Economic empire is alive and well

by Leif Johnson

Today's British empire, now called the "Commonwealth," consists of 45 nations across the globe, with a total mass the size of the Soviet Union, the world's largest nation. Some of Britain's Crown Colonies, like Hong Kong and Gibraltar, are among the most important pieces of geopolitical real estate in the world, while eight Commonwealth possessions ring the Caribbean, America's most strategic area for trade and security.

Of course, Britain is no longer his Majesty's Royal Navy slaughtering the unarmed natives, forcing opium into the veins of Chinese at the point of a gun barrel, or scraping the gold, silver, and other precious metals from the possession of a third of the world's people. But, although it is killing off its own population by collapsing its industrial base, Great Britain, by owning or controlling through finance the world's shipping, banking, insurance, trade, and the West's supply and price of raw materials—including, increasingly food production—has maintained its power as an empire ever since the Venetian-Swiss oligarchy conferred its authority to the London banks from the Amsterdam banks in the crisis of 1775.

Britain's trick is to not produce anything, but to control the trade in all things that are produced, thereby dictating to the world the price and supply levels of raw materials, fuels, food, and machinery. This is the system of "rentier-finance" made public in *Wealth of Nations,* British East India Company retainer Adam Smith's violent protest against the industrial aspirations of the American colonies.

Everywhere it gains ascendary, the Empire wrecks existing industry and prohibits the mass education and capital investment required for future industry—as in India, where it tore down textile manufactories, broke the hands of skilled workers, and forced the population to produce cotton and opium instead.

British control of credit

Today, together with its allies in lower Manhattan, the British empire controls the entire $1.6 trillion Eurodollar financial market including $300-$500 billion in the Cayman Islands and $50-$100 billion in the Hong Kong-Singapore "Asia-dollar market." These are the markets upon which every major corporation, including American companies, depends for credit. Paul Volcker's high-interest-rate policy has been the major factor forcing U.S. corporations into the British credit market, because the American banking system's ability to generate lendable reserves has been strangled since late 1979.

The unregulated offshore banking systems have created millions of dollars in synthetic liquidity. With no reserve ratios or other restrictions on dollar-denominated credit in the offshore banking operation, American corporations are mortgaging whatever productive assets they still have in exchange for "credit" with only 2 to 5 percent backing from the Cayman Islands banks. Credit issued from the Caymans or Hong Kong with this level of backing are honored in the American banking system for lending purposes, flooding the U.S. economy with worthless paper. U.S. dollars are being printed in the form of checks and fund-transfers not on the basis of the number of dollars flowing out of the United States, but on the basis of 20 to 100 times that amount.

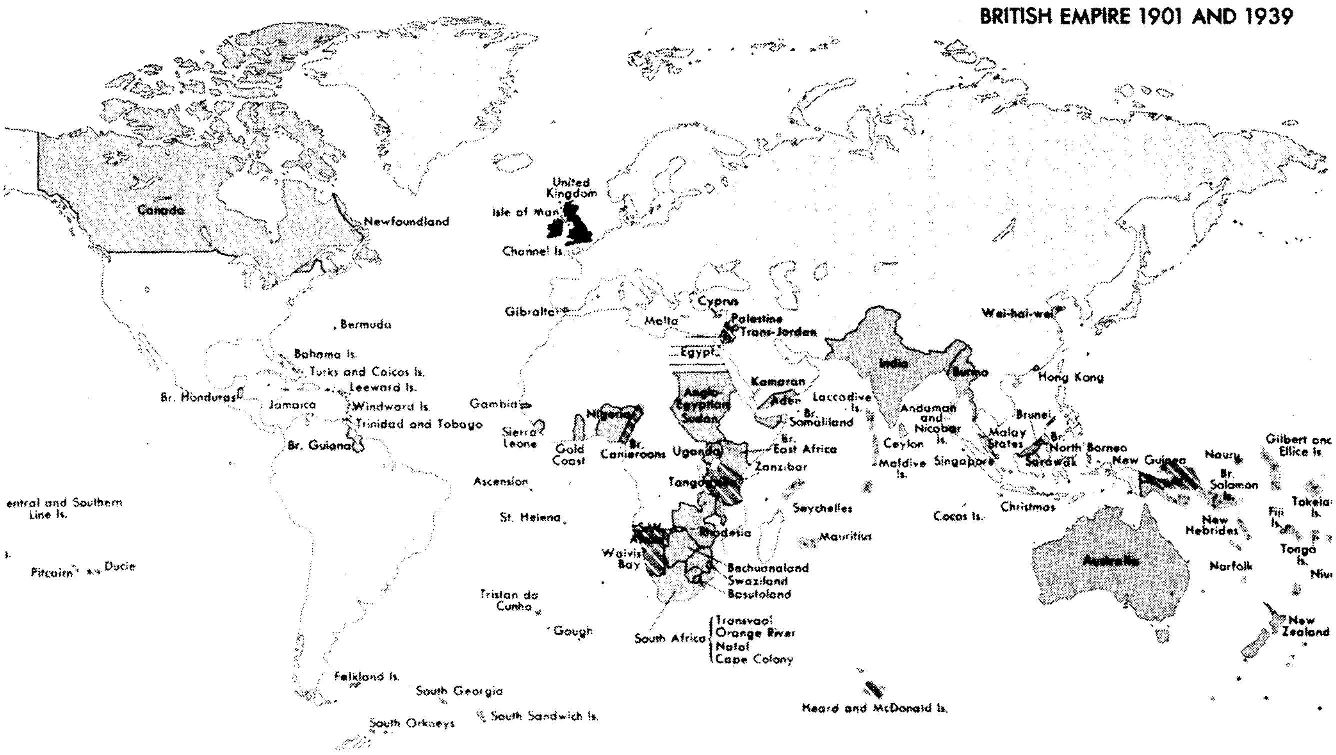
The London banks set the terms of lending and interest rate for the Eurodollar market, in relation to the London Interbank Borrowing Rate (LIBOR)—the United States has no control over this vast pool of American dollars. U.S. banks like Citibank, on whose board of directors sits the powerful British financier Lord Aldington, collaborate in this market.

The Hongkong and Shanghai Bank—the "central bank for the central banks of Asia"—and the British offshore havens in the Caribbean are the secret to British domination of the $400 billion annual international drug trade. And it is for this reason that the HongShang refused to open its books in its successful request to the Federal Reserve to buy up the American Marine Midland Bank in 1979.

British domination of the narcotics trade has not ceased since Her Majesty's ships opened fire on Chinese ports in the 1850s in its Opium Wars to open up China to "free trade" in drugs. Today, British control begins with the HongShang's financing of the opium crop every year in the Golden Triangle, and extends through to the British colony of Canada, the transshipment point for drugs into the United States from Asia. The money meanwhile flows through the Canadian banks into their unregulated branches in the Caribbean.

British control over raw materials

The British empire controls, directly or indirectly, all the non-communist world's commodity markets, including oil and gold, industrial minerals, and strategic defense-related materials. It directly owns or controls the trade and pricing of between one-third and one-half of all raw materials commercially marketed in the



Western world today. The world's largest metal market, which controls speculative pricing of world metals, is located in London.

South Africa—nominally independent but financially controlled by London—produces 23 percent of the world's antimony, 25 percent of the chromite, 20 percent of the diamonds, 64 percent of the gold, 19 percent of the manganese ore, 35 percent of the platinum metals, 13 percent of the uranium, and 43 percent of the vanadium.

Since the American Civil War, the British cartels, run by the Rothschilds and the Oppenheimers, have gained control of most raw materials, including oil and agricultural raw materials, produced outside the United States.

The South African-based Oppenheimers alone, through their DeBeers subsidiary control 80 percent of all diamonds mined in the world, and a substantial part of the world diamond trade. Through Consolidated Goldfields and Anglo-American Mining, the Oppenheimers run 40 percent of all gold-mining operations in the West, and control 65 percent of all platinum mined. Another subisidary, Phillips Brothers, one of the largest commodity trading groups, controls, among other things the Rotterdam oil market, which is the world's largest "spot" or non-contract oil market.

With the addition of the Rothschild group, which includes Rio Tinto Zinc, the total of the yearly revenue of Britain's raw materials group is over $150 billion, three times the income of General Motors Corporation.

British control of 'soft' commodities

Britain continues to dominate the "soft" commodities markets, controlling the trade and pricing of the exports upon which large parts of the developing sector depend, such as sugar, cocoa, manioc, coffee, jute, tea, and palm oil. British imperial policy was based in part on looting these primary products from its colonies, or former colonies, fostering the combined "cheap-food" policies and single cash-crop economies that continue to hold much of the Third World in backwardness and poverty. The colonies produced the commodities; London sold them.

Historically, Britain has exerted a controlling influence over the world grain trade through the Commonwealth. Canada and Australia, together with the United States, are the major producers of grain for export—and thus the loudest voices on matters of policy, such as putting forth repeated proposals for centralized control over the world's surplus food supplies. Though not directly British-name companies, the multinational grain merchants—from Continental to Bunge and Dreyfus—were founded by, and are still controlled and run as, aristocratic family empires by the Queen of England's oligarchic relatives in Europe. London's pivotal role as the center for international trade financing and ship chartering—the famous Baltic Exchange—has given the United Kingdom added leverage.

British control over U.S. land and resources

With the millions in offshore credit created in the

Caymans and Bermudas, shell corporations, such as the Oppenheimer Minerals and Resources Corporation (Minorco) have been set up to buy out U.S. mineral reserves. Citibank chairman Walter Wriston was appointed to Minorco's board of directors.

Sir Harry Oppenheimer let it be known in early 1981 that "we mean to expand into North America." At that time, Oppenheimer owned the medium-sized Inspiration Copper and Engelhard Minerals, the largest U.S. metals company. During 1981, takeovers by British interests of American firms reached $70 billion. These included the purchase of the Pan Am building in New York City by Grand Metropolitan, a British hotel and casino operator, and the Sohio (Standard Oil of Ohio) buy-out of Kennecott Copper. Sohio is majority-owned by British Petroleum, which in turn is jointly owned by the British government and controlled through the Queen's household. Currently, Sohio is negotiating to purchase the coal holdings of Republic Steel.

Much of the buy-out of American industry and natural resources comes through Canada, whose government is integral to London's Foreign Office (the former Colonial Office) and its Secret Intelligence Services. The function of the corporate elite of Canada is the takeover of the United States through direct buy-out, by controlling a major portion of organized crime and narcotics in the United States since Prohibition, and by waging resource warfare.

Canadian grabs for U.S. natural resources and real estate are a concomitant of the immense land holdings of Morgan-controlled railroads, manufacturing giants like U.S. Steel, DuPont, or paper and lumber companies. The Canadian concerns amass minerals resources not held by the Morgan companies after they have "shaken out" the market in a particular resource. The recent precipitous crash of uranium prices led to such an orgy of Canadian-directed buying.

The recurrent paper shortages in the United States, coupled with ruinous price increases, especially of newsprint, point to Canadian control of this resource. In Canada, forests are "Crown lands," not privately held. Periodically in the past, prices were vastly reduced to eliminate U.S. competition or trustify U.S. production.

America's Northeast, and possibly even the Mid-Atlantic region, will soon be dependent on Canada for electric power. Because there is no "environmentalist" movement in Canada, nuclear power-plant construction has proceeded normally. In fact, an overcapacity is being planned to sell to the United States when U.S. utility companies find themselves financially incapable of replacing obsolete conventional power plants. Northeasterners remember well one of the most dramatic results of dependence on Canadian power: In 1964, ostensibly because of a malfunction in an Ontario hydroelectric power plant, the entire Northeast was thrown into chaotic blackout for 13 hours.

British control over world energy supplies

The "energy crisis" of the 1970s, better named the British oil weapon, was manufactured by British Petroleum (BP), the British National Oil Company (BNOC), Royal Dutch Shell, and a handful of British and Swiss banks, in conjunction with think tanks at Oxford and Sussex Universities.

British Petroleum, the largest industrial corporation in the United Kingdon, is owned 48 percent by the British government and 20 percent by the Bank of England. BNOC is entirely state-owned. The development of the North Sea oil fields, in which BNOC has over 50 percent control, and BP an additional 35 percent, was used by the British to consolidate control over world oil production levels and pricing.

In its April 13 Special Report, *EIR* develops in full the history of the oil hoax, prepared for by the 1969 coup of Muammar Qaddafi in Libya, at the time the nation with the highest daily oil output, and the 1973-74 Middle East War which loosened the control of the Arab moderates in OPEC. The 1978-79 Khomeini/Muslim Brotherhood coup in Iran consolidated British, as opposed to OPEC, control of oil.

In the early 1970s, BP depended almost entirely on OPEC for its supply of crude. By 1980, it was out of Iran and Nigeria, and drew 73 percent of its reserves from the North Sea, and its share in the Alaskan North Slope, in which it holds an interest through its Sohio subsidiary. Because North Sea oil is a better-quality crude, BP has led the process of raising oil prices. Now, BP and Royal Dutch Shell-led multinationals are moving to break OPEC once and for all, this time by drastically cutting oil prices—with every intention of raising them drastically later.

This process has already begun, because British asset Paul Volcker's interest rates have forced such cuts in industrial production that there is little to support high energy prices. If oil prices are cut now, such Third World nations that still have industrial development programs, such as Mexico, Indonesia and Nigeria, for the most part based on oil revenues, will be forced to abandon those programs and revert to raw materials production.

At the same time, the collapse of oil prices would force OPEC into a deficit. If that happens, the OPEC nations will be forced to withdraw funds from banks heavily involved in the Eurodollar market—the $300 billion core of "hard funds" in the market. A sharp contraction of Eurodollar funds would make it impossible for the major banks to roll over the $550 billion outstanding Third World debt—forcing a depth of credit collapse which the Empire and its allies have used against their enemies for centuries.