposedly

is being kept under wraps ... for fear its release could affect détente between the U.S. and China." This makes it clear enough that official Washington is well aware that the PRC is growing and distributing drugs to the U.S. It's only the public that doesn't know.

The EIR appendix discusses the drug routes out of the Golden Triangle, including the Yunnan province, and something about the local controlling entities. It quotes the Thai police chief who predicted that the 1989 opium harvest would increase to 2000 tons, over triple the 600 ton yield in 1981. The new figure includes PRC opium raised in Yunnan and smuggled into Burma for delivery through Thailand. Eyewitnesses are quoted concerning the Yunnan operations. Several PRC leaders of the drug operations are identified. Also discussed is Beijing's relatively new attempt to bring distribution under their own in-house control in place of that of the expatriate Chinese, since the latter are too prone to invest their profits in legitimate businesses outside of the PRC instead of sending it all back to mainland China. Gang warfare has broken out in such places as Amsterdam over this issue.

The EIR then backs up a few years to further examine the recent origins of the current PRC-British drug venture. The EIR's sources are recently released documents of both the U.S. State Department and Britain's Royal Institute of International Affairs (RIIA) covering the years of the Communist conquest of China. The EIR recalls first that the RIIA was created in 1919 by Lord Milner, in furtherance of the tasks he undertook

as administrator of the Rhodes Trust to fulfill the wishes of Cecil Rhodes. Those wishes were expressed in Rhodes' will (somewhat abridged) as follows:

"To establish a trust, to and for the establishment and promotion and development of a secret society, the true aim and object whereof shall be the extension of British rule throughout the world ... and especially the occupation by British settlers of the entire continent of Africa, the Holy Land, the valley of the Euphrates, the islands of Cyprus and Candia [Crete], the whole of South America, the islands of the Pacific not heretofore possessed by Great Britain, the whole of the Malay Archipelago, the seaboard of China and Japan, the ultimate recovery of the United States of America as an integral part of the British Empire, the consolidation of the whole Empire ... and finally, the foundation of so great a power as to hereafter render wars impossible and promote the best interests of humanity."

In support of this strategic policy, the events respecting China and Britain during the World War 2 period went something as follows. Britain became convinced during 1942 that they would lose the support of the American public if they disavowed the Atlantic Charter's declaration in favor of self-determination for all, and instead insisted upon retaining autonomy over their enclaves in the Far East. In particular this included the portion of Shanghai which they administered, Shanghai coincidentally being the world's center for refining opium into heroin. The RIIA and its offspring, the Institute of

Pacific Relations (IPR), therefore proposed and pushed an alternative policy of fostering Maoism.

Why? One clue appears in a 1976 book by Peter Vladimirov, the Soviet liaison to Mao Zedong's wartime headquarters in the north-central Chinese city of Yen-an, in which Vladimirov alleged that Mao supported the continued cultivation around Yen-an of opium as a major cash crop, a practice begun before Mao's arrival. He also questioned Mao's "close contact with American visitors connected to the IPR." A second clue appeared in a 1978 issue of the RIIA's journal *International Affairs*. Victor Farmer, of the RIIA's Far Eastern Committee, is reported to have stated following a 1944 visit to the Far East: "I have met some [Chinese] Communists and their ideas are very open-minded. If you could get rid of this ultra-nationalist clique in the saddle at present in Chungking ... I think that the way would be open for a compromise with the Communists; and an effective compromise."

An "effective compromise" was in fact obtained, primarily through the efforts of Sir John Henry Keswick, of the hereditary drug-trading family which founded Jardine Matheson. Sir John Henry was attached to the British embassy in Chungking during World War 2, and was in regular contact during this period with Chou En-lai, who was running the Chinese Communist legation in Chungking. Concerning that compromise, the EIR says that both the RIIA and the State Department documents "yield the same interpretation: the creation of the PRC included an alliance

between the British dope-runners and the Chinese dope-runners. This was negotiated from the British side by Sir John Henry Keswick and from the Chinese side by Chou En-lai. The Chinese team also prominently included top figures in the opium trade ... [including] elements of the so-called Green Gangs, [who] ran the opium trade not only in the Far East but throughout the far-flung Chinese expatriate community."

The EIR continues: "From both the British and the Chinese side, the alliance was explicitly against the United States. The Chinese knew it, and said so, the British knew it, and said so, and American diplomats cabled home that the United States had been shafted."

The British then replaced their "pro-colonialist" policy with the "softer" pro-Maoist policy, with the help of the pro-Maoist IPR group in the U.S. State Department centered around John S. Service and John Carter Vincent. When the Communists finally took over China, Americans were infuriated at what they thought were Communists in the IPR who had infiltrated the State Department and helped bring about the Communist victory. The fact that the IPR was a British entity serving British foreign policy objectives was a deep secret never remotely guessed at by the general public or the U.S. Congress. Concerning the IPR, the EIR summarizes: "The dead giveaway on the IPR's British character is the organization's move to Canada subsequent to the 1950 McCarran Committee investigation, which mistook pro-British treason for pro-Communist treason. With hearty British cheers, the

disgraced IPR moved to Canada ... [where it] came under the official sponsorship of the Canadian Institute of International Affairs, the local RIIA subsidiary...."

And what did the British get out of their secret deal? First, the PRC granted them continued control over Hong Kong. Second, the PRC in 1949 let them move the Shanghai heroin laboratories into Hong Kong. Third, as early as 1947, the Chinese banking community in Shanghai was organizationally divided between a PRC faction which remained on the mainland and an "expatriate" faction which soon left for British-controlled Hong Kong. The two factions remained in close contact, however, thereby creating the financial ties between the PRC, the expatriate Chinese, and the British which "would later [be used to] underwrite the Far East narcotics traffic."

Around 40 million Chinese died in the post-war PRC consolidation. Americans and others of the West have since suffered vast narcotics addiction. To what bottomless depth is it possible for human corruption to fall?

Lord Humphrey Trevelyan was appointed in 1951 as British ambassador to the PRC. He is credited with laying the groundwork for the later American commercial opening to the PRC, executed by Henry Kissinger. Trevelyan today sits on the Board of the British Bank of the Middle East, and also on the board of British Petroleum, "along with John Keswick's brother Sir William Johnston Keswick, and various

other members of the boards of the HongShang and the RIIA Council. Lord Trevelyan completed the circle by taking the chairmanship of the Council of the Royal Institute, while keeping an active hand in the opium business through the British Bank of the Middle East."

The EIR has included a fascinating chapter on the history of the Canadian Bronfman family, of which we can only scratch the surface. First came Yechiel Bronfman, "a grist mill owner from Bessarabia, Romania," who emigrated to Canada in 1889, sponsored by the Moses Montefiore Colonization Committee, created in 1872 by Baron Maurice de Hirsch, Baron Alfred de Rothschild, and others in the Zionist community. In Canada, says the EIR, the Bronfman family "first turned to selling wood, then to horse trading, and then most successfully to the hotel business (and prostitution)." The Bronfmans, who shortly attained multi-millionaire status, were selected by the British to import and distribute British liquor during the Canadian Prohibition period, and then to export that same liquor to the U.S. during the American Prohibition which started immediately thereafter. During the Canadian Prohibition, two of the Bronfman sons, Sam and Abe, "collaborated with the Hudson's Bay Company – in which the Keswick family of Jardine Matheson had controlling interest – to buy the Canadian Pure Drug Company," utilized to enable the legal distribution of "medicinal" alcohol. But the family's major assignment came with American Prohibition, when it was charged with selecting the American gangs which would distribute British liquor, and smuggling that liquor to

them. That success led to the use of the same network to distribute opium from the Far East.

Arnold Rothstein, who had started the serious work of creating an American crime syndicate consisting of members who would cooperate instead of seeking to kill each other, was himself killed in 1928. His work was picked up by one John Torrio, "a Bronfman man" says the EIR, who was better able to work with the Italian crime elements in the U.S. than Rothstein or Bronfman himself could. Torrio was very successful, and he was later followed by Luciano and ultimately by Meyer Lansky. The crime kingpins, however, were the Bronfmans, who were beholden to the British elites, who were the Bronfmans' financiers, their political protectors, and their booze and opium suppliers.

The EIR devotes a whole chapter to the Permindex operation. Of course that entity also leads back to the British, and makes the involvement of such a person as Major Louis Bloomfield, the personal attorney of the Bronfman family, much more understandable. Bloomfield, the Chairman of the Board of Permindex, was recruited in 1938 into the British Special Operations Executive (SOE) where he worked under Sir William Stephenson to implement an agreement negotiated by Stephenson (for Winston Churchill) and President Roosevelt to allow "British intelligence to set up shop in the United States and to effectively merge its operations with those of the FBI and military intelligence.... Bloomfield, described by numerous authors and associates as a practicing homosexual, developed a

deeply personal friendship with FBI Director J. Edgar Hoover. Through that relationship, Bloomfield was able to retain his powerful position in Division Five long after the end of the war. As late as 1963, when Bloomfield was case-officering the assassination plot against John F. Kennedy, he was still a top official in Division Five."

Let's pause to reconsider the Kennedy assassination. The operative elements of a plausible scenario might be as follows:

- Joe Kennedy was supplied booze by Bronfman and the British, and (like Bronfman himself) remained interested his whole life in becoming a part of, and being accepted by, the British elites.
- Upon JFK's election, Joe and his son John started doing the task assigned by the British-Bronfman combine of expunging the unwanted Mafia elements from the American crime syndicate and preserving the desired ones, including Lansky and Trafficante.
- The Kennedys did OK until their anti-Semitism got in the way, causing them to choke on Israel's covert development of nuclear weapons.
- The British, seeing *their creation*, Israel, being threatened, concurred with Israeli Prime Minister David Ben-Gurion's desire to terminate John Kennedy.
- The assassination was then ordered and executed as described by Michael Collins Piper in *Final Judgment*.

The Permindex operation is discussed in very great detail, as is its more modern replacement entity known as Resorts International, which is the real headquarters organization of the overtly criminal aspects of the drug business, including money-laundering, drug and gun-running, and assassination. A whole chapter is also devoted to the well-developed and long-planned British effort to lure American youth into drug usage, i.e., to develop their drug market, resulting in the paroxysm of the 60's with which we are all familiar. We will resist the urge to go into these matters as well, and content ourselves to discuss just two other topics covered in this uniquely valuable book.

The first has to do with the EIR's description of the organization of the family elements within the oligarchy which is attempting to control us. Some of the family names at the top go back to the 1300's. The religious and other ties that bind them together are described. Some of the family names are Bruce (from King Robert Bruce of Scotland), Russell, Villiers, Keswick, Inchcape, Pease, Matheson, Mackay, Churchill, Lloyd, Cecil, and Lytton. These folks hide their involvement in the illegal activities which afflict us by utilizing several camouflaging layers of subordinates who do their dirty work for them. Law enforcement officials call these layers "cutouts." There are three cutout layers below the elite oligarchy, says the EIR:

"The first is a front for Jewish-surnamed criminal elements. [In the first edition of *Dope, Inc.* were the words, 'In the West, the prime cutout ... is

the Zionist lobby.... In China (it was) the corrupted Soong family which carried out the day-to-day business operations of Jardine Matheson.'] This cutout begins at the top with a cohesive grouping of *Hofjuden* ('Court Jews') who have served British monarchs and Venetian doges for generations. These families have a centuries-long unbroken tradition of attaching themselves to the predominant noble houses of Europe: the Venetians and Genoese, the nobility of Amsterdam, and then when the Dutch nobility was merged with the British in the so-called Glorious Revolution of 1688, the Hofjuden centered themselves around the British and have served it to this day.

"The Hofjuden have less than nothing to do with the Jewish people, their well-being and aspirations for themselves and their posterity. These families' only relation to the Jews has been to periodically call down persecution upon them, and then to excuse their own role in it by their surnames [i.e., *hide* their role by claiming to be one of the persecuted Jews]. One cannot condemn the Jewish people for the centuries of crimes committed by the Hofjuden, whose primary victim has been that people itself.

"Among these top families are the Montefiores, servants of the Genoese nobility since the thirteenth century; ... the Goldsmids and Mocattas, leading bullion merchants for the British royal family; ... the Oppenheimers, controllers of a large proportion of the diamond and gold mining in South Africa; the Sassoons, the first Hofjuden to settle in

India and devote their resources primarily to opium production; ... the Canadian de Hirsch family, bankrollers of Jewish emigration from Eastern Europe to Canada; the Rothschilds, with a long-standing special interest in subverting the American republic; and the other 'Our Crowd' banking families of Warburg, Schiff, Meyer, Loeb, Schroder, etc....

"The second major layer of cutouts [consists of] the émigré nobility and pseudo-nobility of Eastern Europe and the Mediterranean – the Jesuit / Russian Orthodox, or 'Solidarist' nobility.... Typical of these families are the Radziwills, leaders of the Polish Solidarists; the unreconstructed fascist Ferenc Nagy of Permindex; the de Menils, [involved in Permindex]; the di Spadaforas, representatives of the Italian House of Savoy in the Permindex Assassination Bureau; and of course, the families of minor nobility such as one well-known Brzezinski. The political family of William F. Buckley, Jr. and James Buckley are permanent hangers-on of the Jesuit émigré circles, and promoters of drug decriminalization.

"The third and most active 'cutout' [consists of] the Socialist International front organizations in North America. [Included are] Social Democrats U.S.A. and the League for Industrial Democracy, ... [which] are the funding sources for pro-drug and pro-terrorist organizations: the Institute for Policy Studies, the Communist Workers Party, Yippies, and the rotten American Civil Liberties Union networks epitomized by William Kunstler."

The first edition of *Dope, Inc.* was more explicit about the relationship between the Hofjuden and the Jewish people. The EIR there stated:

"The Hofjuden should not be confused with the Jewish people.... The only relation the Hofjuden have had to Jewry is that of persecutors and tormentors. As the clandestine operations bureau of the oligarchy, they quickly learned that they could augment their capabilities tremendously by subjecting Jews to waves of persecutions and then recruiting terrorized Jews into Zionist organizations that had as their ostensible aim the 'survival' of Jewry! In street parlance, the Hofjuden have run a six-century-long protection-extortion racket against the Jewish people – to the overall effect of building up a sizable 'Zionist' network at the disposal of British Secret Intelligence. This traditional relationship to Jewry was carried to its [logical] conclusion in the 20th century when the Rothschilds, Warburgs, Oppenheimers, Schrodgers, and other Hofjuden became the leading financial backers of Adolf Hitler.

"One of the greatest benefits that the Hofjuden gained by their complicity in Hitler's genocide of the East European population was that they could henceforth hide behind the memory of the awesome fate of millions of Jews and conduct the filthiest sorts of operations – from drug-running to terrorism to genocide against Arab and related populations – without being exposed for these crimes against humanity. Whenever any critic attempted to expose

these crimes, he was quickly assaulted as a 'Nazi,' a 'fascist,' or an 'anti-Semite.'"

Our final effort will be to summarize the EIR's view of the organizational structure of Dope, Inc. as of 1986. The oligarchy, says the EIR, views the world's peoples as so many "talking beasts" to be utilized as desired in the service of the oligarchy. Narcotics serve that purpose as an efficient tool for both control and profit, since it weakens the resistance of the target populations, and also brings in several hundred *billion* dollars annually to help grow the oligarchy's various criminal projects. These projects presently include depopulation (fewer proles are needed to harvest the required food, fiber, and minerals), destruction of national sovereignty, debt collection, destruction of the Western Alliance, and the reduction of U.S. power to 25% of its post-World War 2 strength.

The effort is led by the families owning or controlling the network of major London banks and holding companies, including the HongShang, the Oppenheimer interests, Barclays Bank, the London gold pool, etc. Bronfman's Canadian enterprises are controlled by Eagle Star Insurance, a major London financial corporation, which in turn is jointly run by Barclays, Lloyds, Hill Samuel, and N.M. Rothschild and Sons. Canada itself is little more than a colonial tool in the hands of the British elites, useful in helping to bring the U.S. to heel.

A large-scale effort to "buy up" American finance was launched following Nixon's (i.e., Paul Volcker's) removal of the gold backing from the dollar. A 40% de facto devaluation occurred with respect to gold-based European capital pools, and, combined with a troubled stock market, the London and other European elites found easy pickings, particularly among the U.S. brokerage firms. One of the first to go was George Ball's Lehman Brothers, followed by Lazard Frères, Drexel Burnham Lambert, and others. Then in 1981, Salomon Brothers, investment banker to Citibank, and perhaps the most powerful investment banker on Wall Street, merged with Phibro, the Oppenheimer trading arm. An indicator of the great strength of the European financial power in the U.S. security markets, which helped to bring about these foreign takeovers, is that foreign equity investment amounted in 1980 to about 20% of the value of all U.S. stocks. Much of the money brought to bear in our markets is suspected to be "drug money," much of which otherwise disappears from the world's balance sheets.

Back in the early 60's, the First National City Bank had hired a Dutchman, Robert Meyjes, who proposed to set up a "private international banking" division of the bank. He did so, and sent some 600 bank trainees through the division in the next 10 years. Meyjes is now in Citibank's Paris office, and his "trainees" are scattered in various banks around the world, running an "old-boy" network of covert "banking," privately handling the deposits of people who are not anxious to say where their money came

from. David Rockefeller's Chase Manhattan Bank quickly caught on (they referred to it internally as "looking for Mafia money"), and followed suit, not very successfully, says the EIR, until they accepted onto their board Mr. Y.K. Pao, the vice-chairman of the HongShang, prior to which they found no entry into Hong Kong's lucrative activities.

Further consolidations took place in the 80's. Lehman Brothers had been taken over by Kuhn Loeb, which was in turn taken over by American Express, on whose board Henry Kissinger was elected in 1984. American Express also absorbed Shearson Hayden Stone, which had just previously gobbled the German-Jewish investment bank Loeb Rhoades. American Express then became the monster Wall Street umbrella called Shearson Lehman American Express. The board member of American Express who managed that series of mergers was attorney Kenneth Bialkin, the then-current [1986] chairman of the ADL.

Henry Kissinger is the at least nominal head of Kissinger Associates, whose members, says the EIR, "represent a de facto board of directors for the entity we call Dope, Inc." The members include:

- Mario d'Urso, who ran the old Kuhn Loeb international department, and is now "the New York chief for the Jefferson Insurance Company," a joint arm of the two giant Italian insurance companies which control the fortunes of the ancient Venetian trading families.

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- Britain's Lord Carrington, the cofounder of Kissinger Associates and a former director of both Hambro's Bank and Barclays Bank.
- Lord Eric Roll of Ipsden, the chairman of the London merchant bank S.G. Warburg.

Kissinger Associates is represented in Hong Kong by Sir Y.K. Kan, who also "represents the four overseas Chinese families which control the Hong Kong-based Bank of East Asia."

The EIR summarizes as follows: "The monster we identified in 1978 has molted, shedding such skin as the Banco Ambrosiano and Investors Overseas Service, only to multiply in extent and influence. Six years ago, the narcotics traffic menaced all future generations of youth. Now it is the center of the gravest threat to Western civilization since the fourteenth century. Slowly, belatedly, the governments of the West have acknowledged the extent of the problem, and, in their lumbering fashion, accepted parts of the analysis we offered six years ago. But effective, ruthless action has yet to be taken against the citizens and institutions who have brought the dregs of the financial underworld to the apex of power in political life." The EIR has also said, however, that the malefactors are known, and given the political will, the cleanup job can be accomplished.

Chapter 12

"LET'S FIX AMERICA!"

(By Alan B. Jones. Pub. 1994 by ABJ Press, PO Box 2362, Paradise, CA 95967.)

Let's briefly review the strategy we outlined in our introduction. We observed that corrective actions aimed at fixing our many problems would invariably be misdirected or insufficient unless we understood reasonably well how those problems originated. We have therefore attempted to demonstrate in the preceding chapters that a secret war has been declared against us by certain monied elites, aimed at weakening us and ultimately bringing us under their dominion. It is our belief, however, that once enough of us recognize our peril, we will be successful in undertaking the drastic actions required to restore our national independence and substantially eliminate our several problems, down to and including their roots.

In *Let's Fix America!* (LFA) we listed a set of problems which are pressing hard on our society, though we made little effort to identify their origins. The solutions proposed still seem proper, but somewhat sterile until it is understood that many of the problems have been deliberately created to weaken us. We propose in this final chapter, therefore, to review the LFA proposals specifically within the context of the

material reviewed in the preceding chapters, taking particular notice of alterations we might make in the light of those reviews.

LFA Chapter 2 (Currency Stability) deals with abolishing the Federal Reserve System and returning our banking system to a gold-backed system essentially free of federal government involvement, including prohibiting the banks from holding government bonds as "assets." G. Edward Griffin has clearly shown in our current Chapter 5 that: (1) the Federal Reserve System was conspiratorially created exactly by agents of the elites who are seeking to dominate us, (2) the system is nothing but a banking cartel acting for the benefit of those elites in concert with similar central banks in other countries, and (3) the system's main purpose is to enable the financing of government deficits such as to produce both the inflation which has destroyed our incentive to save and the monstrous national debt which today's and tomorrow's taxpayers must labor to pay off. Even if our generation is successful in forcing current congresses to live within balanced budgets, the Fed *must* be abolished in order to emphasize to future generations how strongly we have come to feel about never again permitting the central government to pay for whatever it wants with fiat "money" which it can create at will.

LFA Chapter 3 (Balanced Budgets) proposes measures which will facilitate the creation of balanced budgets, but will in addition absolutely prevent the federal government from running an ultimate deficit. Our purpose, of course, is to force politicians to be

fiscally responsible, that seldom being their natural inclination, and not at all what the elites desire. The centerpiece of the proposal is a constitutional amendment requiring that any residual unbalance at the end of a fiscal year between receipts and expenditures (including budgeted debt retirement) be either paid to or billed to the several states in proportion to their populations. It might help to time these checks or bills sent to the states so as to be highly visible during congressional elections.

LFA Chapter 4 (The Tax Load) addresses the core issue facing our citizen taxpayers who see an ever-increasing percentage of the fruits of their labor being expropriated by various levels of government and spent on non-productive activities – what the Iron Mountain gurus prescribed as the *waste* necessary to keep us peons under control. We proposed in LFA Chapters 2 and 3 to fix up one such category of waste by gradually eliminating our national debt, on which we have spent on the order of \$2 trillion in interest since the start of LBJ's Great Society. We will similarly deal with other specific issues in later chapters. In this one, however, we propose to impose a constitutional cap on the *total* of federal, state, and local taxes, defining the cap as a fixed percentage (say 30%) of a carefully defined "national income" (perhaps just personal and corporate receipts from the sale of goods and services). The federal budget cap for a given fiscal year would then be the constitutional percentage of the previous year's national income less the previous year's total tax receipts received by all state and local jurisdictions. It is to be

noted that this process will give state and local jurisdictions the first call on taxpayers' money, since those entities are weaker than the federal government and more responsive to taxpayer oversight. (The same principle is proposed to be applied to state/county budgeting procedures.) We expect that this procedure will produce instant experts in the state legislatures willing and able to help out their federal legislative counterparts in their budgeting tasks, and vice versa.

LFA Chapter 5 (The Income Tax) deals with the abomination which is our federal income tax. It is to be abolished, along with the IRS and the whole tax preparation industry, and the 16th Amendment repealed, to prevent the income tax from easily reappearing. In its place we propose a federal consumption tax on the sale of services and goods-for-use. Gone will be taxes on personal income and corporate profits, and thus also on interest, dividends, and capital gains. With inflation halted (LFA Chapters 2 and 3), savings and gross capital formation should balloon, the economic stagnation brought on by regressive economic policies should stop, employment and general economic growth should blossom, and our country should enjoy renewed economic strength (rather than further elite-engendered weakness) throughout the world. We urge that state income taxes also be abolished and replaced by similar sales taxes on consumption. The states should collect the federal sales taxes and forward them to the Treasury, one check per state per fiscal quarter. Many more of the details are discussed in LFA Chapter 5.

This change is extremely important, and will strike at the root of the elites' attack on our American society. Our free society is seen by them as the only entity on earth still capable of growing strong enough economically and socially to challenge their program for dominating the earth. They are therefore attacking our ability to grow economically, their tools being waste forced upon us (by war, drugs, welfare, environmentalism, etc.) and *the taxation of our free economy's engine of growth*. We have thus been conned into taxing our incomes, which are the rewards we pay ourselves for our productive successes. We propose to reverse this perverse policy of penalizing production, and henceforth tax consumption rather than productive enterprise. Note that this will impose taxes on the *spending* of accumulated or inherited wealth, and will correspondingly reduce taxes on those working to earn incomes through productive labor.

LFA Chapter 6 (Social Security and Pensions) proposes an actuarially sound alternative to the existing Social Security system, which is now generally recognized to be nothing more or less than a pyramid scheme, a Ponzi game, illegal when practiced privately. Attractive at first, with many payers per payee, it has finally reversed, and taxes are becoming prohibitive on today's fewer number of workers supporting our retired payees. The system weakens the society by reducing individual responsibility and increasing dependence on Big Brother. The LFA replacement will phase out Social Security and all other governmental pension systems, making government employees subject to the

same private pension systems as other citizens, and grossly reducing the federal government's budget.

The replacement is a private policy containing certain common minimum provisions. A worker will be required to purchase at least the minimum policy from the company of his choice. The policy shall be capable of being "rolled over" to another company, at the worker's option. The minimum policy shall provide a minimum retirement income, protecting society from large numbers of indigent retirees. Larger premiums may be paid at the worker's option to yield larger retirement income, or income for a non-working spouse. The "phase-in" process will take a number of years, and is discussed at length in LFA. The accumulated funds, however, belong to the policy owner, are earmarked for his future use, and are beyond the reach of the U.S. Treasury or Congress. These funds will add mightily to the capital accumulations available to fuel our free-enterprise capitalist economy, and should provide a major boost to our country's economic strength and our society's well-being.

LFA Chapter 7 (Medicare and Medical Issues) takes on our medical care system. It was working pretty well until Medicare came along, at which time large segments of our society began receiving benefits which no *private* entity had to find the money to pay for. Only government had to pay, and it doesn't care to economize, since infinite tax resources are always available, or the money can be created if necessary. Furthermore, the

more money that is spent, the larger the bureaucracy that is justified to handle it.

LFA's hard-nosed message: *There is no free lunch!* The job is to wean ourselves off of the government teat to which we have been seduced, get the government out of the medical care business, and return to a viable, long-term, lower cost system in which the great majority of our citizens accept personal responsibility for paying for their own medical care, including premiums for private insurance covering at least those large expenses which cannot otherwise be afforded. To protect society from large numbers of medically indigent, workers will be required to purchase at least minimum basic policies. The policies will be actuarially sound, will belong to individuals, and will travel with them wherever employed. They will contain annuity elements to enable continuation of coverage during periods of unemployment and to build up funds adequate for the larger medical expenses statistically expected after retirement. Welfare recipients may be granted minimum basic policies, as state welfare agencies may find appropriate.

Many other details are covered in LFA Chapter 7, with special attention given to the FDA, the AMA, and malpractice litigation issues. The primary results to be expected, however, are (1) a huge intractable item will be removed from the federal budget, (2) individuals will regain a substantial measure of independence from Big Brother government, and (3) medical costs will stop their upward spiral as consumers realize that they must

pay for their medical purchases, as they do for any other service, and as they return to shopping for the lowest cost treatments adequate to their needs. That is, the *waste* associated with accepting marginally useful expensive services that someone else has to pay for will be severely reduced, to the ultimate benefit of us all.

LFA Chapter 8 (The Four-Graybeard Criteria) digresses long enough to present a philosophical foundation for "good law" to which we have tried to adhere. We briefly present these thoughts here to whet the appetite and encourage further study. First is the Tenth Amendment to the Constitution, which expressed the intent of our founders that the states yield to the federal government those powers *and only those powers* that were listed in the Constitution. Second is Frederic Bastiat, who says that man's fatal flaw is to satisfy his desires with the least pain, including the possible use of plunder, especially legal plunder. The test for legal plunder is to ask whether a given law takes away something belonging to one person and gives it to someone else to whom it did not belong. Third is Albert Jay Nock, who declares that a corrupt government does not seek to abolish crime, but rather to maintain a monopoly over it. His test for a good law is to ask whether it tends to increase or decrease the government's capacity to exploit its citizens. Fourth and last is Ayn Rand, who declares that the only legitimate function of government is to protect individuals from attempts by others to violate their individual natural rights (to life, liberty, and property) by force. The test for a good law is therefore to ask whether it prevents or punishes the

infringement by physical force of an individual's inalienable rights. How we wish these several criteria might be carved in stone within the halls of Congress!

LFA Chapter 9 (Welfare) addresses welfare. This money hog is so blatant that most people have caught on. Since LBJ declared his War on Poverty, we have spent, i.e., *wasted*, about \$5 trillion on federal welfare, an amount about equal to our present national debt. About the same number of citizens are in "poverty" now as were in 1964. As this is written (1996), Congress has just managed to pass a law sending block grants to the states to administer these programs with somewhat more freedom than before. What is needed, of course, is to remove welfare from the federal budget, reduce federal taxes by that amount, and announce to the states that they may keep any or all parts of the program that they wish provided they pay for it, and otherwise take on the total responsibility for welfare within their own states. As we all know by now, the federal welfare system has produced generational cycles of dependence on government, with single-parent families producing male juveniles headed for gangs, crime, and jail, and females headed for prostitution and the next generation of single-parent families. The LFA proposal will eliminate this monster of waste and societal damage which the Iron Mountain folks specifically recommended, will vastly reduce the federal budget, and will put the responsibility for welfare all the way back to the county level, where it might be effectively monitored and locally paid for.

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LFA Chapter 10 (Bailout Surprises) proposes in one fell swoop to eliminate another host of unwise, unconstitutional, and fiscally unsound government programs capable of causing major taxpayer pain, including the federal deposit insurance program that has recently caused taxpayer losses on the order of \$500 billion (the S&L bailout). We propose, simply, that essentially *all* federal insurance, price guarantee, loan, and loan guarantee programs be abolished, over an appropriate transitional time period, but while always honoring existing contracts. Bank loan guarantees, mortgage guarantees, farm loans and price supports, small business loans, and myriad other similar programs will be a thing of the past. Such programs inevitably produce widespread economic *waste*, i.e., they transfer their losses to taxpayers, precisely as a result of government being conned (or bribed) into assuming responsibility for the rightful obligations of various private individuals, groups, or companies.

LFA Chapter 11 (Drugs) seeks to deal with the issue at the prime focus of the EIR's *Dope, Inc.* which we reviewed above. The program of addicting Americans to narcotic drugs is clearly the mother of all efforts to produce waste, perhaps second only to a good, healthy war. We needn't go again into the monstrous social and economic costs, as they are now well known. We labeled the proposed LFA solution "legalization," but are now led to alter that to "medicalization," to conform more closely to labels coming into more common public use. In a word, we would continue to prohibit the illicit importation and sale of narcotic drugs, but would enable

the low-cost sale of such drugs by state or state-licensed agencies to medically certified addicts, as may be provided by state law. This is our effort to eliminate the repeat "hooked addict" market, which will take the bulk of the profit out of the illicit trade, and essentially eliminate drug-pushing as a viable occupation.

Two other major areas may be attacked, as suggested by the EIR. One is money laundering, though we believe that as street distribution declines following drug "medicalization," fewer dollars will require laundering, making detection that much more difficult. Special attention should be given, however, to "private international banking" adjuncts to domestic banks, as described by the EIR, and laws aimed at preventing illicit funds from being deposited should be strengthened.

The last major area to be attacked, if we really wish to get serious, involves an attack on the overall drug system, utilizing laws presently on the books against criminal syndicalism. We should bring to clear public attention the roles being played by the Golden Triangle countries, Afghanistan, Communist China, the Hong Kong heroin labs, the HongShang, the RIIA and CFR, Mexico, the Cali Cartel, the Bronfmans, the U.S. mobs in their employ, the "rogue" British financial institutions controlling these elements, and their American subsidiaries. Americans suspected of being involved in the syndicate, whether overtly engaged in banking, government (e.g., the CIA), or local crime, should be publicly charged and tried. Without such public exposure, the American public is unlikely to

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rouse itself sufficiently to even support the "medicalization" program discussed above.

We will next discuss LFA Chapter 13 (Education), and then back up to Chapter 12. As William McIlhany described in his *The Tax-Exempt Foundations*, the secret minutes of the Carnegie Endowment for International Peace requested the Rockefeller Foundation to take on the "responsibility" for controlling education regarding domestic matters, while Carnegie would do the same for international matters. They so agreed. The education was to produce socialization, which would in turn enable a "comfortable merger" into a whole which could readily be controlled by the elites at the top. "Comfortable merging" required the prior "dumbing down" of American society, and socialization required suppression of individual initiative and responsibility. We see such suppression and dumbing down both being advanced in our public schools, and frozen there by the monopolistic straitjacket of labor law supportive of the personnel and programs of America's biggest labor union, the National Education Association.

The LFA Chapter 13 solution is to empower parents with state vouchers, presentable to any school of the parents' choice, which, if the school agrees to accept the student, will be presented by the school to the state in payment or partial payment for the tuition charges for that child. The state is to be denied authority to interfere with the educational policies, methods, materials, or teacher qualifications of such voucher schools, except perhaps to deny voucher schools the right to hire convicted felons as

teachers. New schools of various kinds should sprout like weeds, particularly in our crime-ridden city slums. Public schools will lose revenue as their enrollments drop, and they can be expected to either reform in a hurry or go out of business. Good teachers can be expected to drift into the rejuvenated private schooling system with little difficulty. It took a long time for the elites to capture the public schools as effectively as they have, and it will take a similarly long time to rebuild an honest system. As it gradually takes hold, however, with no centralized "authority" running it, we can expect to look forward to a strengthened national backbone and an enhanced ability of our body politic to uncover relevant historical truths, learn from them, and further strengthen and improve the societal heritage to be passed on to our children.

LFA Chapter 12 (Crime) examines "how to avoid growing criminals." Frederic Bastiat, as we noted a few paragraphs earlier, assigned the source of crime to man's fatal flaw of seeking to satisfy his desires with the least possible pain, including, for example, stealing instead of earning. While it seems that human society will always include some residual number of predators, it should certainly strive to reduce that number to a tolerable minimum. We have instead, in recent years, built up three major industries which have been exactly counterproductive in that regard, namely, the welfare, drug, and public education industries.

Our proposed solutions are to tear down those existing industries, and rebuild them where appropriate, taking care to protect their impacted victims in the

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process. Welfare will be managed locally, with welfare recipients given incentives to help them shed their dependency and acquire skills leading to self-sufficiency and self-esteem. Two-parent families will again become "normal," with adult role models to help guide children toward healthy adult lives. The drug scourge will be stopped, and the kingpins identified, prosecuted, and incarcerated where possible. The greatest single cause of societal waste operative today will thus be stopped, in the process enabling us to substantially reduce our prison populations. Education reform will enable new paths to be opened to young people as viable alternatives to gangs and street crime. An additional supportive change would be to permit states to lower or abolish the minimum wage for minors, to enable employers to give them a temporary boost into the adult job market.

LFA Chapter 12 also contains several proposals for reforms within the criminal justice system. It proposes: enabling adult court access to juvenile crime records, escalating sentences steeply for repeat offenses, repealing parole board authority to reduce sentences, mandating restitution for valuatable losses in criminal sentences, and enabling convicts to work during incarceration to help pay restitution, incarceration costs, and any other debts.

LFA Chapter 14 (Liability Litigation) concerns our growing litigiousness. In this arena, one special interest group (trial lawyers) has acquired a cash cow for its members by creating law which encourages anyone to sue any deep pocket in sight for any alleged slight,

shortcoming, or injury, at no cost to oneself. Juries can impose arbitrarily large judgments, frequently in proportion to the thespian abilities of the trial lawyer, and a percentage of which the lawyer will take as his fee. Doctors and other medical personnel and institutions are thus forced to pay huge premiums for malpractice insurance, we all are forced into purchasing huge automobile liability coverage, companies fear class action judgments which can bankrupt them, etc. It all amounts to another source of monstrous waste – Bastiatian plunder – which must be paid for by taxpayers and other hard-working victims of that plunder everywhere.

The LFA's proposed solution is to confine the authority of juries in liability suits to establishing the percentage of fault among all the litigants, including the appellants, with percentages assigned as appropriate for "no one" (e.g., "acts of God") or "unknown" or "non-litigant(s)." Monetary losses will be determined by accountants and appraisers selected by the litigants or appointed by the court, and shall exclude "pain and suffering" and punitive fines. Awards in liability suits will then be taken as the percent fault of each defendant times that professionally determined monetary loss.

LFA Chapter 15 (Abortion) involves an issue which is tearing our society apart and getting in the way of electing legislators equipped to help solve our many other problems. The issue arose from our Supreme Court's decision (Roe vs Wade) to tell the states what they could and could not do with respect to abortion.

The Constitution, however, does not give either the Supreme Court, the Congress, or any other element of the federal government the power to legislate or adjudicate with respect to the medical procedure of abortion. (The Supreme Court, of course, should refrain from *legislating* on *any* matter.) The LFA's proposed fix is simply for the Congress to exercise its constitutional authority to enact a resolution denying the Supreme Court jurisdiction over suits concerning abortion, such matters being reserved to the states by the Tenth Amendment. The issue would then properly go back to the individual states, which can be expected to legislate as each sees fit.

LFA Chapter 16 (AIDS) considers what to do about the "Acquired Immune Deficiency Syndrome." The second sentence in that chapter reads, "It is a disease which present scientific knowledge attributes to a virus commonly labeled the HIV, which stands for Human Immunodeficiency Virus." Since those words were written in 1994, new scientific knowledge has come into existence which directly challenges the HIV hypothesis. Evidence has been presented that AIDS is instead a set of opportunistic diseases contracted as a result of a person's immune system being weakened by the long-term use of drugs. Its only tie to homosexuality is that drug use by homosexuals is common to heighten their sexual response. (See *Inventing the AIDS Virus* by Dr. Peter H. Duesberg, pub. 1996 by Regnery Publishing, Inc., 422 First St. SE, Suite 300, Washington, DC 20003.)

This development seems unlikely to gain common public currency in the immediate future, as federal health agencies and private researchers on the public dole seem determined to bury it. This public corruption seems a small matter compared to our other major aggravations, but the publication of Duesberg's research is sufficient for us to warn readers off of the severe corrective actions to the AIDS "epidemic" which we wrote into LFA Chapter 16. Congressional hearings on the matter should clearly be held.

LFA Chapter 17 (Illegal Immigration) addresses a problem of growing concern. There are perhaps two major aspects to this problem which are damaging to our society. First, large numbers of illegals flowing across our borders are unlikely to be assimilated into our society, not having had to go through the legally required processes of learning our language and the basics of our society's political institutions. They remain, instead, fodder for revolutionary demagogues. Second, the illegals have found it easy to apply for and receive public assistance benefits without having their illegal status challenged. They therefore continue to come, drawn by readily available taxpayer-supplied benefits. A third specific problem is that pregnant women illegally enter the U.S. just before their babies are due and present themselves to hospitals to have their babies, who then become legal U.S. citizens, enabling the later entry of the baby's whole family. LFA proposals to correct these matters include (1) authorizing agencies delivering taxpayer-financed services to deny those services to anyone who cannot

tender proof of citizenship or of permanent resident status, (2) authorizing such local agencies, including law enforcement agencies, to assist in identifying, apprehending, holding, and delivering such illegal immigrants to the INS for deportation proceedings, and (3) enacting a constitutional amendment denying citizenship to babies born in the U.S. to non-citizen parents.

LFA Chapter 18 (Foreign Policy) gets back to the heart of the several programs created by the elites to subdue and control us and all the other countries of the world that are to come under their dominion. The best-known instruments of control which they are using are the United Nations, the International Monetary Fund, the World Bank, and most recently the NAFTA and GATT control organizations, in particular the World Trade Organization. The LFA proposed that we opt out of the UN, the IMF, and the World Bank, and we would presently extend that to rescinding our membership in NAFTA and GATT and the WTO. The defense of Europe should be left to Europeans, and U.S. troops billeted around the world should be returned to the U.S. Our foreign aid program should be terminated. The "Bricker Amendment" should be revived and enacted, providing that no treaty containing any unconstitutional provision shall be effective as internal law, thus forcing treaties, like other law, to adhere to the provisions of the U.S. Constitution. We would now also add that the Council on Foreign Relations (CFR) should be identified as a subsidiary of the Royal Institute of

International Affairs (RIIA), and should be required to register as a foreign lobby, i.e., of Britain.

The LFA dealt sparsely with trade issues, and corrective actions should be beefed up. (1) As we attempt to separate our country from the financial power of the European banking families, we can expect our new gold-backed dollar to come under attack. We must therefore be meticulous in assuring that the gold conversion rate be set such as to avoid disastrous gold loss upon presentation of accumulated stores of foreign dollars and short-term claims on dollars. (2) Trade treaties between the U.S. and other countries shall always require constitutional approval by the Senate, and should always contain provisions for automatically correcting trade imbalances, for example, by adjusting tariffs in agreed-upon ways to compensate for any significant monetary imbalances which develop. (3) An Interest Equalization Tax of the kind proposed by John Kennedy, as we discussed in our Chapter 1, should be reimposed, but this time without loopholes. The tax would be due on any loan to, or investment in, any foreign entity by any domestic person, bank, company, or other U.S. entity, including foreign branches of any such entity. This is aimed at encouraging the channeling of domestic capital and corporate profits back into the growth and maintenance of domestic corporations and domestic infrastructure. Without such a tax, the profits available to domestic companies who move their production abroad has now been proven to be so large as to cause extreme damage to our own working force and indeed to our national independence. The size of the tax

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can be adjusted to balance our domestic well-being with our desire to help others improve theirs.

LFA Chapter 19 (Congress) seeks first to generalize what Congress has done wrong to get us into so much trouble. (Even though various of the elites' tax-free foundations may have proposed bad legislation, Congress passed it.) Simply, they ignored the Tenth Amendment and legislated on matters which the Constitution prohibited. The Supreme Court, in all the years after having been packed by FDR, went along. The LFA proposes two categories of corrective actions – one dealing with reducing the corrupting motivations acting on our legislators, and one with reducing the field of opportunity for exploitive legislation.

In the first category we recommend term limits, adequate salaries and maintenance while in office, equal and adequate election financing for both incumbents and challengers, expulsion from office for receiving gifts or failing to report proffered gifts from PACs or others, and criminalizing the offering of gifts to legislators. LFA discusses these several matters at length.

In the second category, since the Tenth Amendment was so easy to ignore, we recommend that the Bill of Rights be beefed up by adding another amendment specifically prohibiting the Congress from making any law respecting: (a) any activity or project not impacting substantially equally the citizens of all the states; (b) the health, education, welfare, feeding, housing, clothing, or fiscal support of the citizens; (c)

benefits granted to one entity at the expense of a competing entity of the same kind; and (d) the economic regulation of any business. Item a will return local projects to local jurisdictions and halt the practice of logrolling. Item b will move great hunks of the federal budget back to the states. Item c will remove from corruptible legislators the ability to decide which enterprise will prosper and which will not. Item d will free the country's farms and businesses from federal meddling.

These are measures aimed at clearing the decks for the really important measures which Congress and the other branches of our federal government must pursue if we are to regain and preserve for future generations our middle class freedom and our national vitality. Most sorely needed is the public exposure, by our own federal government, of the *fact* that an undeclared war has been initiated against our free middle-class society, plus the identification of the combatants and the various battlegrounds on which that war is being fought. Our final contribution toward this last need is contained in our epilogue – a remarkable 1974 article by novelist Taylor Caldwell who eloquently summarized the problem and appealed to Americans to hear and to act. We can find no better words to conclude our own presentation.

Epilogue

"THE MIDDLE CLASS MUST NOT FAIL"

(By Taylor Caldwell. First published May 29, 1974 in *The Review of the News*, and reprinted in the May 1, 1995 issue of *The New American*, PO Box 8040, Appleton, WI 54913. Reprinted here by permission.)

"With the rise of the Industrial Civilization in the world, about 200 years ago, there also arose a social body which we know as the middle class. Before that, most of the world suffered under a feudal system in which the people were truly slaves of their governments in all things. There was no strong buffer between them and their despotic rulers, no assurance of freedom to pursue commerce and to live decently, to keep the fruits of their labor and hold the paying of tribute at a minimum. The middle class made the dream of liberty a possibility, set limits on the government, fought for its constitutions, removed much of government privilege and tyranny, demanded that rulers obey the just laws as closely as the people, and enforced a general civic morality.

"Sound leaders looked to the experience of Rome, the first to encourage a middle class, noting that Rome had been a strong and prosperous republic, with much public virtue, a large degree of freedom for every citizen, and a constitution (the Twelve Tables of Law) on which our own is based. After the fall of Rome, governments

had everywhere destroyed the middle class, returned to despotism, and entered the Dark Ages. It had been centuries since a rising middle class resolved to keep government at a minimum and to force respect for the people and eschew tribute except for such absolute necessities as armed forces, street protection, and the guarantee of the authority of contracts and commerce.

"Those who for centuries had ruled their nations, from father to son, in total despotism, realized that they were threatened. Were they not the elite, by divine right? Were they not by birth and money entitled to rule a nation of docile slaves? Did the people not understand that they were truly inferior dogs who needed a strong hand to rule them, and should they not be meek before their government?"

"Little wonder that the elite hated the middle class which challenged them in the name of God-given liberty. And little wonder that this hatred grew deeper as the middle class became stronger and imposed restrictions through which all people, including the most humble, had the right to rule their own lives and keep the greater part of what they earned for themselves.

"Clearly, if the elite were to rule again, the middle class had to be destroyed. It had to be destroyed so despotism and the system of tribute could be returned, and grandeur and honor and immense riches for the elite – assuring their monopoly rule of all the world. For you see the elite of all nations, then as now, were not divided. They were one international class, and worked together

and protected each other. But the middle class laughed and said "we will bind you with the chains of our Constitution, which you must obey also, lest we depose you, for we are now powerful and we are human beings and we wish to be free from your old despotism."

"The elite did not give up. While it profited from the Industrial Revolution, which under liberty of enterprise freed the people from the feudal and despotic systems, and which gave a new birth to the middle class, it also hated the threat to its own authority. It did not wish to destroy the Industrial Revolution; it wished to use it for its exclusive purposes. In the early 19th century this elite looked for a way, once and for all, to regain its power and extort tribute from the people and so destroy the burgeoning middle class which stood in its way, and to subdue the populace again to their proper role as slaves of government by the elite.

"Through the "League of Just Men," elitist conspirators sought a fanatic to cloak the point of their purpose in slogans and cant. The man they hired was Karl Marx. Certainly Marx was no worker; he had never soiled his hands with labor. He hated the middle class, which he contemptuously called the bourgeoisie, for he considered himself superior in mentality and breeding to what he called "the gross merchants of commerce and exploitation." He did not attack the waiting despots, no indeed. They were of one mind with him. Rather he proposed in his books and pamphlets the return to government of the total power to exact tribute from the people in order that the govern-

ment might better direct every phase of the people's lives, as he asserted, "for their own welfare." The elite, in turn, would control the governments.

"Marx began to accuse the middle class of heinous crimes and aroused the workers against their benefactors. He labored to create envy and malice among the workers – all aimed at the entrepreneurial middle class which had raised them from serfdom, restored their human dignity, and given them liberty for the first time in nearly 2,000 years.

"Karl Marx was made to order by the self-styled elite. They financed the propagation of his sedition all over Europe and America. They bled France and Germany with it. They financed sedition in Russia. And the plan began to succeed. By 1910 the Scandinavian countries had already fallen to the socialism of Karl Marx. Only three nations stood between the elite and their ambitions – the British Empire, Czarist Russia, and the United States of America.

"Much is now made of supposed Czarist tyranny. But the fact is that the Czar of Russia had already granted his people a greater measure of freedom. A constitution had been established, and a parliamentary system. Russia, too, was well on her way to nourishing and encouraging a middle class.

"The elitists were anxious to promote the Marxist notion of demanding tribute from the people, for only through forced tribute could freedom be destroyed and

the people reduced again to forced labor for the benefit of the elite. Only thus could the middle class be eliminated. So, we have Karl Marx's infamous notion: "To each according to his needs, from each according to his ability." That is a foundation for slavery and tribute. Marx and the elite had a juicy bait for the workers, who were deluded to envy and hate the middle class which had freed them. If the riches were taken away from the middle class, then the workers would become their equals. Marx called this redistribution of wealth. Not wealth from the elite, with their vast fortunes in every country of the world – inherited fortunes which would not be taxed as income – but wealth from the strong middle class, which would be robbed in the name of the people. Only *earned* income would be vulnerable to seizure.

"But in the way of all this happiness for the conspiring international elite, and the slavery of the people, stood the United States, the British Empire, and Czarist Russia. They would have to be destroyed. Britain had only a small income tax, used for the armed forces, for roads, for the maintenance of law and order, and for the payment of a tiny body of bureaucrats.

"Over and over, in America, the elite tried to establish their federal income tax, but they did not succeed. The people were too vigilant, too jealous of their freedom, too proud, too respectful of themselves. They embraced the ancient proverb, "To work is to pray," and they guarded the fruits of their labors. No, America had no graduated income tax to drain the capital of the hard-working middle class, and so she

became strong and rich and powerful, the envy of nations which exacted tribute and forced labor from their people. Attempts were made to exact such tribute from Americans during the Civil War and the war with Spain, but each time the Supreme Court declared that our Constitution prohibited it. As late as 1902 the graduated income tax was again declared unconstitutional, and the Chief Justice observed: "It is a method to enslave our people, and deprive them of their liberty and right to the fruit of their labors."

"The conspiratorial elite fumed. How best, now, to institute their system of tribute and slavery? The solution was *war*. During wartime, governments were better able to tax the people, harnessing their patriotism to maintain enlarged armed services.

"And so the elite began to prepare America for war, and conspirators of the French and German and Russian and English elite worked with them – for the destruction of their own nationals and the elimination, once and for all, of the defiant middle class. The American elite, under advice of their brother conspirators in other nations, proposed an amendment to the American Constitution – a graduated income tax, just as Karl Marx had proposed. To support this the elite were very busy, through their henchmen, the socialists and the populists, and through their secret communists, in arousing the envy of the workers against the middle class. They told the workers that they would never be taxed, "only the rich," and even then the highest rate would be only two to three percent. And the taxes

would go to "our exploited workers," through all sorts of governmental benefits. The unthinking, the envious, the stupid, and the malicious thought this was wonderful. They supported the 16th Amendment – the federal income tax – and it was passed into law in 1913.

"Now the stage was set for war, the attack on the British Empire, Czarist Russia, and the German Empire. The major thrust of the effort to destroy the freedom of the whole world, and reduce it to total control by the elite, had begun.

"The rest is sad contemporary history. Few in America heeded what Thomas Jefferson had said long ago, that when we are taxed on our earned incomes, in our food and our drink, in our coming and going, in our property, we would face the return of slavery and the reestablishment of an all-powerful and despotic elite. So it is that we of the middle class are being destroyed through the exaction of tribute, resulting in an ever-increasing power and despotism of a central government controlled by a conspiratorial elite, and everlasting wars to subdue us and drive us to our knees.

"Do not believe for an instant that the world's conspiring elite in every nation have so much as a serious quarrel among them. They have just one object: control through tribute. Your slavery, through tribute, and mine. And they use wars for their purposes just as they use the inequities, harassments, bullying, capriciousness, and extortion of their graduated income tax. The system of taxation with which they have yoked us is really forced

tribute from the hard-working, and especially from the middle class, who are slowly being eliminated.

"Behind this attack are the self-styled elite, secure in their own power and riches. Most of them have huge fortunes which are tax-exempt. But every man and woman of us – we of the middle class – are taxed in our food and drink, in our property, in our incomes, in our comings and goings. The harder we work, the more tribute we have to pay, for the elite are determined that never again will the middle class challenge them, and never again will we be able to save money and so rise to power, and never again will we protest the slavery they have planned for us.

"But many of us still dare to protest, and will continue to do so while God gives us breath. To be effective we know we must direct our attacks on the real criminals, the wealthy and powerful and secret elite of all the world – the conspirators laboring night and day to enslave us. Even our own government is now their victim, for it is the conspiratorial elite who choose our rulers, nominate them, and remove them by assassination or smear.

"I have fought these enemies of liberty in every book I have written. But too few have listened to me, as too few have listened to others who have warned of these conspirators. The hour is late. Americans must soon listen and act – or endure the black night of slavery that is worse than death."

* * *

We hope that in writing this book we have supplied enough details, and pointed to sources for many more, to answer the question "What is happening to us?" thus adding to the efforts of Miss Caldwell to expose the malefactors who are assaulting us. Our earlier effort, *Let's Fix America!*, was aimed at answering the consequential question "What can we do about it?", a question which becomes much more urgent given the context we have presented in the preceding chapters.

We urge readers who have gotten this far to take the following action. Identify at least one person who is active in public life who you can contact and talk with personally. *Hand* him (or her) a copy of this book, tell him that even though you thought you already knew everything, you learned things that *everyone* in public life should know much more about. Ask him to read it also, call you when he's done so, and then pass on copies to others who should in turn become a part of the knowledge chain. Out of this effort should emerge a good number of new candidates for public office who can help us regain our country.

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Alan B. Jones
October, 1996

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