

## The Rubicon is crossed; oil shock is under way

by Chris White

Iraq's invasion of Kuwait is a crossing of the Rubicon in two respects. Lyndon LaRouche warned on July 4 from the Rochester, Minnesota jail where he is detained a political prisoner, that the question of war in the Middle East was put back on the table for the period ahead by the character of the Shamir-Sharon "*Eretz Israel*" government there installed. The dogs of war have now been unleashed. That is one of the senses in which the Rubicon was crossed, when at about 9 p.m. (EDT) on Wednesday, Aug. 1, Iraq's armed forces crossed the border into Kuwait, reportedly answering the request of a group who had organized a coup against the ruling house of Sabah.

Once unleashed, such dogs are not so readily re-kenneled. The invasion unleashed a full-court campaign against Iraqi President Saddam Hussein as "the new Hitler," the "Great Dictator," and the "Butcher of Baghdad," who must be stopped, now, at all costs.

So, first, just because there is a chorus coming from Sens. Alfonse D'Amato (R-N.Y.) and Dennis DeConcini (D-Ariz.), Reps. Stephen Solarz (D-N.Y.) and Thomas Lantos (D-Calif.), international newspapers such as the *New York Post* and *Bild Zeitung*, and the Israeli government, should itself be pause for thought. That such an assorted bunch acts with such hysteria on any matter ought to be reason to ask what is going on. It also forces consideration to focus outside the Persian Gulf, not on the ostensible military and political on-the-ground so-called realities in the area itself.

So, step back. Israel's present government is a war government. Its adopted program is for a "Greater Israel," to be achieved in part, over the coming months, through the expulsion of Palestinian inhabitants of the occupied territories, and their replacement with Russian or Israeli Jewish settlers. Targeted for elimination as part of this commitment

are the Palestinians and the Palestine Liberation Organization (PLO), the Kingdom of Jordan, to be replaced by a puppet entity, and Iraq, as the militarily strongest among the Arab states.

### Who controls the Israeli government?

And the Israeli government, what is that? Look at the role of the Hollinger Corp., of Henry Kissinger, former British Foreign Secretary Peter Lord Carrington, and Peter Bronfman, together with Robert Maxwell in putting that government in place and in shaping the outlook of the Israeli population. Hollinger and Maxwell have taken over a large portion of the Israeli press and media, including the *Jerusalem Post* and *Ma'ariv*. They represent the power which controls Israel, in terms of its culture and the impulses for action defined by that culture. This is the crowd which from its City of London power base is the core of Anglo-American financial power.

And Iraq? According to Sen. Robert Dole's (R-Kan.) account of his April trip to Baghdad and meeting with Saddam Hussein, Iraq believed itself the target of a British-Israeli plot, which was being joined by the U.S. and its media. Iraq was also played in that plot—the tactic known in the U.S. as "Mutt and Jeff," a campaign coordinated around atrocity stories, nuclear and chemical weapons scares, "super-gun" conspiracies, leading to negotiations and agreements. Indicative is the July 16 agreement, mediated by Tiny Rowland's Lonrho corporation, one of the core London holdings overlapped with Henry Kissinger's Kissinger Associates through agreements with Robert O. Anderson's Hondo Corp., for the release of a British nurse, accused of spying.

So, there are British and related interests on both sides, typified by those in the United States who are associated with Henry Kissinger and the Bronfman organized crime family.

Shouldn't this set off alarm bells? Haven't we seen this before? This is the same crowd which organized the 1978-79 Khomeini Revolution in Iran, the concomitant so-called second oil shock of the 1970s, and the Khomeinians' seizure of U.S. hostages. It is also the crowd which organized the 1973-74 Middle East war and first oil hoax of that decade. The same crowd, through Edmond de Rothschild's "Millionaires Club," helped pull off the so-called "Six Day War" of June 1967.

### **Imposing 'finite' resources**

Here lies the second sense in which the Rubicon was crossed. This is the crowd which has, in the postwar period, employed crises in the Middle East to shift what is considered to be "the rules of the game." Take the cases of the oil shocks of the 1970s. Isn't that what happened? The embargo, shortages, and price increases of 1973-74 ushered in what was called an era of "limited" or "finite" resources. They claimed that the days of permanent economic growth were over, that mankind had been living beyond its means, squandering finite natural resources, and would have to adjust to living with less.

The second shock was supposed to tell us that we hadn't taken the first one seriously enough. With it were unchained the Dark Age monsters of religious fundamentalism, typified but not limited to Khomeini's Shi'ites, as a political battering ram against the political institutions and culture associated most strongly with Western Christianity's nation-state based on the inalienable sovereign rights of the individual.

And this time another oil shock is well under way. Exxon, Texaco, Chevron, British Petroleum, Shell, and Mobil, which price gouged in 1973 and 1979, are doing it again. Markets are discounting price increases up to an beyond \$30 per barrel.

The other sense is equally as devastating as the first. The Anglo-Saxon economies, and predominant dollar-based financial system, are so unstable in their headlong plunge into depression and banking crisis that the shocks which followed the invasion have also uncorked the furies of crisis outside the Gulf. Iraq's invasion of Kuwait may well turn out to be the shock which detonates the underlying crisis in the bankrupt economies and financial systems of the Anglo-Saxon world as a whole.

Look at what began immediately after the invasion: A state of emergency was declared; the U.S. government ordered the assets of both Iraq and Kuwait to be frozen as of early morning Aug. 2. The seizure applies not only to assets held within the United States, but also to those held by subsidiaries of juridical "U.S. persons" outside the United States. Simultaneously, Iraqi products were ordered excluded from within the United States. The United Kingdom followed suit, seizing assets of Kuwait alone, not those of Iraq. Even before the seizure was enacted, the Bank of England had intervened to prevent the sale of securities held by the London-based

Kuwait Investment Office. France joined in, too. Iraq replied by freezing payments on debt owed to the United States, and it seems also to subsidiaries of foreign companies inside the United States, such as Italy's Banca Nazionale de Lavoro.

No minor matter this: Kuwait's assets are estimated at between \$200-300 billion, and comprise, for example, a stake in the giant British Petroleum Corp., a holding in Britain's Midland Bank, a chunk of Santa Fe International in California, a slice of the partnership just put together by friends of Henry Kissinger to assimilate the victims of Drexel Burnham's asset stripping, choice pieces of real estate, and New York's Carvel ice cream chain.

### **Propping up the dollar**

The story is that the Kuwaiti assets were seized "to protect them" from Iraqi takeover. But you can judge. Look at what was going in the United States prior to the invasion. The dollar had gone into a free-fall against the German mark, plunging back to its post-October 1987 crash level, and headed toward the all-time post-World War II low. The Treasury had just announced, with the budget summit process in shreds, that the U.S. would need to borrow more than \$60 billion for the third quarter of the year, and more than \$100 billion for the fourth quarter, thereby telling the rest of the world that the U.S. deficit for next year would be between \$300-400 billion.

The banking system was on the brink. On Friday, July 27, panic hit the northern Virginia suburbs of the nation's capital, as depositors began to pull funds from the insolvent United Savings Bank of Northern Virginia. The runs continued on Monday and Tuesday until the bank was taken over by the Office of Thrift Supervision.

A run against the stock of large national banks was triggered, ostensibly by testimony of Federal Deposit Insurance Corp. chief William Seidman, helped along by an ABC Nightline report on the insolvency of the banking system and by an Aug. 1 article in the *Wall Street Journal*, airing a few of the hitherto unmentionables about the viability of the nation's banks. Seidman reported to Congress July 30 that he would need another \$50 billion over the next two months to shut down thrifts, and \$100 billion next year. Total costs might go to \$500 billion, he said.

Later the night of July 31, Seidman played foil to Stanford University Professor Brumbaugh's charges that the biggest political coverup of all time did not involve the S&Ls, but the insolvency of the nation's commercial banks, which taxpayers would shortly be expected to fund, just as they were expected to fund the S&L catastrophe.

By Aug. 1, a run had been organized against the stock of the large money-center banks. Shares in Citibank, Chase Manhattan, Chemical, Manufacturers Hanover, Bank of Boston, and Wells Fargo plummeted. In this sense, too, the Rubicon has been crossed. It won't be business as usual again.