

EIR

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New phase in drive to clear LaRouche's name

**London sets the stage
for a new Triple Entente**



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From the Editor

It has taken just a little bit less than an elephant's gestation—ten months—for the American mass media to catch up with the reality that the “special relationship” between Great Britain and the United States is defunct.

Of course, if you have subscribed to *EIR* over the past year, you not only know that President William Clinton cut that pernicious tie in June 1994 when he visited Bonn and Berlin, where he stressed the importance of a new strategic partnership between the United States and Germany, for the purpose of revitalizing the delapidated former socialist economies. But you will also have been receiving the in-depth reports which explain *why* a special relationship between Washington and London is so damaging to the interests of the United States, and indeed of the whole world.

Two pertinent examples, published in the weekly *EIR*, were last April 15's issue on “Lord Palmerston's Human Multicultural Zoo,” and last October's package on “The Coming Fall of the House of Windsor.” *EIR* founder Lyndon LaRouche has encouraged the staff and directors of the intelligence service which he founded 21 years ago to focus their efforts on these collaborative reports, even more than on current news analysis, because such studies are necessary in order to “unfool” the public about history, and to break through the web of dangerously mistaken axioms and assumptions which otherwise shape what is superficially reported as “news.”

The *Special Report* in this issue takes the reader back to the conspiracy that launched World War I, and its continuation in the Nazi Holocaust and World War II: the Triple Entente. Think of the horrors of the trenches at Verdun. Then think about what the decaying British oligarchy would accomplish today, if it were allowed to perpetuate the special leash which subordinated American economic and military muscle to the British Empire's supposed “brains.”

As Lyndon LaRouche stresses, Ireland policy is *not* the cause of the U.S.-U.K. rift. But since the monstrous injustices in Northern Ireland have so singularly exposed the hypocrisy of British “peacemaking” for anyone willing to examine the facts, writing on St. Patrick's Day 1995, one can be amused that this issue has brought a deeper reality, partially to the light of day.

Nora Hamerman

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Bankers fiddle, while London burns

by Richard Freeman

During the last 90 days, the world's news media have been gripped by three financial earthquakes: the collapse of the Orange County, California derivatives bubble, the new Mexico debt crisis, and the bankruptcy of the most famous of the British royal family's bankers, Barings Bank. These are only samples of much worse financial explosions already visible on the near horizon.

The present global monetary and financial system is gripped by the worst crisis of the 20th century. Every currency in the world has been losing value against the German mark and the Japanese yen. The U.S. dollar, the world's principal reserve currency, has suffered repeated periods of virtual free fall. Yet despite these grim warnings, official Washington clings to the delusion that nothing is happening which can not be controlled by shrewd administrative measures.

Leading the silliness parade in official Washington, is U.S. Federal Reserve Chairman Alan Greenspan, a former board member of British-controlled J.P. Morgan Bank. On March 9, Greenspan insisted that President William Clinton had caused the dollar's decline, by blocking the Balanced Budget Amendment. On March 15, the dollar plummeted from 99.45 yen on Feb 7 down to 89.45 yen. In testimony before the House Budget Committee, Greenspan asserted that the fall of the dollar was caused by the "apparent concern in the international financial markets" over America's lack of "resolve . . . in coming to grips with the balanced budget issue."

"Hot Money," the cover story of *Business Week* magazine's March 20 issue, echoed the Greenspan mantra, arguing that the ongoing breakdown of the world's financial and economic system's stemmed only from an unbalanced

federal budget. It writes: "The dollar is crashing. Mexico is in meltdown. The European currency system is collapsing. One force driving it all: global money traders voting thumbs-down on the deficit." Joining the pack is Lazard Frères' Felix Rohatyn, the investment banker who pioneered in "pain and agony" for New York City, back during the 1970s, Rohatyn threatens: "The collapse of our currency will force us to balance the budget." Morris Offit, head of Offitbank, adds: "If [countries] don't discipline themselves, the world market will do it."

Detached from the physical economy

Greenspan's current life of not-so-quiet hysteria reflects a generation of bankers whose practices and minds have become increasing divorced from contact with economic reality.

Since the August 1971 take-down of the post-war Bretton Woods system of monetary stability, the world's finance has become divorced increasingly from those physical realities upon which the achievements of all modern European civilization have been premised: increase of the productive powers of labor through investment in scientific and technological progress in agriculture, infrastructure, and manufacturing. With the introduction of the floating-exchange-rate monetary system, the petrodollar swindle of the 1970s, Federal Reserve Chairman Paul Volcker's lunatic interest rates in the early 1980s, the junk bond swindles of George Bush's buddies, and the derivatives lunacy of 1989-94, the real economy of the world has been contracting, while financial income has skyrocketed.

Symptomatic: Of the average daily financial turnover in leading world centers, only about 2% involves trade. The

remainder represents either finance charges or gambling in an international futures casino centered around the giant derivatives bubble. The major market most divorced from economic reality is the London market, where only a little more than half a percent of daily turnover reflects trade, as contrasted with a figure of approximately 5% for Germany's Frankfurt financial center.

A report recently prepared by the London Business School for the Corporation of London confirms, with stunning figures, how deeply Britain, and in particular, its financial center, the City of London, is involved in the speculative markets. Britain does not just benefit from the fruits of speculation; without speculation, it would be nothing. The March 13 London *Financial Times* favorably summarizes the LBS study:

"No other financial center in history has enjoyed such success while being semi-detached from the domestic economy. . . .

"Finance and business services, widely defined, account for around a fifth of U.K. gross domestic product. Within this, the LBS reckons that mainly City-based international wholesale financial services generate employment for 150,000" (emphasis added).

Author John Plender goes on to provide statistics for London's world market share for various financial markets: Eurobond underwriting, 65-75%; secondary market Eurobond trading, 75%; global equity trading conducted outside home country of equity traded, 64%; worldwide activity in swaps, 35%; foreign exchange, 27%; and management of European assets for institutional investors outside Europe, 81%.

The same issue of *Business Week* that has the cover story on "Hot Money," also has a second feature, "Singapore: Can It Really Be Asia's Financial Capital?" This article discloses that 13.5% of Singapore's Gross Domestic Product comes from financial services, and that Singapore's main speculative center, the Singapore International Monetary Exchange, is the *third-largest foreign exchange market in the world*. If one puts this together with the staggering levels of control that London has over world speculative markets, demonstrated above, as well as the contraction of the world physical economy, one can now understand why and how the Barings bankruptcy of Feb. 25-26 had to happen, and why many more will follow.

In light of these facts, there should be no mystery as to why Morgan-trained Greenspan's thoughts are removed so hysterically distant from economic realities. The most gigantic speculative balloon in history is leaking ominously, threatening to blow. Only the raiding of the treasuries of governments, including the U.S. Federal budget, might just possibly provide Wall Street and London the means to stagger through the current round of crises. After that, who knows?

Little wonder the Greenspan's thoughts are far removed from the real world.

Building firestorms

Meanwhile, from every corner of the globe, economic and financial conflagrations flared up, demanding action:

- In France, Crédit Lyonnais Bank, one of the world's 25 largest commercial banks, is threatening to go under. On March 14, the French financial daily *La Tribune* leaked the fact that Crédit Lyonnais, which has massive bad loans, will attempt to save itself by selling off 130 billion French francs of good and bad debt, through a new financial institution created for this purpose. The French government will pump in an emergency loan of 130 billion francs, more than \$20 billion, for this operation.

- In Ibero-America, the speculative "emerging markets miracle" hoax built by London, is crashing down: In Brazil, over the week of March 6, the stock market lost more than one-quarter of its value. In the same week, the Brazilian central bank spent \$5 billion of its reserves—one-seventh of its total reserves—to protect its currency. In Argentina, the Carlos Menem government has attempted to borrow \$2.7 billion from the International Monetary Fund, as part of a \$7 billion emergency rescue package to attempt to stave off collapse. On March 16, Mexico's 15-day treasury bills shot up to an incredible 92.5%, which will set a floor under all interest rates, threatening to implode the Mexican banks and economy.

- Speaking from at the United Nations' "Social Summit" in Copenhagen, Denmark on March 13, Nigerian Finance Minister Anthony Ani called on Nigeria's creditors to grant the country interest-free rescheduling of its \$29 billion debt over a 75-year period, as well as a 5 to 10 year moratorium on payments.

- In the United States, on March 12, the *Washington Post* disclosed the explosive information that in 1994, U.S. commercial and investment banks generated \$5 billion in profits from derivatives trading, but derivatives-buying customers lost an amazing \$12 billion. The dollar continues to plunge.

Some souls, particularly in Europe, do see what is going on. On March 13, the German daily *Frankfurter Allgemeine Zeitung* estimated that, globally, the week of March 6, paper losses in stocks, bonds, foreign exchange, and derivatives had amounted to a stunning \$3 trillion. The newspaper's analysis is perceptive up to a point; but ultimately, the authors recommend a series of reforms that merely stay within the policy axiomatics by which the British govern the world financial system. They refuse to do what must be done: All the rules of the last 25 years must be tossed out the window, and the world must put through financial and economic bankruptcy reorganization, geared around great projects in infrastructure. As economist Lyndon LaRouche has said: Prepare for life beyond the deaths of the International Monetary Fund and Federal Reserve System. Should the world be too paralyzed with fear to pursue such a change, the prospect of a global financial firestorm lurks around the next corner.

Mexican businessmen rebel against IMF shock package

by Rubén Cota Meza

The Mexican government's announcement of a new creditor-dictated package of economic measures that will condemn thousands of companies to extinction and millions of workers to unemployment and desperation, has set the stage for an unprecedented business rebellion in Mexico. In the search for explanations and alternatives to the economic crisis that is grinding down the real productive capacities of the economy, new leaders are beginning to emerge who are looking increasingly to the ideas of U.S. economist and statesman Lyndon LaRouche.

Exemplary is the recent flurry of press coverage of LaRouche's analysis on Mexico, as well as invitations to his spokesmen to address business associations on the causes—and cures—for Mexico's worsening crisis. As LaRouche has insisted repeatedly, this is not a Mexican problem, but a New York and London one. What we are dealing with, insists LaRouche, "is a global sickness centered in the bloated financial bubble of speculation in so-called derivatives." The only solution, says LaRouche, is a total restructuring of the world monetary system.

Building 'investor confidence'

On March 9, Mexican Treasury Secretary Guillermo Ortiz announced that, in order to confront the "financial emergency" facing the country and rebuild "investor confidence," the value-added tax would be raised from 10% to 15%; gasoline prices would be hiked 35% in one stroke, and an additional 0.8% a month after that; and gas and electricity prices would be raised 20% in one blow, to be followed by monthly increments of 0.8%. By contrast, the minimum wage would be raised a maximum of 10%. Meanwhile, the Bank of Mexico (central bank) announced that it would keep a ceiling on issuing of new credit to 10 billion new pesos, with an average annual interest rate of 40%.

At the same time, the government revised its estimates on the yearly inflation rate for 1995, raising it from 19% to a highly optimistic 42%. The parity of the peso to the dollar, which had previously been targeted at around 4.5 pesos to the dollar, will now fluctuate at around 6 pesos to the dollar, although it is currently moving toward 8 pesos to the dollar. The earlier estimates of a 1.5% growth in the economy this year have been revised to a *negative 2%*.

On March 15, with the stated intention of further tightening credit—an International Monetary Fund (IMF) precondition for restoring "investor confidence"—the government drove interest rates on treasury bills as high as 92%. Interbank lending rates soared immediately to 110%. The immediate effect has been to accelerate the wave of bankruptcies. Financial analysts are now using the word "catastrophe" to describe the Mexican economy. A sector-wide banking collapse is universally predicted, while Wall Street investors are reported to be taking a "wait-and-see" approach. In vain has Mexican Finance Secretary Guillermo Ortiz staked out lower Manhattan to plead his case.

Through this new austerity package, the Zedillo government has opted to unload on Mexico's businesses and workers the full burden of providing the funds that will maintain payments on the country's soaring foreign debt. To start with, the 10% ceiling on wage increases, coupled with the government's acknowledgment that inflation will be at least 42% this year, automatically implies that the average contraction in workers' buying power will be 32%. The Mexican Workers Federation (CTM), linked to the ruling PRI party, has already announced its rejection of the 10% wage increase.

Because of the opposition of business and union leaders to the new package, the government has abandoned its own decade-long practice of reaching a tripartite "pact" or consensus among government, business, and labor on economic policy. The result is that the political mobilizations of the Mexican business sector will have a significant and growing influence on national affairs.

Businessmen take to the streets

"The common enemy is the International Monetary Fund!" "We're fed up with always having to pay the tab!" and "Let's go with moratorium!" were the slogans of hundreds of businessmen, industrialists, and shopkeepers in the industrial city of Monterrey, Nuevo León, in a series of demonstrations just prior to the announcement of the new austerity package. During one of those days of intense political agitation, the shopkeepers and industrialists held a march and a rally in front of the governor's palace to demand a change in government economic policy. That march was possibly the first time

in history that such groups have taken to the streets to express their anger and frustration at the disastrous state of the economy.

This mobilization of small, medium-sized, and even large Monterrey businesses means that the rebellion is likely to break out openly in other parts of the country as well. Indeed, already there is talk of a nationwide “debtors strike” by Mexico’s national associations of holders of bank loans and credit-card debtors, who are demanding a moratorium from the banks. For the bankers, therefore, it is urgent that this rebellion be stopped, now. Their first effort has been to try to strip it of legitimacy.

The bankrupt banker Agustín Legorreta—who had boasted during the previous Carlos Salinas de Gortari administration that economic policies in Mexico were set by the mere opinion of the so-called Group of 300 Notables—paid for a full-page ad in the March 10 issue of every Mexico City newspaper to go after the Monterrey rebels. Taking as a pretext the slogan which some of the Monterrey businessmen had used, “We are with Mexico, not with the Economic Cabinet,” Legorreta protested, “I find the lack of objectivity in the opinions, positions and judgments of many respecting the . . . economic program to be truly aberrant and highly dangerous.” He added that, having considered the various positions and measured their possibilities for success, the government “is the only one which can and should legitimately impose which path to take.” As for the rest of the Mexican population, said this banker, who has been repeatedly rescued by the government with money that is neither his nor theirs, “unless a moratorium is considered the best solution for the country, there remains but one rational position: to support the new economic program.”

Weeping crocodile tears as a way of “consoling” all those industrialists and businessmen who are not part of the Group of 300, Legorreta concluded his appeal: “While it is hard to see everything we have fought for, perhaps during a lifetime, vanish . . . what other alternative is there but for Mexicans to unite in this moment of crisis?”

That same morning, Trade Secretary Herminio Blanco showed up in Monterrey to try to placate the enraged business community there. He failed miserably. As columnist M.A. Kiavelo described it in the newspaper *El Norte*, “Herminio Blanco left a meeting with leaders of the private sector looking as white as a sheet. The least he was accused of was being cynical and arrogant, literally with those words!”

Later that afternoon, President Ernesto Zedillo himself was forced to meet with business representatives, whom he assured—also according to columnist Kiavelo—that the measures he had announced were “a short-term program” for solving the economic crisis, but “not the economic program for the full six-year term.” President Zedillo told the businessmen that “the bitter medicine that has been prescribed for Mexicans was the best alternative to a moratorium, which would be the worst of all possible worlds.”

The LaRouche alternative

The three alternatives currently offered Mexico’s business community for dealing with the present crisis are 1) accepting the proposal of the Mexican allies of the U.S. “Conservative Revolution,” to privatize the country’s oil, electricity, social security, and the rest of the economic and service sectors under the control of the Mexican state; 2) accepting the “bitter medicine” of the International Monetary Fund, as the Mexican government has done; or 3) going with some version of a moratorium on the foreign debt.

Standing at this crossroads, Mexico’s increasingly rebellious business sector is eagerly studying the proposals of U.S. economist Lyndon LaRouche. The Monterrey media, representatives of various sectors of the business community, and others have been broadly disseminating LaRouche’s analysis and proposals for discussion. On March 8, the Radio Alegría Group of Monterrey transmitted a live interview with LaRouche, which had been advertised beforehand in a leading Mexico City daily. The regional newspaper *El Porvenir* published its own lengthy interview with LaRouche, in a two-part series (see *Documentation*).

On March 14, Radio Alegría broadcast a live transmission of a seminar held with a group of Monterrey businessmen by *EIR*’s Ibero-American editor Dennis Small, who reiterated LaRouche’s analysis of the speculative cancer that is eating away at the productive economies of nations around the world, including Mexico’s. Asked whether Mexico shouldn’t bear some responsibility for its crisis, Small replied that the only thing Mexico can be blamed for “is having an itchy neck, and inviting Dracula to come and scratch it.”

Small also addressed an audience of students and professors at the state University of Nuevo León in Monterrey, and was quoted at length by *El Porvenir*, warning that Mexico will only survive if it breaks with the International Monetary Fund and goes for a total financial reorganization—even if it means debt moratorium. “Mexico should reject any policy that destroys its industry and leads to less employment and education,” said Small.

Documentation

LaRouche interviewed in Monterrey newspaper

On March 13 and 14, the daily El Porvenir of Monterrey, Mexico’s second-largest industrial city, published a two-part interview with Lyndon LaRouche. Following are excerpts from the interview, conducted by Eduardo Peraldi León.

El Porvenir: What would happen to Mexico's economy if a moratorium on debt payments is declared, and how would that affect the international markets?

LaRouche: One should think of such a debt-moratorium as like a typical bankruptcy of an individual U.S. firm under Chapter 11 of the bankruptcy laws. The purpose of supplying the protective measures of a bankruptcy to an imperilled firm or nation, is to prevent chaos, and to create the lawful circumstances in which an orderly restructuring of the bankrupted institution may be organized. Since Mexico could not possibly pay its aggregate present and future debt-obligations under existing international financial and monetary policies, for Mexico to survive as a nation, some radical form of financial reorganization of Mexico's debt-obligations must occur soon.

In a well-designed reorganization of a productive entity (such as a nation) which is in financial bankruptcy, the primary objective must be to segregate old debt, to make possible the introduction of an economic stimulus for growth, a stimulus which requires new sources of credit, and, therefore, new indebtedness. One must protect the new assets from the claims of the holders of the old debts, otherwise the entity (the nation) dies, and the death-agonies will include such expressions as the most violent social explosions of masses of people driven beyond despair.

In 1982, prior to Henry Kissinger's visit to Mexico City, such measures of financial reorganization were in progress, as I had outlined the case for this in my Aug. 5, 1982 book-length proposal, *Operation Juárez*. Had the governments of Brazil and Argentina not abandoned their promises of international solidarity with the President of Mexico [José López Portillo], that reorganization would have occurred and would have been successful.

El Porvenir: What do you consider the main differences between then and now?

LaRouche: The difficulty today is that the strategic correlation of forces, including the loss of internal political and economic strength of Mexico's population, is much less favorable than during 1982. To put the point bluntly, remember Panama 1989 and Iraq 1990-91: London, and such U.S. pawns of London as former President George Bush or Sen. Phil Gramm, would unleash genocide rather than tolerate a Mexico debt moratorium. The financial reorganization of Mexico must occur, more or less as outlined in the 1982 *Operation Juárez*; there are no acceptable alternatives for the people and nation of Mexico. Yet, it could not be done unless the political dangers from outside were efficiently addressed.

El Porvenir: What do you think are the causes of the Mexican financial crisis? How would you explain them?

LaRouche: Chronologically, everything goes back to the beginning of 1964, when certain agencies representing a

majority among the London-steered Anglo-American oligarchical families introduced a transformation of the social and economic policies of the dominant international institutions. This change in policy has been described by some of its advocates as "a cultural paradigm shift," ending the traditional modern European commitment to reliance upon the benefits of investment in science and technology. This introduced the so-called New Age policies identified with such catch-phrases as "post-industrial society," "rock-drug-sex counterculture," and "neo-malthusian ecologism."

The '70s brought the abandonment of the Bretton Woods gold-reserve agreements which had maintained medium-term stabilities in prices of national currencies and the replacement of the policy of currency stability by the so-called "floating-exchange-rate" monetary order.

Since 1979, the world has undergone the introduction of increasingly radical measures of "free trade" and deregulation of economies and of financial markets.

The October-November 1982 phase of the "Mexico international debt crisis" saw a brutal assault upon Mexico's sovereignty by Henry A. Kissinger and others.

During the last 12 years, Mexico has been struck, directly and indirectly, by the worsening effects of the worldwide growth of the worst, and most explosive bubble of financial speculation in history. Most critical has been the impact of "derivatives" speculation accumulated during the post-1987 period.

During the first five years of Carlos Salinas de Gortari's six-year term, the more strenuous measures of foreign looting of Mexico's economy occurred during the term of U.S. President George Bush.

For the past two years London's multifarious efforts to crush and oust U.S. President William Clinton have included such measures as the attempt to exploit Mexico as an economically weakened political flank of the patriotic forces resisting London from within the U.S.A.

If one measured the physical effects of these changes in policy upon production and consumption, it is readily shown that the direct result of each and all of these policy-changes has been a lowering of the standard of physical production and consumption per capita of labor force, per household, and per square kilometer of land-area in use. . . .

The brutal conflict between President Clinton, on the one side, and London and its allies, the U.S.A.'s "neo-conservatives," on the other, is an inevitable consequence of London's efforts to prevent the Clinton presidency from continuing to exist as a potential rallying-point for international resistance against the tide of oligarchical utopianism. . . .

El Porvenir: How can devaluations be avoided?

LaRouche: The best way of doing so is by doing away with the IMF. Without the scrapping of the present IMF-dominated system, there is no way, under the present sys-

tem, in which Mexico could either avoid new devaluations or regain lost real wages. One should view the worsening crisis within the international system as creating the circumstances, of worldwide breakdown-crisis, in which the needed reforms can be introduced. A profound change has erupted within the London-centered, global financial system: the notoriously powerful Barings Bank, one of the leading representatives of the private interests of the British royal family, has been declared bankrupt. The Clinton-hating London *Telegraph* has insisted, hysterically, that Barings' bankruptcy was merely the result of irregularities of a single, junior-rank trader operating out of Barings' Singapore office. Contrary to the *Telegraph*, many other prominent voices in the financial community acknowledge the fact, that the Barings bankruptcy has been a direct result of a deadly systemic crisis of the international financial system . . . a global sickness centered in the bloated financial bubble of speculation in so-called "derivatives."

El Porvenir: Who do you believe are the ones most responsible for Mexico's financial crisis?

LaRouche: As to the responsibility of the government of Mexico, one must look back to August-October 1982, which was the last time Mexico held in its hands the possibility to resist those policies which have crushed Mexico since that time: I am hesitant to condemn the behavior of a hostage who has acted with a loaded gun pressed against the back of his neck. It is clearly the international policy-shapers who are culpable for all the financial losses and human misery which the oligarchy's policies have imposed upon Mexico, especially since January 1982. . . .

El Porvenir: What economic policies could increase direct foreign investments in Mexico?

LaRouche: I do not think it desirable to rely predominantly upon foreign investments in Mexico for economic recovery. I would prefer that 80-90% of all new investments come from within Mexico, and that the margins of foreign investments be limited to funding of indispensable technology imports for Mexico's own investment in agricultural, infrastructural, and industrial development.

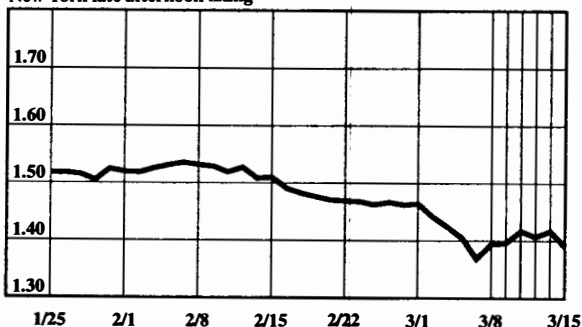
For this purpose, Mexico requires a "Hamiltonian" sort of national banking system, to supply state-created credit, in the form of created currency-notes of the Treasury of Mexico. These notes should be loaned to selected qualities of borrowers, in progressive tranches, at prime borrowing costs of between 1% and 2% per annum. The principal use of these loans is for issuance of production credit to national infrastructure projects and their authorized private contractors.

The second principal category of lending of such notes should be to private ventures which accord with a set of national priorities, such as those employed by President Charles de Gaulle for his successful resuscitation of the economy of France.

Currency Rates

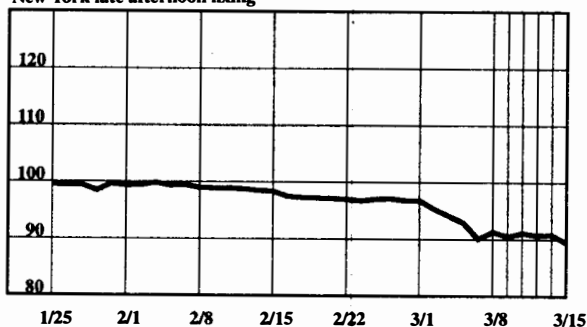
The dollar in deutschemarks

New York late afternoon fixing



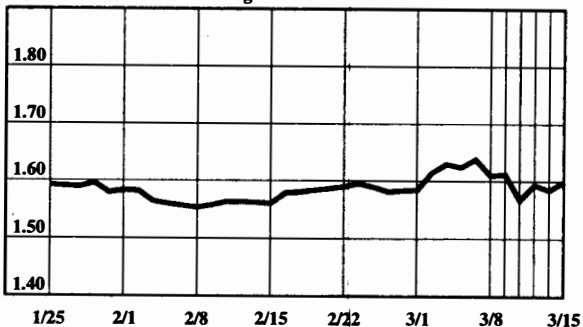
The dollar in yen

New York late afternoon fixing



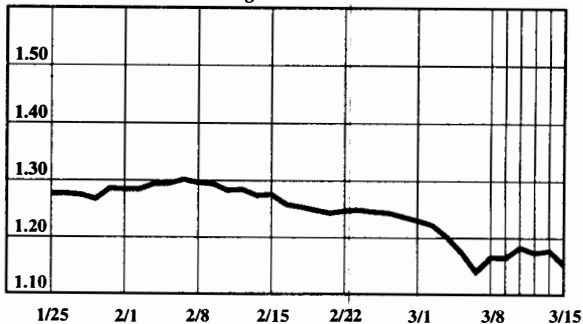
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Munich speculator hits casino economy

After the collapse of Barings Bank, Mr. Kostolany, a Munich-based "traditional speculator" and stock exchange expert of Hungarian origin, informed the German public in TV interviews about the prospects facing thousands of greedy, young derivatives dealers: They may soon have to leave their computer screens and go back to selling vacuum cleaners. This interview was conducted by Lothar Komp.

EIR: What do you think about the "loan assassin" theories, according to which Nicholas Leeson, the director of Barings' Singapore-based derivatives trading operations, was solely responsible for the firm's losses?

Kostolany: The responsibility for the collapse of the Barings Bank lies entirely with the bank. They hired this young man, gave him hundreds of millions of dollars for no other reason than to gamble on the futures markets of Osaka and Singapore. He went into the casino room, he gambled, and he lost. *Basta!*

EIR: What are the roots of such a casino economy?

Kostolany: Greed among financial institutions, and big industrial companies that have nothing to do with financial business.

EIR: What is the role of derivatives in this?

Kostolany: It's not the derivatives per se, but the dimensions involved. The most popular derivatives, that is options, were traded already by the Amsterdam stock exchange in the 17th century. I myself traded as a young man, 70 years ago, with different kinds of options, of course, in a limited volume.

There are derivatives and derivatives: There are "call" and "put" options, warrants, etc. They are not at all dangerous for the person who buys them. Here, the risk is not bigger than the money you paid for it. What is dangerous, however, is the selling of "put" and "call" options, because the seller of options is obliged to sell or buy assets at a special price. That was the case for Barings, which had sold huge amounts of "put" options and therefore had to take over huge amounts of [stock] index-oriented contracts. In effect, these options had not been based on stocks, but on "index-oriented contracts." These "index-oriented contracts" are a new instru-

ment, which has only existed for 20 years.

The options trade is, in effect, advantageous for the financial market, because it makes the market more liquid, and that is, from an economic standpoint, always an advantage. However, the perversity of the trade comes with the immense dimensions, and with the fact that there are hundreds of thousands of participants, with exposures in the billions. That has been the case at Barings.

EIR: What are the effects of recent foreign exchange speculation on the real economy, for example in Germany?

Kostolany: The gambling in foreign exchanges has caused unexpected and economically unfounded variations, which will result in considerable problems for industry and international trade. In Germany, this is all the more harmful because more than 30% of the German economy is based on exports, and major foreign exchange fluctuations threaten the transaction in goods.

EIR: In spring 1994, Lyndon LaRouche predicted the early disintegration of the worldwide financial system, coming in the form of a "mudslide" process. What is your opinion of this?

Kostolany: I don't know what Mr. Lyndon LaRouche means by "mudslide." However, I can confirm that the financial markets have been transformed into a gambling hell.

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Currency devaluation panics the markets

The old monetarist policies won't prevent Brazil from becoming another Mexico.

The March 6 decision by Brazilian monetary authorities to begin a phased devaluation of the national currency, the *real*, was enough to unleash a speculative orgy unprecedented in the country's recent history, which in only three days forced the government to use up \$6 billion of its foreign reserves. Two billion of these were taken out of the country by so-called foreign investors.

The crisis began when the central bank established floating bands—a “politically correct” way of announcing a devaluation—fixing a range of 0.86-0.90 centavos for the buying and selling of the dollar, which would change to 0.98 centavos by May. The significance of the measure wasn't the relatively low percentage of devaluation, but rather the fact that the government recognized the impossibility of maintaining the artificially high value of the *real* as a guarantee of monetary stability—that is, the impossibility of maintaining the so-called exchange anchor.

Since the implementation of the *Real Plan* last July, the currency had become overvalued by 20 to 25%, so that the mere action of changing the exchange rate provoked a run by speculators, who assumed that the devaluation would place the currency in a relationship of 1 or 1.2 to the dollar.

Aside from the panic which struck President Fernando Henrique Cardoso's government, the ensuing market chaos had the effect of demonstrating that the Brazilian monetary situation isn't very far from what hap-

pened in Mexico last Dec. 20 as part of the ongoing world economic collapse.

The truth is that the artificially high exchange rates, combined with a flood of imports, have caused a trade deficit which was \$492 million last November, and grew to \$884 million in December. Although it dropped to \$290 million in January, February's deficit is expected to exceed \$1 billion. Thus in four months, the trade balance went from a \$1 billion monthly surplus to a quarterly deficit of \$2 billion. If this trend continues, the monthly trade deficit will soon reach \$10 billion.

The devaluation is intended as a pragmatic way to encourage exports and generate a trade surplus of \$5 billion this year; the government reasons that this will partly compensate for \$15-17 billion in interest payments on the foreign debt and lead to a current-account deficit of \$10-12 billion. Foreign reserves would then be maintained at an acceptable level of \$25 billion or more.

But such calculations are illusory, since the reserves, estimated at \$40 billion at the beginning of this year, dropped to \$32 billion after the devaluation panic.

The government is still operating on the assumption that it can attract foreign capital to compensate for the deficit in its accounts, but reality says otherwise. Thus far this year, \$11.2 billion in foreign capital has fled the country, against \$5.24 billion in new investment, making the total capital flight figure a little under \$6 billion.

As a way of attracting this foreign capital, the Cardoso government is dangling the sale of one of the richest state companies, Vale do Rio Doce, the world's largest iron ore producer, and promising to make the state oil and telecommunications monopolies more “flexible.” It is also offering to open up state banks to foreign capital. And, within the logic of this monetarist lunacy, President Cardoso and his economics team are proposing to cut \$10 billion from the 1995 budget, especially in the area of investment in the state-run sector of the economy.

No less harmful was the fact that the government calmed the speculative thirst of “market agents” by raising the interest rates paid on public bonds from 3.25 to 4.25% monthly. This caused an immediate increase in the interbank lending rate from 4% to 6%, and will almost certainly cause regular bank interest rates to increase to 80% annually. The effect on the country's productive sectors, already bludgeoned by the flood of cheap foreign products coming into the country, will be devastating. At the same time, the central bank put on the market \$12.08 billion in dollar-denominated treasury notes, (NTN-Ds), similar to the *Tesobonos* which helped bankrupt Mexico.

Calm has returned to the markets, but it won't last. During the March panic, the Brazilian government saw what it was like to have one foot over the cliff. But it also realized that to get out of the trap the *Real Plan* represents, it's not good enough to return to the old devaluation policy to generate trade deficits. If the government wants monetary stability, it must recognize the global nature of the economic crisis, and take sovereign action to control the flow of capital and the exchange rate, while freezing the cancerous national financial system.

Business Briefs

Finance

Malaysian paper attacks 'rogue' derivatives

The "rogue" in the international financial system is the derivatives system itself, economist Martin Khor wrote in *The Star* newspaper in Kuala Lumpur, the capital of Malaysia. Refuting the "lone assassin" theory behind the collapse of Barings Bank, he concluded that crises such as Barings are endemic to the system itself.

"On hindsight, many financial experts and newspaper commentators have remarked that massive losses leading to a collapse like Barings suffered had been in the cards. Given the volatility of futures markets, the inherent trading risks, and the lack or impossibility of regulation, it is predictable that many companies or institutions would lose big money," he wrote.

Khor suggests that Malaysia reconsider plans to open its own derivatives market later this year. Malaysia still plans to launch two financial futures markets, despite Malaysian Prime Minister Mahathir Mohammad's attacks on derivatives trading as a form of gambling. Derivatives trading is like "trying to predict, like you predict which horse is going to win, or which interest rate is going to go up, or which index is going to go up or down," the national news agency Bernama quoted Mahathir as saying. "I think this is carrying speculation too far. . . . I don't see the need for it."

Foreign Exchange

South Africa to scrap dual rate

South Africa scrapped its dual exchange rate on March 13, and reverted to a single unified rand, following an announcement by Finance Minister Chris Liebenberg on March 10. The move is a further indication of President Nelson Mandela's weak position to deliver on his election promises for economic growth.

The existing financial rand system was introduced in September 1985 to deter capital flight. "The government has . . . decided that . . . the exchange control restrictions on the

free convertibility and repatriation of the local sale proceeds of non-resident-owned South African investments will be repealed. The financial rand and the dual exchange rate system will thereby effectively be terminated," Liebenberg said. He added that at this stage, exchange controls applying to foreign investments by South African residents remain in force.

The decision leaves South Africa with only one exchange rate which will apply to both current and capital transactions between residents and non-residents. "This one and only exchange rate will . . . be determined by market forces, and the Reserve Bank will continue to intervene in the foreign exchange market mainly to smooth out undue short-term fluctuations in the exchange rate," he said.

Environmentalism

Greenpeace hits Russian nuclear reprocessing

Greenpeace has launched an international campaign against a Russian nuclear fuel reprocessing plant in Siberia. In early March, the Atomic Energy Ministry said it plans to complete the RT-2 plant at Zelenogorsk (formerly the Krasnoyarsk-26 secret city on the Yenisey River) in line with a decree signed in January by President Boris Yeltsin.

Dmitri Tolmatsky, a representative of Greenpeace in Moscow, told Reuters that the plant will threaten the environment and the world's nuclear security. Tolmatsky said that "once completed, this facility will eventually boost nuclear proliferation and help some countries produce nuclear weapons. . . . This project threatens to transform Russia into a nuclear waste dump."

Construction of the plant was stopped in 1989 because of financial problems. The plans are to finish construction by the year 2004. The plant will isolate plutonium from nuclear fuel taken from VVER-1000 Soviet-designed pressurized water reactors. It will also reprocess fuel from other countries, including Germany, South Korea, India, Taiwan, and Switzerland, and return the reprocessed fuel to the country of origin.

Russia is currently reprocessing nuclear fuel from other countries at the RT-1 plant, near the city of Chelyabinsk-65. It is a lucrative business, and plant operators receive a much higher quality of fuel than what they can purchase. Despite Greenpeace claims that this reprocessed fuel is weapons-usable, it is in fact low-grade fuel. Weapons grade plutonium is produced at two completely separate plants at Chelyabinsk-65 and Krasnoyarsk-26.

Greenpeace is claiming that the State Duma (parliament) will appeal to Russia's constitutional court to examine Yeltsin's decree ordering the completion of RT-2.

Shipping

Sea-Land reflags ship, slashes pay scales 40%

Sea-Land Service, Inc., one of the three largest U.S. shipping lines, flew "security personnel" to Singapore to guard against sabotage when it forced the U.S. crew off the *SS Sea-Land Freedom* in February, the *Journal of Commerce* reported on March 8. Sea-Land reflagged the ship under Marshall Islands registry under its subsidiary Intersea, and replaced the U.S. crew with licensed officers from Croatia and unlicensed seafarers from the Philippines.

Sea-Land plans to reflag another ship in March, and three more in April, to drive down wage scales. If any U.S. officers are hired (which is unlikely), they will receive much lower pay. For example, a master, the top-ranking and highest paid officer, will receive \$72,760 in wages and benefits for an eight-month shift on a reflagged ship, compared to \$132,000 in wages and benefits on a U.S.-flagged ship. In addition, any U.S. officers hired would have no collective bargaining rights, even though they will have to join the International Organization of Masters, Mates and Pilots within 31 days, and will not have access to normal grievance procedures, such as union representation during arbitration.

A telegram from Marine Engineers Beneficial Association president Joel E. Bem to MEBA members warns that Sea-Land "says it will pay American engineers not to work rather

than hire them on the five reflagged ships," and that Sea-Land believes it is not obligated to cough up severance pay.

Petroleum

Iran signs deal with U.S. oil company

Iran has signed an agreement with Conoco, a subsidiary of Du Pont, to develop two offshore fields, the *New York Times* reported on March 7. It is the first U.S. oil investment in the country since Iran's Islamic revolution in 1979. The agreement, worth about \$1 billion, "indicates a long-term relationship" between Conoco and Iran, the paper commented. According to "analysts," this is a major shift in Iranian policy, and it could be followed by other deals in the future.

The deal comes in the face of threats by Sen. AID' Amato (R-N.Y.), who introduced a bill in January which called for banning "trade with Iran," and other attempts in Congress to impose economic sanctions on Iran. Also, according to one State Department official, the United States was seeking ways to "turn up the heat on Iran."

The State Department and Department of Defense had expressed their uneasiness over the recent deployment of Iranian missiles and artillery close to the Straits of Hormuz in the Persian Gulf.

Labor

EU spokesman warns against low-wage society

The European Union should avoid stripping away worker protection, or risk creating an American-style "low wage society," EU Social Affairs Commissioner Pdraig Flynn said on March 8, Reuters reported. "Americans advise me strongly, don't go down that road."

Flynn, while answering a question about the need for deregulation to stimulate job creation, singled out Britain, which he said had created a high number of part-time jobs, while

offering workers a low level of protection. Britain has blocked an EU proposal to guarantee part-time workers the same hourly pay and benefits as full-timers.

But Sweden, Denmark, and the Netherlands have done the same thing while guaranteeing part-timers in many respects the same benefits as full-time workers, he said. "It has worked very well for them," he said. "They have high levels of productivity and a very motivated workforce."

Flynn said the U.S. system of low protection meant that workers had to be supported in other ways, for example through government welfare payments. "Simplistic deregulation for the sake of deregulation is not the way forward," he said.

Employment

The U.S. 'dejobbing' recovery marches on

The continued mass layoffs and large-scale hiring of temporaries, appropriately called the "dejobbing" of America, continues apace. The following layoffs were reported by Reuters in the first week of March alone:

Orange County, California announced on March 7 that it will eliminate 10% of its workforce, including 1,040 layoffs and elimination of another 563 jobs, to balance its budget.

McDonnell Douglas said on March 7 that it will close two plants and lay off 1,300 workers due to defense cutbacks. The closings are in Florida and Missouri.

America West Airlines announced on March 3 that it will lay off 700 workers and cut more than 1,000 jobs, primarily in Phoenix, Arizona.

The Downtown Development Corp. of Laredo, Texas has applied to President Clinton to consider a bailout package for the Texas-Mexico border area because of the disastrous effects of the North American Free Trade Agreement. Sales volumes have declined in Laredo 75-90% since the treaty and unemployment is officially 14% in Brownsville, Texas.

Meanwhile, in Canada, 45,000 public servants in Ottawa may lose their jobs, in the biggest layoff in Canadian history, if the proposed national budget is adopted.

Briefly

● **CHINESE** Premier Li Peng said that the central government had "underestimated the repercussions" of the sharp rise of prices of grain, crude oil, cotton, and other basic commodities in early 1994, in his "state of the nation" speech to the National People's Congress on March 5.

● **RTZ CORP. PLC**, one of the key firms of the British House of Windsor, is buying 10.4% of Freeport-McMoRan Copper & Gold for between \$450 million and \$875 million. RTZ is also acquiring 25% of its copper smelter in Huelva, Spain for \$25 million.

● **NEGOTIATIONS** between Bramalea, the Toronto-based real estate arm of the Bronfman empire, which filed a second petition of bankruptcy in March, and International Realty Investors, collapsed after creditors refused to convert Can \$600 million of its debt into equity. Bramalea, with debts of Can \$3.5 billion, first filed for bankruptcy in 1993.

● **RUSSIA** will reportedly sell six more Kilo-class attack submarines, worth \$200-250 million each, to China, the *South China Morning Post* reported on March 4. Moscow has sold four others, and China plans to buy another 12 by the year 2000. Buying in bulk is reportedly a condition imposed by Russia for transferring technology to China.

● **MINMETALS**, the Chinese state company, is going ahead with its suit against Lehman Brothers, for seducing one of its traders into "incredibly complicated derivatives transactions that were impossible for him to understand." It is seeking \$128 million in damages.

● **MERRILL LYNCH** was the big winner in the Orange County, California derivatives mess. A disparity was found "between Orange County's losses—about \$2 billion—and the tens of millions of dollars in profits" made by the firm that had sold most of the investments, the March 12 *Washington Post* reported.

London sets the stage for a new Triple Entente

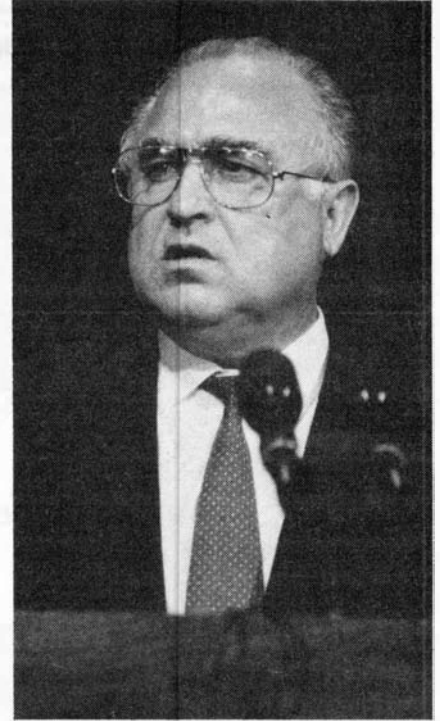
by Webster G. Tarpley

Ninety years after its inception, the Triple Entente is back in the news. The Triple Entente was the alliance among Great Britain, France, and Russia, which was formed by British King Edward VII between 1904 and 1907 and which London used for the purpose of unleashing World War I and undermining modern European civilization. Most of the disasters of the twentieth century—including not just World War I, but also the fascism of Mussolini, Hitler, and Tojo; the communism of Lenin, Stalin, and Mao; the Great Depression; World War II; the Cold War; and the post-1918 decline of morality and the traditional family—have their roots in the Triple Entente and in Edward VII's other monstrous creations, his Anglo-Japanese alliance and his London-Washington "special relationship," both of which functioned as auxiliaries to the Triple Entente.

Prominent spokesmen for the London-centered oligarchy are now advertising the Triple Entente as the model for a British-centered, anti-American new order in Europe. One of the hawkers is Ambrose Evans-Pritchard, the Washington correspondent of the London *Sunday Telegraph*, and the author of scurrilous diatribes against President Clinton concerning the concocted "Whitewater" and "troopergate" affairs. On Nov. 21, 1994, Evans-Pritchard was so indignant about Clinton's termination of intelligence sharing with London about arms flows into Bosnia, that he predicted that "Britain will have to find solace in a tentative Triple Entente with France and Russia."

Last April, Douglas Hurd, the British foreign secretary, and his French counterpart Alain Juppé marked the 90th anniversary of the Anglo-French Entente Cordiale of 1904 (one of the building blocks of the Triple Entente) with celebrations. It is evidently the aim of Hurd and Juppé to align with Russia against the United States in defense of London's Serbian proxy; that would be a new Triple Entente with a vengeance.

London is now dispatching invitations to French technocratic freemasons and Russian free-market *nouveaux riches* to join in opposing possible constructive



British Foreign Secretary Douglas Hurd (left) and French Foreign Minister Alain Juppé (center) are promoting a new Triple Entente that would align France, Britain, and Russia against the United States. On the right is Russian Foreign Minister Viktor Chernomyrdin.

steps by the Clinton administration in various policy areas. The main thrust of the new Triple Entente is to block Clinton's announced German-American partnership for the economic development of Russia and other countries of central and eastern Europe. London is seeking to block a Eurasian economic reconstruction and development strategy of great projects of infrastructure, along the lines of Lyndon LaRouche's 1989 Productive Triangle, now partially reflected in the European Union's Delors Plan and the "Silk Road" cooperation reaching into China.

World leaders owe it to their countries' future to understand what the Triple Entente was the first time around, before they consent to London's offer of a repeat performance.

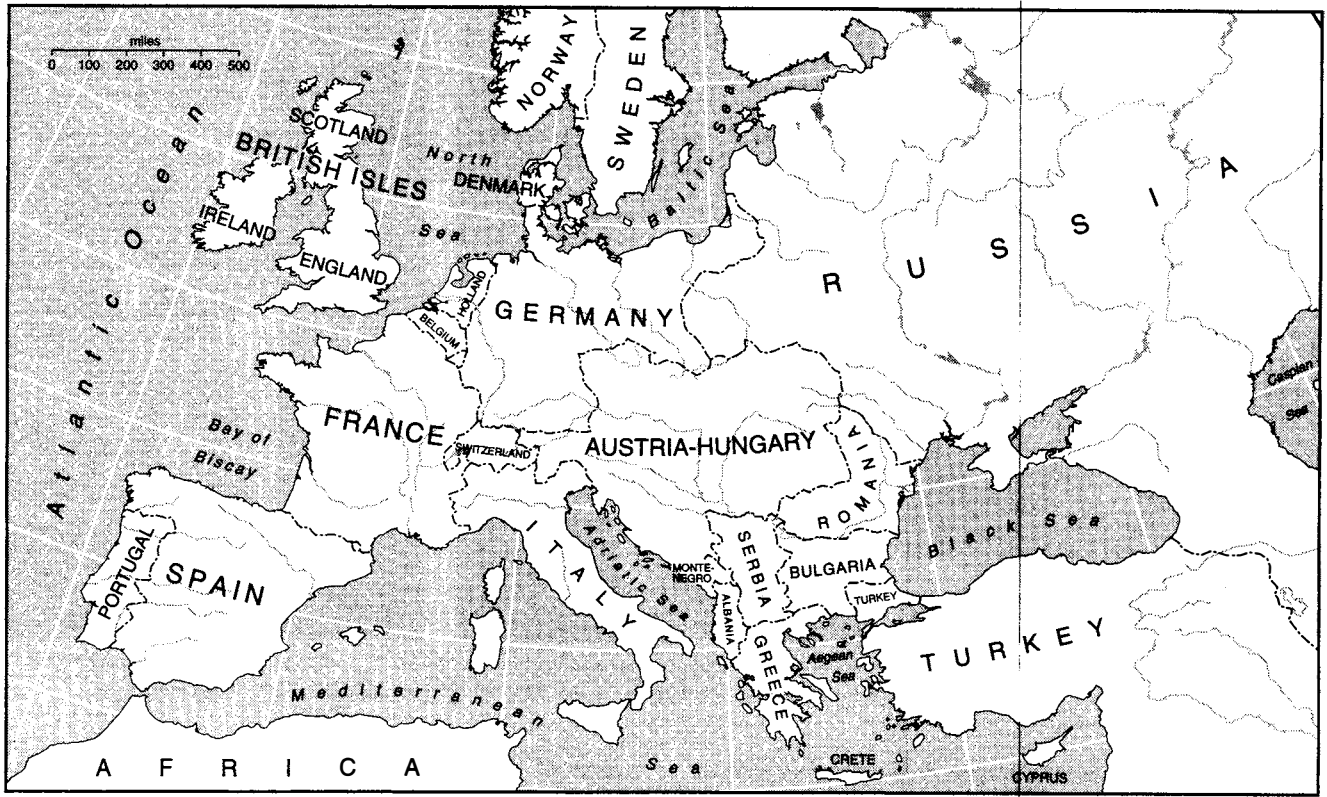
The Triple Entente and World War I were the response of Edward VII's British oligarchy to a series of challenges to the continued world domination of the British Empire, which at the beginning of our century embraced about one-quarter of the land area and population of the entire planet. The threat profile against the British Empire and its brutal colonial exploitation was not a matter of military aggression, but rather involved the extension of European railroad and other infrastructural technology into the colonial sector, breaking the monopoly of British sea power.

During the 1890s, each of the leading continental states possessed a more or less prominent institutional grouping which was seeking to implement proposals for infrastructural development. In France, there were such figures as Foreign Minister Gabriel Hanotaux and Ferdinand de Lesseps, the

builder of the Suez Canal. In Russia, there was Finance Minister Sergei Yulevich Witte, the builder of the Trans-Siberian railway, and his ally, the eminent scientist Dmitri Ivanovich Mendeleev. In Germany, there was Georg von Siemens of the Siemens concern and the Deutsche Bank, who was laying track for the Berlin to Baghdad railway.

The strategic thinking of Witte and Hanotaux converged on a continental European coalition of France, Germany, and Russia, based on a community of interest in world economic development, capable of reaching out to the United States and other powers, and above all capable of putting an end to the divide and conquer "balance of power" machinations of the British imperialists. There were a number of occasions during the 1890s when this continental league could have been assembled; one golden opportunity came in the wake of the 1898 British-French Fashoda confrontation, at a time when the British aggression in South Africa, commonly called the Boer War, exposed both the malicious evil and the stunning military weakness of London. The 1899-1902 Boer War united the governments of the world in their abhorrence of British policy. By this time Hanotaux was out of office, replaced by the raving anglophile Théophile Delcassé. A more serious obstacle was posed by Kaiser Wilhelm II of Germany, not because he was the bloodthirsty monster of Entente propaganda, but rather because he was a pathetic fool obsessed with his personal inferiority complex in regard to the British monarchy. The kaiser's track record was one of erratic duplicity, with the constant danger that he would

Europe on the eve of World War I



succumb to the next overture from London.

The failure to bring Germany into a community of principle with the France of Hanotaux and the Russia of Witte by 1902 at the latest amounts to a great lost opportunity, a turning point of world history in the sense of Friedrich Schiller's *punctum saliens*. Lost here was the chance for the twentieth century to become a true renaissance age of reason and world economic development. What came instead, courtesy of London, was symbolized by the bloody stalemate of Verdun.

The case of Kaiser Wilhelm points up the underlying axiomatic problem in European civilization at the close of the nineteenth century: pervasive oligarchism. All the European powers (with the exception of the French, who had their own problems with anglophile freemasonry) were oligarchical and were derived from the restoration directed by the British and Metternich at the Congress of Vienna in 1815. German politics suffered from the fact that national unity had not been achieved during the Liberation Wars against Napoleon, but had been relegated to Bismarck's blood and iron. Further, European nationalism was polluted by the insane chauvinism spread by the 1848-era Mazzini networks and their successors. So, in a typical case, Czar Nicholas II hated Sergei Witte, and only kept him in office because he was the only capable minister in sight.

Still, there were numerous opportunities to avoid the war which broke out in 1914. If Bismarck had refrained from

annexing Alsace-Lorraine in 1871; if Kaiser Wilhelm had renewed Germany's Re-insurance Treaty with Russia in 1890; if Russian and German ministers had been able to broaden the opening for Russo-German cooperation conjured up by the 1905 Björkjö meeting of czar and kaiser, the worst might have been avoided. If the German war plan known as the Schlieffen Plan had been competently carried out in August 1914, the war would have been over in a few months, and the British and their pawns might have been defeated. That all these opportunities were lost suggests the power of the oligarchical axiomatics which the British were always able to exploit.

The following reports—most of them based upon speeches delivered to a conference of the Schiller Institute and International Caucus of Labor Committees on Feb. 19-20, 1995—are offered as a mirror for statesmen and ordinary citizens at the end of the twentieth century. Will you follow in the footsteps of Edward VII's agents like Sir Edward Grey, Joseph Chamberlain, Theodore Roosevelt and Woodrow Wilson, Georges Clemenceau and Delcassé? Or will you imitate the Bülow and Bethmann-Hollwegs in their mixture of corruption and self-delusion? If you do, a new world conflagration is not far off. Remember that German-British relations never seemed so cordial as they did between 1912 and June 1914.

King Edward VII: evil demiurge of the Triple Entente and World War I

by Webster G. Tarpley

For long years, King Edward wove, with masterly skill, the Nessus robe that was to destroy the German Hercules.—*Leipziger Neuste Nachrichten*, after the death of Edward VII, May 1910

There are no frictions between us, there is only rivalry.—Edward VII to State Secretary von Tschirschky of the German Foreign Ministry, at the Cronberg Anglo-German summit, 1906

The Triple Entente is the name given to the alliance among Great Britain, France, and Russia which was formed during the first decade of this century, and which led to the outbreak of the First World War. This Triple Entente was the personal creation of King Edward VII of Britain.

It was King Edward who set up the British alliance with Japan, the Russo-Japanese War, and the 1905 Russian Revolution. It was King Edward VII, acting as the autocrat of British foreign policy, who engineered the Entente Cordiale between Britain and France in 1903-04, and who then went on to seal the fateful British-Russian Entente of 1907. It was King Edward who massaged Theodore Roosevelt and other American leaders to help bring about the U.S.-U.K. "special relationship," which dates from the time of his reign. This diplomatic work was masterminded and carried out by King Edward VII personally, with the various British ministers, cabinets, round tables, and other apparatus merely following in his wake. Edward had a geopolitical vision in the Venetian tradition, and it was one of brutal simplicity: the encirclement of Germany with a hostile coalition, followed by a war of annihilation in which many of Britain's erstwhile "allies"—notably France and Russia—would also be decimated and crippled.

Edward VII died in May 1910, before he could see his life's work carried through to completion. But he had created the war alliance of Britain, France, Russia, and Japan, with support from the United States, that would take the field in August 1914. He had created the nightmare world of crossed mobilizations among Germany, France, and Russia. And he had created a network of cothinkers, agents, and dupes in every chancery in England, Europe, and America, who

would, when the time came, push the mobilization buttons and launch the war. The madmen of 1914—Sir Edward Grey, Izvolski, Sazonov, Delcassé, Clemenceau, Poincaré—were all agents of Edward VII's influence. It was Edward's crowd that made sure that the lights went out across Europe, not to be re-illuminated for a generation and more.

Edward VII was also Casanova with a crown, a satyr and sodomist on the throne of England, the royal rake of Edwardian legend. All of this provides useful insight, but is finally beside the point. Edward VII, far more than any other single human being, was the author of the First World War, and thus brought about what is probably the most destructive single event in the history of western civilization. Without Edward's exertions, the war could never have occurred.

I. The anatomy of a monster

Edward VII, autocrat

Edward VII has been hailed by the British as the greatest political activist of the House of Windsor, and as the greatest monarch since William the Conqueror in 1066. He represents the case in which the monarch and the leader of the oligarchy are united in the same person. The result was an autocrat more absolute than the kaiser or the czar.

Edward VII's role as dictator of British foreign policy before the war, although denied by recent biographers, was a matter of common knowledge through the 1920s. During the last months of Edward's life, Robert Blatchford, the editor of the *Clarion*, wrote in the *Daily Mail* of Dec. 14, 1909 that "The king and his councillors have strained every nerve to establish Ententes with Russia and with Italy; and have formed an Entente with France, and as well with Japan. Why? To isolate Germany." (Farrer, p. 261)

J. A. Farrer, writing after the cataclysm of World War I, commented that Edward's "whole reign was a preparation and education for a war accepted as inevitable. . . . It is now plain that [Edward's] policy, though achieving peace in some directions, was in essence a policy of war, and one that ended in war. The panic of a German invasion, sustained by the



King Edward VII of England: World War I was caused, not by Germany, but by him and his agents.



Edward's mother, Queen Victoria. Her life at Balmoral Castle was not exactly prim and proper.

Press during the whole decade, failed of such discouragement as might have prevented a needless enmity to arise between us and Germany. The king seems to have shared the popular belief in the will and power of Germany to invade us." (Farner, p. 5, pp. 261-262)

The leading ambassadors and ministers of the Belgian Ministry of Foreign Affairs clearly recorded their understanding of Edward's project. Here is the view of Baron Greindl, the Belgian ambassador to Berlin, as expressed in April 1906: "One is driven to the conclusion that British foreign policy is directed by the king in person . . . there is undoubtedly in England a court policy pursued outside and alongside that of the government." In 1907 Greindl added: "The king of England's visit to the king of Spain is one of the moves in the campaign to isolate Germany that is being personally directed with as much perseverance as success by his Majesty King Edward VII." (Middlemas, pp. 173-174)

Austrian sources confirm the essential view of Edward the Encircler (Eduard der Einkreiser) as the architect of the Entente system. The following example is from the Vienna *Neue Freie Presse* of April 15, 1907, and came in response to Edward VII's overtures to Russia: "Who can fail to receive the impression that a diplomatic duel is being fought out between England and Germany under the eyes of the world. The king of England . . . is no longer afraid of appearing to throw the whole influence of his personality into the scales whenever it is a question of thwarting the aims of German

policy. The meeting at Gaeta [of Edward VII with the king of Italy] is another fact connected with the burning jealousy between England and Germany. Already people are asking themselves everywhere: 'What is the meaning of this continual political labor, carried on with open recklessness, whose object is to put a close ring around Germany?' " (Brooke-Shepherd, p. 283)

Born in 1841, Edward VII had the typical Saxe-Coburg-Gotha mug, like the current heir apparent. Edward VII was a pupil of Lord Palmerston, with whom he discussed a Russian alliance during the mid-1860s. The young Edward was also close to Palmerston's stooge Napoleon III, and the Empress Eugénie.

In that 1866 war, Edward's mother, Queen Victoria, sympathized with Prussia. But Edward supported Austria, even when Austria was crushed by Prussia at Königgrätz. In 1866, Edward favored what he called an Anglo-French Entente to contain Prussia. This was already the germ of the London-Paris Entente Cordiale of nearly 40 years later. Hostility to Prussia and later to Germany is thus the one fixed point of Edward VII's career. What is reflected here is classical Venetian geopolitics as applied by the British. For centuries, London's maxim has been to ally with the second strongest continental power to destroy the strongest continental power. Until 1870, the British perceived Russia to be the strongest land power. In the 1870s that abruptly changed with the emergence of a united Germany. Edward VII was

quicker than other elements of the British oligarchy to take note of that momentous shift.

Edward visited Canada and the United States in the fall of 1860, helping to give a final push to secession and civil war. In 1862 he was in Egypt and the Middle East. In 1875-76 Edward visited India, where he helped to prepare the Afghan war of 1878, which was waged against the influence of Russia. One of the members of Edward's party on this tour was his fellow rake and political ally, Lord Carrington.

Queen Victoria: Mrs. John Brown

Edward's apprenticeship for the monarchy was a long one. In 1861 his father, Prince Albert of Saxe-Coburg-Gotha, died. Edward's mother, Queen Victoria, went into deep mourning and did not emerge from it during the 40 remaining years of her life. The queen was an occultist, as befits a royal house which has always been dominated by Venetians.

Queen Victoria retreated to her castle at Balmoral in the Scottish highlands, 500 miles north of London. The court was organized as a death cult, with every pretense that Albert was still alive. His laundry had to be done, and his nightgown laid out every night. Hot water was brought to his room every morning, and the chamberpot cleaned. There were two guest books, one for the queen, one for Albert, and so on. Victoria made repeated attempts to contact the shade of Prince Albert in the underworld—or the beyond—and these became the origins of the modern British occult bureau. As a result of these seances, the queen became convinced that her Scottish gillie—or attendant—John Brown—was a powerful medium through whom the spirit of Albert addressed her. Gossip seeped out from Balmoral to London that John Brown was “the queen's stallion,” granted every conjugal privilege, including adjoining bedrooms far from the ladies-in-waiting. A pamphlet about the queen appeared entitled “Mrs. John Brown.” Victoria was very like Miss Habisham of Satis House in the Dickens novel *Great Expectations*. This was the woman for whom time had stopped when she had lost her husband. When we factor in the frequent orders made for opium and heroin at the local Balmoral pharmacy, we get a picture of Victoria's life in the Highlands. Prim and straight-laced it was not.

Edward the Caresser

When Edward VII married, he chose Princess Alexandra of the Danish Royal House, who had her own anti-German revanche complex because of Bismarck's war against Denmark in 1864. Victoria remained in mourning, gazing at a marble bust of Albert. Victoria refused to appear at state occasions, so Edward had to assume these functions, for 40 years. Edward set up a household in Marlborough House in London, and began his career as a royal rake. He became the undisputed leader of British high society. Hence the Edwardian legend of the sybaritic hedonist and sex maniac whose mistresses included Lillie Langtry, Daisy Countess of War-

wick, Lady Brooke, Mrs. George Keppel, and others too numerous to mention. Some of the can-can dancers painted by Toulouse-Lautrec had been Edward's girlfriends.

There was a fling with Sarah Bernhardt, the French actress. When Bernhardt was playing in “Fedora” in Paris, Edward told her that he had always wanted to be an actor. The next night, in the scene in which Fedora comes upon the dead body of her lover, few recognized the heir to the British throne: Edward VII had made his stage debut as a cadaver.

Edward's home at Marlborough House in London was also a center of the “Homintern.” One of Edward's friends, Lord Arthur Somerset—known to his friends as Podge—was arrested during a police raid in one of London's numerous homosexual brothels. A satire of Edward was written in the style of Tennyson's “Idylls of the King.” This was called “Guelpho the Gay—the Coming K.” Some recalled a predecessor on the throne, Edward the Confessor. This future king was to go down as Edward the Caresser.

Prince Felix Yussupov was the heir to the biggest fortune in Russia. He was also considered the most beautiful transvestite in Europe. One evening Yussupov, dressed as a woman, attended the theater in Paris. He noted a portly, whiskered gentleman ogling him through an opera glass from one of the box seats. Within minutes, Yussupov received a mash note signed King Edward VII. Remember that Yussupov is the man who assassinated Rasputin, the holy man and reputed German agent, in December 1916, detonating the Russian Revolution a few months later. Here we see the great political importance of King Edward's Homintern.

The house of Jack the Ripper

Edward VII's first son was Prince Albert Victor Edward, known in the family as Prince Eddy and formally as the Duke of Clarence and Avondale. Prince Eddy, like his father, had been considered mentally impaired in his youth.

Prince Eddy was arrested at least once in a homosexual brothel. His main claim to fame today is that he is the prime suspect in the Jack the Ripper murders. This grisly series of crimes involved the murder of five prostitutes in the Whitechapel-Spitalfields slum of London in 1888-89. At the time of the murders, rumors abounded of the involvement of a member of the royal family, and of an obscure background of freemasonic intrigue. The papers of the attending physician of the royal family indicate that he had indeed treated Jack the Ripper. A number of exhaustive studies have concluded that this was Prince Eddy. According to some versions, Prince Eddy had contracted syphilis during a trip to the West Indies during his youth, and this had affected his brain. According to others, Prince Eddy was part of a homosexual clique that killed because they hated women. There is no doubt that Prince Eddy answered to the best available description of the Ripper. Young Prince Eddy conveniently died a few years after the Ripper murders ceased.

A quarter of a century ago, a British physician came

forward with evidence supporting the thesis that Jack the Ripper was Prince Eddy. A wire service dispatch from Nov. 1, 1970 sums up the allegations made at that time:

“LONDON, Nov. 1 (AP)—The *Sunday Times* expressed belief today that Jack the Ripper, infamous London murderer of nearly 100 years ago, was Edward, Duke of Clarence, grandson of Queen Victoria and older brother of George V. The *Times* was commenting on the statement of an eminent British surgeon who said that the Ripper ‘was the heir to power and wealth.’ The surgeon, Thomas E.A. Stowell, while claiming to know who the criminal was, refused to identify him in an article to be published tomorrow in *The Criminologist*. . . . The *Sunday Times*, in commenting on Dr. Stowell’s article, said there was one name that fitted his evidence. It said: ‘It is a sensational name: Edward, Duke of Clarence, grandson of Queen Victoria, brother of George V, and heir to the throne of England. All the points of Dr. Stowell’s story fit this man.’ ” (Spierig, p. 11)

Shortly after having published his article in *The Criminologist* and thus made his allegations public, Dr. Stowell wrote a letter to the *London Times* in which he disavowed any intention of identifying Prince Eddy or any other member of the royal family as Jack the Ripper. In this letter Stowell signed himself as “a loyalist and a Royalist.” Stowell died mysteriously one day after this letter appeared, and his family promptly burned all his papers.

An American study of the Jack the Ripper mystery was authored by the forensic psychiatrist David Abrahamsen, who sums up his own conclusions as follows: “It is an analysis of the psychological parameters that enabled me to discover that the Ripper murders were perpetrated by Prince Eddy and J.K. Stephen.” (Abrahamsen, pp. 103-104) J.K. Stephen had been chosen as a tutor for Prince Eddy, who was mentally impaired. Stephen was a homosexual, was the son of the pathological woman-hater Fitzjames Stephen. J.K. Stephen’s uncle was Sir Leslie Stephen, the writer. There is evidence that J.K. Stephen sexually molested his cousin, best known today by her married name, Virginia Woolf, the novelist. This experience may be related to Virginia Woolf’s numerous suicide attempts.

While he was at Cambridge, Prince Eddy was a member of the Apostles secret society. Abrahamsen quotes a maxim of the Apostles: “The love of man for man is greater than that of man for woman, a philosophy known to the Apostles as the higher sodomy.” (p. 123) Prince Eddy died on Jan. 14, 1892. J.K. Stephen died in a sanitarium on Feb. 3, 1892.

Prince Eddy’s younger brother, the later George V, assumed his place in the succession, married Eddy’s former fiancée, Princess May of Teck, and became the father of the Nazi King Edward VIII. If the persistent reports are true, the great-uncle of the current queen was the homicidal maniac Jack the Ripper. Perhaps the recurring dispute about what to call the British royal house—Hanover, Windsor, Guelph,

Saxe-Coburg-Gotha, etc.—could be simplified by calling it the House of Jack the Ripper.

Of the existence of a coverup there can be no doubt. One of the main saboteurs of the investigation was a certain Gen. Sir Charles Warren, the chief of the London Metropolitan Police. Warren suppressed evidence, had witnesses intimidated, and was forced to resign amidst a public outcry about masonic conspiracy. Warren was the master of a new freemasonic lodge that had recently been created in London. This was the Quatuor Coronati Lodge of Research, number 2076 of the Scottish rite. The Quatuor Coronati lodge had been founded in 1884 with a warrant from the Grand Master of British freemasonry, who happened to be Edward VII.

The homicidal uncle of Europe: Edward VII’s network

During these years, Edward VII built up an unparalleled personal network of politicians and others who owed their careers to him. They are historically significant because they constituted the international war party up through 1914, and have remained in power through two world wars and the cold war, into the Balkan crisis of the 1990s.

The Churchill family

One of the habitués of Edward’s Marlborough House fast set and a rising member of Parliament during the Disraeli era of the 1870s was Lord Randolph Churchill. Randolph was clearly headed for a great political career when he died of syphilis. Randolph’s son was Sir Winston Churchill, who was promoted by Edward VII to a post in the Privy Council. Winston considered himself King Edward’s protégé; Edward had urged him to pursue a career in politics and writing. For a time Winston sent the king a daily letter summing up the activities of the House of Commons.

The Chamberlains

Another of Edward’s most important political operatives was Joseph Chamberlain. Chamberlain had been mayor of Birmingham and known for his anti-royalist rhetoric, but he soon became a member of the Marlborough House set. When Edward VII wanted to start the Boer War, he did so through Joseph Chamberlain, who was the Colonial Secretary between 1895 and 1903, serving for years in Lord Salisbury’s cabinet. Chamberlain was an architect of the Fashoda crisis with France and of the Boer War. Chamberlain was also the point man for Edward’s deception operation of an alliance with Germany. Edward also used Chamberlain to propose the Entente Cordiale to the French. Those who don’t know Joseph Chamberlain may know his son, the later Prime Minister Sir Neville Chamberlain, the author of the Munich sell-out of 1938.

Sir Edward Grey

A family servant of Edward VII was Sir Edward Grey, the British Foreign Secretary who actually started World War I. Grey's father was an army officer who had joined the household of Edward when he was Prince of Wales. The elder Grey was an equerry, or master of the royal horses. Edward was Lord Grey's godfather. Edward did the traveling, while Grey stayed in the Foreign Office to do the clerking. Grey's problem later, in August 1914, was to make Germany think that England would not go to war until the war had actually started. This he did with the help of Edward's surviving son, George V. At the same time, Grey had to convince the Russians and the French that Britain would indeed honor the Triple Entente and go to war in support of Russian aggression. In his effort to start the war, Grey also had to lie to his own prime minister and cabinet. He finally had to sell the entire result to the House of Commons. Grey was Perfidious Albion with an Edwardian pedigree.

Adm. Jackie Fisher

A leading proponent of preventive war against Germany was Edward's protégé Adm. Jackie Fisher, the man who introduced the new battleship called the Dreadnought. Fisher owed his entire career to Edward's patronage. As First Sea Lord after 1904, Fisher was constantly talking about the need for a sneak attack to destroy the German Navy. He called this the need to "Copenhagen" the German fleet, referring to British attacks on the Danish fleet in Copenhagen harbor during the Napoleonic wars. Fisher caused a war scare in November 1904, during frictions with Germany involving the Russo-Japanese war. At this time, his demand for Copenhagenizing leaked out. During the first Moroccan crisis of 1905, Fisher was at it again, telling Edward that the Royal Navy could "have the German fleet, the Kiel canal, and Schleswig-Holstein within a fortnight." (Magnus, p. 340) In the Balkan crisis of 1908, Fisher again called for Copenhagenizing. Fisher once expressed his gratitude to Edward for protecting him from his many enemies who, he said, "would have eaten me but for Your Majesty." (Magnus, p. 442)

Sir Ernest Cassell

Sir Ernest Cassell typified another group that Edward VII cultivated assiduously: Jewish bankers. As Prince of Wales, Edward had to live on a limited allowance, and he was deeply in debt. Edward accordingly allowed a series of Jewish bankers to buy their way to presentability at court by their benevolent management of his personal finances, with the proviso that Edward would always make a handsome profit. The first of Edward's financial advisers was Baron von Hirsch of Vienna. Then came Sir Ernst Cassell, knighted by Edward. Edward also cultivated the Rothschild and Sassoon families. In short, Edward's personal household finance agency was identical with the leading lights of turn-of-the-century Zion-

ism. Cassell was also a political operative for Edward, becoming the head of the Ottoman National Bank—the Banque Ottomane—at the request of the Young Turk regime in 1909.

Georges Clemenceau

Edward's French network was extensive, and included royalists and oligarchs. The common denominator of Edward's network was *la revanche*, the need for France to exact vengeance from Germany for the loss of the provinces of Alsace and Lorraine in 1871. The central figure was a leftist radical, Georges "Tiger" Clemenceau, France's wartime premier and the chairman of the Peace Conference at Versailles. Clemenceau's talents for overthrowing governments gave the Third French Republic some of its proverbial instability. Clemenceau was attacked from 1892 on as a British agent and paid spy of the British Embassy.

Former French Foreign Minister Emile Flourens saw that the Dreyfus affair was concocted by Edward VII and his agents in order to break French institutional resistance to a dictatorial regime of Clemenceau. Flourens wrote that "Clemenceau is the pro-consul of the English king, charged with the administration of his province of the Gauls." (Flourens, 1906) Flourens argued that the friends of the late French leader Leon Gambetta were determined to resist Clemenceau. At the same time, in Flourens's view, the French Army simply hated Clemenceau. According to Flourens, Edward VII used the 1890s Panama scandal to wreck the Gambetta political machine, and then unleashed the Dreyfus affair in order to break the resistance of the French Army to Clemenceau.

Flourens also showed how Edward VII was the mastermind of the post-1904 anti-clerical hysteria in France, which included the confiscation of Catholic Church property and the break of diplomatic relations with the Holy See. For Flourens, Edward VII was seeking to shut down the French Catholic foreign missions, which had proved a barrier to British colonial expansion. Edward VII's ultimate goal was to create a schismatic church in France on the Anglican or Presbyterian model, wrote Flourens.

Théophile Delcassé

Delcassé was Edward's partner in the British-French Entente Cordiale of 1903-04. Delcassé had taken office in the British-French confrontation around the Fashoda crisis, when London and Paris had been on the verge of war. Delcassé's view was that France could survive only as a very junior partner of the British.

When Kaiser Wilhelm made his famous visit to Tangier, Morocco in March 1905, France and Germany came to the brink of war. At this time, Edward VII was vacationing on board his yacht in the Mediterranean. During the debate on the Moroccan question in the French National Assembly in April 1905, Delcassé came under heavy attack because of his refusal to seek a *modus vivendi* with Germany; one of

Delcassé's severest critics was the socialist leader Jean Jaurès. When Delcassé was about to be forced into resignation, Edward VII docked his yacht, the *Victoria and Albert*, at Algiers, and asked the French governor-general to send a telegram to Paris. This was a personal message to Delcassé dated April 23 in which Edward announced that he would be "personally distressed" if Delcassé were to leave office. Edward "strongly urged" Delcassé to remain in office, because of his great political influence but also because of England. As in the case of Alexander Izvolski, Edward VII was not reticent about standing up for his own puppets.

But it became clear that Delcassé had been acting as Edward's minister, not the republic's, and that he had been lying to his ministerial colleagues about the actual danger of war with Germany. Delcassé fell as foreign minister, but stayed on in other posts. Other members of Edward's network in France included Paul Cambon, for many years the French ambassador in London, and Raymond Poincaré, the wartime President and a leading warmonger.

Alexander Izvolski

"A plumpish, dandified man, he wore a pearl pin in his white waistcoat, affected white spats, carried a lorgnette, and always trailed a faint touch of violet eau de cologne." So wrote a contemporary of Alexander Petrovich Izvolski, the Russian foreign minister who was Edward's partner for the Anglo-Russian Entente of 1907, which completed the encirclement of Germany. Edward first proposed the Anglo-Russian Entente to Izvolski in 1904, and at that point Izvolski entered Edward's personal service. Izvolski was made Russian foreign minister in May 1906, after Russia's defeat in the Russo-Japanese War; he served under Prime Minister Pyotr Stolypin. With Izvolski, Russian diplomacy gave up all interest in the Far East, made deals with the British for Iran, Afghanistan, and Tibet, and concentrated everything on expansion in the Balkans—the approach that was to lead straight to world war.

When Izvolski's position as Russian foreign minister became weakened as a result of his Buchlau bargain adventure, Edward VII took the singular step of writing to Czar Nicholas II to endorse the further tenure in office of his own agent. Edward wrote: "You know how anxious I am for the most friendly relations between Russia and England, not only in Asia but also in Europe, and I feel confident that through M. Izvolski these hopes will be realized." (Middlemas, p. 170)

Izvolski had to settle for Russia's embassy in Paris, where he used a special fund to bribe the Paris press to write that France should go to war. In July 1914, Izvolski ran around yelling that it was *his war*. As Lord Bertie, the British ambassador to Paris, confided to his diary: "What a fool Izvolski is! . . . At the beginning of the war he claimed to be its author: *C'est ma guerre!*" (Fay, I, p. 29)

Izvolski was succeeded as Russian foreign minister by

Sazonov, another British agent who played a key role in starting the fateful Russian mobilization of July 1914.

Theodore Roosevelt

Edward VII's favorite pen pal was U.S. President Theodore Roosevelt, who was handled from day to day by Cecil Spring-Rice of Sir Edward Grey's Foreign Office. Edward can hardly have been ignorant of the British role in the assassination of President William McKinley. Starting in 1904, Edward wrote Teddy letters about how the two of them had been placed in command "of the two great branches of the Anglo-Saxon race." Teddy wrote back about the need for "understanding between the English-speaking peoples," and discussing his race theories about "our stock." Teddy wrote to Edward his view that "the real interests of the English-speaking peoples are one, alike in the Atlantic and the Pacific." Roosevelt served Edward's goals in his mediation of the Russo-Japanese War, in his support for the British at the Algeiras Conference, and in raising naval disarmament at the Hague Conference. Behind his back, Edward's envoys mocked the U.S. President as a semi-savage who gave primitive lunches at Oyster Bay. Later, Sir Edward Grey exerted a decisive influence on Woodrow Wilson through the intermediary of his key adviser, Col. Edward House.

Edward was called the Uncle of Europe—Uncle Bertie—because so many of Queen Victoria's other children married into the various royal houses, making one European royal family. Thus, Kaiser Wilhelm of Germany was Edward's nephew. Czar Nicholas II was also his nephew, married to Edward's wife's niece. After 40 years as Prince of Wales, Edward knew Europe like a book.

Ideological manipulation

Emile Flourens found that Edward owed his triumphs primarily to himself, to his "profound knowledge of the human heart and the sagacity with which he could sort out the vices and weaknesses of individuals and peoples and make these into the worst and most destructive of weapons against them." Edward's empire was built on "eternal human folly," on the "intellectual and moral degradation" of the subject populations. Flourens praised Edward's practical understanding of French ideology. Edward knew how to exploit the chauvinism of the Alsace-Lorraine *revanchards* to incite France against Germany. He knew how to play upon the fascination of the Russian slavophiles with the Greater Serbia agitation in the Balkans. He knew how to use the hatred of the Italian *irredentisti* against Austria to detach Italy from the pro-German Triple Alliance. He knew how to drive wedges between Germany and Austria by evoking Vienna's resentments of the 1866 war and Prussian preeminence, and their fear of Serbia. He could exploit an American racist's eagerness to be, like the king, a member of a mythical Anglo-Saxon race. He could use the aspirations of Japanese militarists, for the greater glory of the British Empire. Much of



Among the agents of King Edward VII, the madmen of 1914, were, left to right: British Foreign Secretary Sir Edward Grey, the man who started World War I; French Foreign Minister Théophile Delcassé, Edward's partner in the Entente Cordiale of 1903-04; and Russian Foreign Minister Alexander Izvolski, Edward's partner in the Anglo-Russian Entente of 1907.

Edward's personal magnetism was exercised during his incessant state visits, where he was able to unleash highly orchestrated outbursts of "Bertiomania." Those who recall the equally implausible Gorbymania of some years back will find the phenomenon familiar.

Kaiser Wilhelm II

Edward's mastery of psychological and ideological manipulation is most evident in his relation with his pathetic and unstable nephew, Kaiser Wilhelm. Edward made a detailed study of Willy's psychological profile, which he knew to be pervaded by feelings of inferiority and incurable anglophilia. As Flourens noted, "Edward VII made an in-depth study of the defects of Wilhelm II. He counted them as his most precious allies." (Flourens, p. 58)

The British and Entente demonization of Wilhelm as the world's chief warmonger was always absurd. Wilhelm felt inferior to British royalty. Wilhelm's greatest secret desire was for acceptance by the British royals. Edward could modulate his own behavior to get the desired result from the kaiser. If he wanted a public tantrum, he could get that. One British writer, Legge, reports that Edward punched the kaiser and knocked him down in a meeting.

But if Edward needed to be friendly, he could do that too. During the Boer War, in November 1899, when Britain's diplomatic isolation was at its height, Edward was able to con the kaiser into making a state visit to Britain. The Boxer Rebellion in China, with its overtone of white racial solidarity against the "yellow peril," was also made to order for duping the kaiser. In Wilhelm's dockside harangue to the German contingent setting out for Peking, he urged his soldiers on to cruelty against the Chinese:

"Give no quarter! Take no prisoners! Kill him when he falls into your hands! Even as, a thousand years ago, the Huns under their King Attila made such a name for themselves as still resounds in terror through legend and fable, so may the name of Germans resound through Chinese history a thousand years from now." (Cowles, p. 177) This "Huns" speech has provided grist for the London propaganda mill for almost a century, from World War I to the Margaret Thatcher-Nicholas Ridley "Fourth Reich" hysteria of 1989. Not just once, but again and again, the kaiser muffed opportunities to checkmate Edward's plans.

Edward also played on the kaiser to sabotage the Berlin to Baghdad railway. At Windsor Castle in 1907, Edward demanded that the British keep control of a section of the railway between Baghdad and the Persian Gulf as a "gate," supposedly to block German troops going to India. The kaiser was ready to grant such a gate. Otherwise, Edward demanded that all talks about the Baghdad railway should be four-way, with France, Russia, Britain, and Germany involved, so that German proposals would always be voted down 3 to 1.

Edward joked with his French friends that while many prayed to an eternal father, he alone seemed to have an eternal mother. Queen Victoria finally died in 1901, and Edward began his drive to world war.

Tailoring and fitting the Nessus robe

Edward's problem as the twentieth century began was rooted in old Lord Salisbury's policy of British "splendid

isolation.” On the continent of Europe there were two main alliances: the Triple Alliance of Germany and Austria-Hungary, with Italy as an adulterous partner; and the Dual Alliance of the France of Gabriel Hanotaux with the Russia of Sergei Witte. Britain was a member of neither one. British relations with all the continental powers were bad. Russia had been traditionally hostile since the Crimean War of mid-century. With France, Britain had just been to the brink of war in the Fashoda affair. War had been avoided, but French resentment was very great. Relations between Britain and the United States of President Grover Cleveland were traditionally also bad; a dangerous flare-up had come in the 1895 boundary dispute between Venezuela and British Guyana, when the United States had invoked the Monroe Doctrine and forced the British to accept arbitration. Edward had tried to quiet that one with the help of his asset Joseph Pulitzer.

The Boer War

In the midst of all this, Edward and Joseph Chamberlain had started the Boer War against the Transvaal and the Orange Free State, two small states dominated by Dutch-speaking settlers of the Cape area of South Africa. The British attempt to force the Afrikaners to knuckle under led to the celebrated “Black Week” of December 1899, with a stunning series of British military defeats on the ground.

A wave of anti-British hatred swept the world as press accounts from the front showed that the bullying imperial colossus had feet of clay. German, French, and Russian newspapers fulminated against London. The Russian government asked Paris and Berlin if they might not consider an intervention to stop the British. Agitation increased when the British responded to their defeats with increased atrocities. The British set up the century’s first concentration camps where Afrikaaner children were systematically starved to death.

A Cambrai danger for the British Empire

As a good Venetian, Edward recognized what he was dealing with: a Cambrai moment. In 1509, the Venetian oligarchy, after centuries of geopolitical perfidy, had been faced with the League of Cambrai, a united front of virtually every other power in Europe, all wanting to destroy Venice. Edward himself had seen something similar in 1863, when Russia and the United States seemed about to combine to crush the British Empire. Between 1899 and 1902, public opinion in every country, including the United States, demanded measures against the British lion. Britain risked a continental league or continental coalition, a new League of Cambrai against the new Venetians in London. Edward’s official biographer, Sir Sidney Lee, makes the danger perceived by London in those days explicit enough:

“The year 1901 and the first part of 1902 found all unofficial Europe sympathizing with the enemies of Great Britain in South Africa, and any serious diplomatic mistake on the

part of Britain in those days might have resulted in European swords being flung into the balance act against her.” (Lee, II, p. 731) “There was always a chance, although a remote one, that jealousy of Britain, from which no great European Power could be reckoned quite free, might be so stimulated by circumstances as to bring the members of the two alliances together in a combined challenge to Britain’s place in the world. Britain was thus isolated, friendless, and engaged in a none too successful or popular war when King Edward ascended the throne. . . . Lord Salisbury, King Edward’s first prime minister, had long been wedded to that policy of ‘splendid isolation’ which had been the constant British tradition through the last forty-five years of Queen Victoria’s long reign. Persistence in that policy offered little opportunity of improving the foreign situation as it existed in 1901, and might actually have exposed Britain to the risk of a hostile combination on a well-nigh overwhelming scale.” (Lee, II, pp. 116-117)

Gasparo Contarini and the Venetian patricians of his time had responded to the War of the League of Cambrai by launching the Protestant Reformation and the wars of religion. Edward responded to the isolation of the British Empire by launching World War I.

Perfide Albion

The first imperative for Edward was a deception operation, designed to dupe and neutralize Germany, the natural centerpiece of any continental coalition against England. This was all the mission of Joseph Chamberlain, a member of Lord Salisbury’s cabinet. In his celebrated speech at Leicester in November 1899 Chamberlain said: “No far-seeing statesman could be content with England’s permanent isolation on the continent of Europe. . . . The natural alliance is between ourselves and the German Empire. . . . Both interest and racial sentiment unite the two peoples, and a new Triple Alliance between [sic] Germany, England, and the United States would correspond with the sentimental tie that already binds Teutons and Anglo-Saxons together.” (Lee, II, p. 117)

The rhetoric of a racist alliance was aimed at the kaiser, who was so eager to be accepted among the Anglo-Saxons. Wilhelm was advised by the chancellor, Prince von Bülow, who was slippery as an eel, and by the gray eminence of the German Foreign Ministry, Baron von Holstein. Were these men British agents or British dupes? Were they part of a homosexual court cabal? In any case, Berlin sought an Anglo-German deal, but with hard bargaining. The Berlin consensus was that Britain needed Germany, and as time went on, the price that London would have to pay for German help would only increase. The kaiser’s policy was thus to move slowly toward a deal with London. Von Bülow and Holstein stressed that a British alliance with either France or Russia was simply impossible, given the existing frictions.

And so, Wilhelm and his advisers let slip the great oppor-

tunity for a continental bloc, which would have meshed with the efforts of Hanotaux and Witte. Wilhelm was chasing the chimera of an accord with London which was nothing but a racist deception ploy. In January 1901, in town for Queen Victoria's funeral, the kaiser was still proposing an "Anglo-German alliance, [the British] to keep the sea and [Germany] the land; with such an alliance, not a mouse could stir in Europe without our permission. . . ." Even after 1918, the Kaiser was still repeating that he had saved Britain from a French-German-Russian combine during the Boer War.

The Russo-Japanese War and 1905 Russian Revolution

The Kaiser was constantly babbling about the "yellow peril" in the Far East, but the first ally Edward got for himself was Japan. Edward wished to use Japan as his Asian torpedo against Russia. The Japanese wanted Russia to stop encroaching on what they considered their sphere of influence in China and Korea. But sections of the Russian oligarchy hostile to Witte refused to respect Korea, and the Japanese were looking for an ally. The critical moment came when the former prime minister, Marquis Ito, visited London in December 1901. Edward saw to it that Ito was socially lionized and decorated, and an Anglo-Japanese treaty was signed within a month. Both partners were in a hurry, because Witte's Trans-Siberian Railway was nearing completion, and that would vastly increase Russian power in the Far East. The key clause was that if Japan went to war in the Far East against a single power, Britain would observe a benevolent neutrality. This meant that if Japan and Russia came to war, the British would prevent any other Europeans from helping Russia. This gave Japan a free hand for Admiral Togo's sneak attack on the Russian base of Port Arthur in early 1904.

King Edward did everything but go to war against Russia. When Russia lost its fleet in the Far East, the Russians embarked on the desperate gamble of sending their Baltic squadron around the world to fight the Japanese. In October 1904 the Russian ships, steaming through the North Sea, fired on some British fishing trawlers, sinking one of them. The Russian admiral thought they were Japanese torpedo boats. In this Dogger Bank incident, Edward at first went to the brink of war and demanded that the Royal Navy stop the Russian ships, seize the Russian admiral, and punish him. Later, Edward backed down.

In order to reach the Far East, the Russian fleet required logistical assistance, since there was nowhere to get coal. The kaiser was now in the mood to court Russia, so German ships did the coaling. The British press thereupon demanded that the Royal Navy stop the Germans from delivering the coal. At the same time, Admiral Fisher began popping off about "Copenhagening" the Germans. But this was all a circus, set up by Edward for his diplomatic aims. The Russians came out of the war with one capital ship left. But Edward wanted a disaster, not just a defeat, for Russia—a disaster

that was beyond the power of Japan to inflict. To procure the disaster he wanted, Edward unleashed British intelligence and all of its assets—boyars, democrats, communists, Zionists, the works. This produced a civil war which went on into 1906, crippling Russia as a military power.

In the meantime, Edward had sealed his pact with France.

The Anglo-French Entente Cordiale

At first Edward was not popular in France, because of centuries of conflict, and because of Fashoda, for which he was blamed personally. Indeed, for a time Edward's image in the Paris press was decidedly bad. Joseph Chamberlain, who had terrified the French with his pro-German line, took the message to the French: Edward was willing to trade Egypt for Morocco to get a deal with France. This was a very unequal barter. Since the 1880s, the British presence in Egypt had been officially temporary, ostensibly a matter of restoring order in the name of the other European powers; the British would then get out. They had no intention of getting out, but instead wanted the whole Nile Valley. But the French, the builders of the Suez Canal, still had some rights. However, if the French caved in, the British position in Egypt would be unassailable, at least by Europeans. Morocco was much different. The Moroccan government was stronger, and there were strong competing claims by Germany and Spain. In fact, the idea of French pre-eminence in Morocco placed France on a collision course with Germany once again.

But French society had been weakened by Edward's Dreyfus affair, and with the help of Delcassé, Clemenceau, and Cambon, the deal was signed. Edward also contributed a *tour de force* of personal diplomacy: his visit to Paris in the spring of 1903. Here Bertie turned on the charm, with speeches in French about friendship while recalling his own sentimental association with Paris, Biarritz, and the Riviera. With the press doubtless well paid, the Parisian dandies turned anglophile overnight in an explosion of Bertiemania that was crowned by Edward's appearance at Longchamp, the race track, with President Loubet, a puppet of Clemenceau. This Bertiemania started France on the road that led to Verdun, with 6 million casualties, proportionally the highest of any belligerent.

Edward had designed the Morocco gambit in the hope that Germany would quickly take the bait and challenge the new French domination in Morocco. Prince von Bülow gave Edward exactly the crisis he needed. Von Bülow told the kaiser that Germany should challenge France in Morocco, both to defend commercial interests and to show France that the British alliance was worthless. If France was the continental dagger now again in the hands of England, von Bülow argued, it was time to knock that dagger out of British hands. Von Bülow convinced the witless kaiser to undertake the lunatic adventure of a visit—like Uncle Bertie—but to Tangier, Morocco, where the Kaiser landed in March 1905. This led to the predictable confrontation between France and Germany. Delcas-



This 1903 cartoon, titled "L'Impudique Albion," reveals the French attitude toward Edward VII in the aftermath of the Boer War.

sé decided to hang tough and go to the brink. When the real immediate risk of a war with Germany became clear to Delcassé's colleagues in the government, Delcassé was fired. But this crisis succeeded in heating up the *revanche* syndrome in France once more, and directing all the hatred against Germany. Especially because their ally, Russia, was crippled, and still at war with Japan, the French were thrown completely into the arms of Edward. At the same time, secret conventions were signed for a division of labor between the British and French fleets, and planning was begun for the future British Expeditionary Force.

This first Moroccan crisis was a serious attempt by Edward to start war, despite the fact that France's ally, Russia, was crippled. Edward may have had a promise of support from Denmark, as well. It is certain that Edward was urging France to go all the way. Under the Dual Alliance, Russia would have had to join France in war, like it or not. But the French cabinet pulled back.

Björkjö: the revolt of two doomed nephews

In the midst of all these events, Kaiser Wilhelm and Czar Nicholas II met at Björkjö, a Baltic fjord in Finland. This was a poignant moment, the last abortive revolt of the two doomed nephews of Edward VII—the revolt of cousin Willy

and cousin Nicky. Nicholas was very unhappy with his French alliance, since France had done nothing to help him against Japan, and had concentrated on courting Uncle Bertie. The Kaiser had momentarily returned to his continental league sloganeering. As the two conversed, it became clear to the Kaiser that they shared a common ground of resentment against Uncle Bertie. Here is the Kaiser's narrative, as sent to his Chancellor, von Bülow:

"Our talk then turned on England, and it very soon appeared that the czar feels a deep personal anger at England and the King. He called Edward VII the greatest 'mischief-maker' and the most dangerous and deceptive intriguer in the world. I could only agree with him, adding that I especially had had to suffer from his intrigues in recent years. . . . He has a passion for plotting against every power, of making 'a little agreement,' whereupon the czar interrupted me, striking the table with his fist; 'Well, I can only say he shall not get one from me and never in my life against Germany or you, my word of honor upon it!'" (Fay, p. 175)

The kaiser proposed that the two cousins join in a "little agreement" of their own to stymie Edward. The czar accepted, and signed a draft treaty of mutual defense which the kaiser pulled from his pocket. The two tearfully pledged friendship. But these two borderline psychotics were unable to imagine a community of principle based on economic development, since that would have contradicted oligarchism.

Still, if the idea of Russo-German cooperation had been exploited, the World War could not have occurred in the form which it finally assumed in 1914. But when the kaiser told von Bülow about his talks, the chancellor threatened to resign, in response to which the kaiser threatened to commit suicide if jilted. The Russian response was more complicated, but the opportunity drifted away. Within two years, Russia would be England's ally.

Aiming at encirclement

Edward VII left no stone unturned in his efforts to isolate Germany. He was a prime mover in the dissolution of the personal union of the crowns of Norway and Sweden, which gave rise to an independent Norway under British sponsorship in 1905. To underline his point, Edward saw to it that his son-in-law, the Danish Prince Charles (who had married Edward's third daughter, Maud) became king of the newly independent Norway with the name of Haakon VII. Because of his marriage with the anti-German Princess Alexandra, Edward was confident that no support for Germany would be forthcoming from Copenhagen.

Spain was an important country with an ancient grievance against the British: Gibraltar, which the Redcoats had occupied since 1704 and the War of the Spanish Succession. In a general European war, there was a clear potential for Spain to join Germany against the Entente. In the face of modern artillery, the British would have been hard pressed to defend

Gibraltar. If Spain had also conducted hostilities against France, there was the threat that many French divisions might be tied down in costly attacks on the natural fortress of the Pyrenees. In this case, France would have been encircled and confronted with a two-front war. Edward VII pacified Spain by marrying one of his nieces to the Spanish king; this niece converted to Catholicism for the occasion.

To Portugal, Britain's oldest ally, Edward gave worthless promises about British support for the integrity of the Portuguese colonial empire. Portugal duly entered World War I on the side of the British.

The Anglo-Russian Entente

On the same day in April 1904 on which the Anglo-French Entente had come into effect, Edward VII had met with his agent Izvolski to propose an Anglo-Russian combination. The big crises of the Russo-Japanese War were still months ahead, but Edward moved fast. With the help of Izvolski, Edward cut a deal with Russia that divided Iran into spheres of influence, while Afghanistan and Tibet were both neutralized, much to the disadvantage of Russia. The Russian slavophiles got nothing tangible about their eternal goal of Constantinople.

The Anglo-Russian Entente was signed in September 1907. In June 1908, Edward VII sailed to Reval for an ocean-going state visit to Czar Nicholas. Adm. Jackie Fisher was there, urging Stolypin to build up his land forces facing Germany. The meeting of uncle and nephew was the grimmest of portents, foreshadowing Russia's 9 million casualties in World War I—the most of any belligerent—with more than three-quarters of all Russian soldiers ending up killed, wounded, or missing. This set the stage for the revolutions of 1917 and the seizure of power by the Bolsheviks.

But for Edward, the important thing was that Germany was now encircled. The ring had been closed. Bismarck's old "nightmare of the coalitions" and a two-front war was now reality. With the help of Izvolski, Edward embarked at once on a new attempt to start general war. This started with Izvolski's Buchlau bargain with Austria, made in September 1908 and revealed a month later. By this deal, Austria was given the go-ahead to formally annex Bosnia-Herzegovina, which had been occupied by Austria after the Congress of Berlin, but not annexed. In exchange, Russia was supposed to get the right to send warships through the straits, but this was blocked by the British. But when Austria annexed Bosnia-Herzegovina, Serbia, which wanted Bosnia-Herzegovina, protested. Austria and Serbia went to the brink of war, mobilizing their armies. Germany restrained Austria, and Russia felt too weak for war. Germany actually mediated the dispute. But Edward's agents soon concocted a legend that Germany had humiliated Russia with the threat of war.

As a result of this Balkan crisis of 1908-9, the Russian slavophiles turned their rage more and more against Germany, which they saw as blocking their desired path of expan-

sion into the Balkans. The Greater Serbia agitators went wild. The Austrian government concluded that Serbia was a threat to its existence, and had to be crushed. This was the pattern which, after a second Moroccan crisis of 1911 much like the first, and after the Balkan wars, led to war in 1914.

Behind the Buchlau bargain and the Balkan crisis of 1908-9 was King Edward. Russian war with Germany had been on his agenda with the czar in Reval. In August 1908, Edward had met with Izvolski and Clemenceau at Marienbad, just before Izvolski made the bargain. During the same month, Edward also met with the Franz Joseph, the Austrian emperor, in Bad Ischl. Edward had every reason to start a crisis. If Germany had repudiated Austria, Germany would have emerged totally isolated, with no allies at all left. If Germany supported Austria, the result would be either immediate war, or increased tensions that could turn into war soon.

Splitting the Triple Alliance

One of Edward's last memorable outings was his 1909 visit with King Victor Emmanuel, held at Baiae near Naples on April 29, 1909. Here Edward VII briefed his agent, Italian Foreign Minister Tittoni, on what he saw as the alarming growth of the Austro-Hungarian fleet, the navy of a power to which Italy was theoretically allied but to which it was in reality a rival.

This was the meeting in which Edward VII made his famous toast to the "alliance" between Italy and Britain. Modern pedantic scholars have portrayed this as a gaffe by Edward VII, allegedly proving that the king was a bungler in diplomacy. In the light of subsequent history, it is clear that Edward VII's toast to an Anglo-Italian alliance was perhaps a boastful indiscretion, but it was an error that came from knowing too much, not too little. It is likely that during this visit, Edward VII had secured from the Italian monarch and ministers commitments which rendered Italy's participation in the Triple Alliance wholly inoperative—commitments which withstood the test of 1914, and which were followed by Italy's entry into the war on the side of the Allies in May 1915, in return for compensations purveyed by Théophile Delcassé. Edward's achievement meant that World War I would be fought not by three powers against three, as the alliance patterns might have suggested, but by four powers against two.

If Edward VII had had his way, it would have been five powers against an isolated Germany. Edward VII never abandoned an Austrian option, which, if it had succeeded, would have left Berlin with no allies at all. An official in the entourage of Austrian Emperor Franz Joseph was Baron Albert Margutti, who was on hand for each of the Bad Ischl meetings between Franz Joseph and Edward. Margutti wrote that starting with the 1905 meeting, Edward VII began trying to entice Franz Joseph away from his German alliance, offering a series of vaguely defined compensations if he were to do so (see Margutti, *The Emperor Francis Joseph and His Times*,

pp. 259-261). The last of these Bad Ischl meetings came in August 1908, just before the Buchlau bargain. At this conference, Edward is reported to have pressed Franz Joseph to intercede with Berlin to stop the planned German fleet expansion. After this meeting, Franz Joseph is reported to have muttered, "After all, I am a German prince."

The war would come soon, but not soon enough for Edward. The old *roué* died in May 1910. At the time, a Leipzig newspaper wrote that he had skillfully woven the Nessus robe to destroy the German Hercules. Recall that in the old Greek myth, Hercules could not be killed by any living man; but Hercules was killed by the centaur Nessus, who had tried to rape Deianira, the wife of Hercules. The dying Nessus told Deianira to soak Hercules' robe in his centaur blood, and dress him in it if he should ever seem unfaithful. Deianira later did this, and the poisoned blood of Nessus, the sex-crazed old centaur, finally killed Hercules.

For a few moments during early August 1914, the kaiser realized what had happened:

"England, Russia and France have agreed among themselves . . . after laying the foundation of the *casus foederis* for us through Austria . . . to take the Austro-Serbian conflict for an excuse for waging a war of extermination against us. . . . *That is the real naked situation slowly and cleverly set going by Edward VII* and . . . finally brought to a conclusion by George V. . . . So the famous encirclement of Germany has finally become a fact, despite every effort of our politicians and diplomats to prevent it. The net has been suddenly thrown over our head, and England sneeringly reaps the most brilliant success of her persistently prosecuted purely anti-German world policy against which we have proved ourselves helpless, while she twists the noose of our political and economic destruction out of our fidelity to Austria, as we squirm isolated in the net. A great achievement, which arouses the admiration even of him who is to be destroyed as its result! *Edward VII is stronger after his death than am I who am still alive!* And there have been people who believed that England could be won over or pacified, by this or that puny measure!" (emphasis added; in Cowles, p. 347, from Kautsky Documents)

In 1915, a pamphlet was issued in Berlin by the military writer Reinhold Wagner, entitled "The Greatest Criminal Against Humanity in the Twentieth Century: King Edward VII of England." With admirable conciseness, Wagner formulated his indictment of the deceased British monarch: "The greatest criminal against humankind which the twentieth century has seen so far was King Edward VII of England. For he was the one, *he* was the one, who has instigated the world war of today." Despite everything that has happened in this tormented world since 1915, Wagner's case is still overwhelmingly compelling.

From Edward's time to our own, the British monarchy has successfully weathered three storms. One was the "republican" agitation of circa 1870, reflecting the dissatisfac-

tion with Victoria as a royal recluse, and with Edward, the heir apparent, as a rake. Then came 1916-18, when British troops began to die in large numbers on the western front of King Edward's World War I, which caused a wave of hatred of all things German, including the royal family, which had to take the absurd name of "Windsor" to cover up their German origins. This was when George V refused to accept the czar, because of the fear of an even greater political reaction. Then came the Edward VIII crisis of 1937, which reflected the fact that the king was a Nazi. Now, since 1991-92, we have the Charles-Diana crisis, which reflects a deeper breakdown in the Versailles system. There is no reason to assume that the British monarchy, having weathered all these storms, will be easily swept away. We must rather conclude that the royals will stop at nothing, including a military coup, a fascist dictatorship, or World War III, to avoid giving up power.

The historical truth about Edward VII greatly simplifies the question of what and who caused World War I. The world war was caused by Edward VII, his geopolitics, his diplomacy, his agents, and his alliance system. A clause in the Versailles Treaty specifies that Germany bears the entire guilt for World War I. This is a patent absurdity. The world war was caused by Edward VII, as we have seen. The dismantling of the Versailles system must therefore include the revision of the treaty to specify British war guilt in the person of Edward.

France, Russia, Japan, the United States, and other great nations were used by Edward VII as geopolitical pawns, and they have suffered immeasurably as a result. Ninety years after Edward's Ententes, citizens and statesmen must learn the lesson of how the British monarchy and oligarchy orchestrated the catastrophe of 1914.

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The defeat of Hanotaux and the coming of the Entente Cordiale with London

by Dana S. Scanlon

The events leading to France's headlong plunge into the web of the Entente Cordiale spun by King Edward VII of England, begin with its defeat in the Franco-Prussian War of 1870. That war resulted from the combination of the imperial ambitions of Napoleon III, and German Chancellor Bismarck's provocations. This combination ignited the explosive passions and petty tantrums which sometimes pass for nationalism in the French people. These are the tragic flaws in character that time and again has empowered France's historic enemies to destroy the work of the true nationalists, the republican nation-builders. This is what the poet Friedrich Schiller was alluding to when, a century before, he wrote of the French Revolution that "a great moment found a little people."

A great moment would come again in the 1890s, a historic opportunity for the nations of continental Europe to unite to crush the cancer of Venetian oligarchical policies and interests that had taken root in England. Together, France, Germany, and Russia had the power and the self-interest to defeat that cancer. French Foreign Minister Gabriel Hanotaux and Russian Finance Minister Sergei Witte possessed the strategic vision and concrete plans required for a global community of interest based upon economic development. The tragedy of how World War I, the worst possible outcome to the conflict among these nations, came to occur instead, is the part of history addressed in this article.

The Bismarck-Thiers negotiations, Alsace-Lorraine, and Franco-German enmity

When in July 1870, it became known in Paris that Prince Leopold of Hohenzollern, distantly related to the Prussian royal family, was likely to be chosen to ascend the vacant throne of Spain, most of France's political leadership viewed this as an unacceptable Prussian bid for aggrandizement, and reacted accordingly. Elder statesmen such as Louis Adolphe Thiers privately assured Emperor Napoleon III of their support if a conflict became unavoidable. But Thiers, unlike

Napoleon, did not want this war. So it was with immense relief that Thiers learned, on July 12, that the Hohenzollern candidacy had been withdrawn.

Thiers's suspicions that the Bonapartists actually wanted war were immediately confirmed, when the supporters of Napoleon demanded that the king of Prussia make an explicit pledge that the Hohenzollern candidacy would never again be renewed. Thiers saw this as a foolish attempt to humiliate Prussia, and denounced it as a "great blunder" which made war "probable." On the evening of July 14 came the Ems Telegram, in which Chancellor Bismarck added his own insult to the French provocation, giving Napoleon the pretext he needed to launch the war.

Thiers rose in Parliament on July 15 to oppose the war, stating that "it was a difficult duty to resist patriotic . . . but imprudent passions." He was violently heckled when he accused the government of "breaking off relations in a fit of pique." Thiers was pilloried as a tool of Prussia, and chased in the streets by angry mobs.

But within two days of Napoleon's declaration of war, Germany had broken across the frontier and invaded the western provinces of Alsace and Lorraine. By Sept. 2, with the war six weeks old, the French Army suffered its devastating defeat at Sedan and the emperor was taken prisoner. The painful terms of surrender included hefty reparations and the permanent loss of Alsace-Lorraine.

Many years later, writing as a historian, Gabriel Hanotaux defined Napoleon's role as that of a gullible marcher-lord for England. "Napoleon, in insurrection against Europe, thought he would find a point of support in the English alliance. England grew with the aid of the nephew of the Emperor (Bonaparte) whom she had conquered. At the outset she accompanied him in all his adventures, free to quit him when he was once deeply engaged. She knew how to stop him at the decisive moment, and to snatch the fruits of victory from him when the due time came. Thus it was in the Crimea, in China, in Italy, in Mexico. At last, when the Franco-German war put the fate of Europe in suspense, she failed him once again."¹

1. Gabriel Hanotaux, *Contemporary France*, Vol. I, p. 9.

The 'Commonwealth Party' of France

Modern France began to take shape after the immense devastation of the Hundred Years' War with England (1339-1453). This war was initiated by King Edward III of England as a proxy of the Venetian Doge Bartolomeo Gradenigo; the English victories at Crécy, Maupertuis, and Azincourt were in effect Venetian victories over France. France became the first modern true nation-state of Europe in the years following the 1440 Council of Florence.

King Louis XI (reigned 1461-83) became the first republican monarch of France, educated by an ally of the great Christian humanist Cardinal Nicolaus of Cusa. He ended the Hundred Years' War, and united the kingdom around around the slogan "one law, one weight, one currency." His creation of one permanent army was the beginning of the end of the private armies of the feudal nobility.

In the years following the reign of Louis XI, the League of Cambrai almost vanquished Venice, and the history of Europe since that time has been a drive by Venetian-centered, and later British-centered efforts, to crush the French nation-state because of what it represented: the living example of the republican or commonwealth

form of government, which based itself on uplifting the population by fostering their uniquely human, creative qualities, and ennobling the human soul by bringing science, technology, cathedral-building, and art into the daily lives of the people, thus enabling them to contribute to the advancement of the nation.

The great figures who shaped France include King Henri IV (reigned 1589-1610), who established religious peace with his 1598 Edict of Nantes, in order to pursue the task of building France's national economy and infrastructure. One of the founders of the school of national economy was Jean Bodin (1539-96), whose political, economic, and religious manifesto could be summed up by his motto: "There is no wealth but man."

The heirs of Louis XI and Bodin include the great Cardinal Richelieu and the Oratorian school founded in 1610, in the tradition of the Brotherhood of the Common Life. Bodin's most important successor was Louis XIV's General Comptroller of Finances Jean-Baptiste Colbert, who founded the French Academy of Sciences in collaboration with Gottfried Leibniz, and promoted an era of unprecedented economic development in France. These were the men who laid the foundations for the Ecole Polytechnique in the eighteenth century, and its successors, which included the West Point Academy in America.

The lives of these men were passionately studied by Gabriel Hanotaux as a young man. He read and studied Jean Bodin. He read Machiavelli's *The Prince*, which was written about Louis XI. He read Plato and Erasmus. He

The Third Republic of France was the daughter of this crushing defeat of France and its emperor. All eyes turned toward the once-denounced Thiers, who was voted chief executive of the new republic. In the peace negotiations that followed, Thiers would try to impress his interlocutor, Chancellor Bismarck, with the historic chance the two neighboring countries had to cement a peace arrangement on the basis of mutual self-interest and collaboration.

This is how Hanotaux described it, in his *History of Contemporary France*, alluding to the difficult factional situation in which Bismarck found himself:

"As for Germany, the question was whether she was going to fulfill completely the lofty destiny which was assured to her by the situation which she had just conquered in the center of Europe. She had just effaced by an unparalleled effort the last trace of the Thirty Years' War; she had recovered the material greatness, the fullness of life, the exuberant vigor which had made her famous in the prosperous years of the Middle Ages. . . .

"With what wisdom . . . was the new Germany going to make use of this unexpected good fortune? Not to perpetuate

the state of wars, to inaugurate a harmonious and balanced life for Europe, to assert himself by reason rather than might, here was an enterprise worthy of a conqueror crowned by fortune. A St. Louis would have attempted it. A Richelieu would have faced it. Bismarck himself had given, at Nikolsburg,² some idea of such an empire over oneself, and of a moderation so full of strength.

"The period of hostilities was at an end. The exact problem which was propounded was the following: What would be the nature of the new relations between the two peoples?

2. The 1866 Armistice of Nikolsburg concluded the Seven Weeks' War in which Prussia and Italy defeated Austria and most of the smaller German states. In the Prusso-Austrian peace which followed, Bismarck avoided annexations of Austrian territory and thus adroitly avoided a significant revenge complex on the part of Vienna. If Bismarck had been able to show a similar self-control with France in 1871, and had refrained from the annexation of Alsace-Lorraine, the pretext for conflict between France and Germany during these years could have been vastly reduced. Bismarck's decision to humiliate France by detaching Alsace-Lorraine stacked the deck against future Franco-German cooperation and vastly facilitated the task of British "divide and conquer" geopolitics.



King Louis XI, founder of the first modern nation-state, the French commonwealth.

wanted to know everything about Cardinal Richelieu and about Louis XIV's reign. He threw himself into these studies with such intensity, that he would later write, "I lived in the seventeenth century before I lived in my times."—Dana Scanlon

Peace or a succession of wars? It was necessary to choose, to take a line. The most commonplace solution, the one which demanded the least intellectual exertion and the least control over self and facts, would be the system of peace under arms.

"This last solution was that of the [German] Headquarters Staff. It had prevailed at Versailles. But a last recourse to the diplomatists was still open at Brussels.³ Unhappily, the deadly germ was already laid. . . .

"The crowning error of German diplomacy and Prince Bismarck under the circumstances arose, perhaps, from the fact that their victory took them by surprise to such a degree, that they were never willing to believe it completely assured and accomplished. Successful by means of war, they no longer had confidence in anything but war. It became their sole instrument. They prepared it without intermission. Their shortsightedness consists in not having foreseen the durability of peace. They made all calculations excepting the most

3. This refers to the preliminaries to the Treaty of Frankfurt, May 10, 1871, by which Germany took Alsace-Lorraine and obliged France to pay a large indemnity.

simple of all."

When these events were taking place, Hanotaux, a crucial figure in the period leading up to World War I—was just a 16-year-old boy. But his future dedication to his nation was already evident. For the young Hanotaux, France's crushing defeat stirred no jingoistic passions against Germany, but rather a passion to learn, to reach into past history to understand what had just happened. "The generation to which I belong," Hanotaux wrote, "was barely emerging from childhood. . . . Its intellect was matured by that cruel spectacle. . . . From that time, pressing questions arose in me: What had been the causes of the greatness of France in the past? What were the causes of her defeat? What would be the moving forces of her approaching resurrection?"⁴

Gabriel Hanotaux's strategic role

Hanotaux's first published article, when he was 24 years old, was entitled "Did the Venetians Betray Christianity in 1202?" The mere fact of his interest in this episode of history demonstrates that he was on the path to studying the critical issues that shaped western civilization. In the newspaper of Third Republic leader and founder Léon Gambetta, Hanotaux wrote articles calling for a resurrection, in the political realm, of King Henri IV's policy of religious toleration, the Edict of Nantes, and for a return to Cardinal Richelieu's European foreign policy. When Hanotaux finally joined the French Foreign Affairs Ministry in 1885, he was already a recognized historian, determined to bring these great ideas from his nation's past to bear in France's foreign policy.

Throughout the 1880s and 1890s, France was polarized politically and socially around two major issues: First and foremost was the question of collaborating with Germany in building the peace, or waging a war of "*revanche*" (revenge). Although Bismarck had stupidly seized the French provinces of Alsace-Lorraine in the aftermath of the war, adding to the crushing burden of immense war reparations a painful daily reminder of the lost war, slowly a *détente* was beginning to emerge between the former enemies. Discussions were even entertained about the possibility of a Franco-German customs union.⁵

The second major issue was the religious question: whether there would be a republican-Catholic collaboration in building the new republic, or whether freemasonry's declared war on religion would prevail. An underlying problem

4. *Ibid.*, Vol. I, viii.

5. One of the main proponents of such an idea was a former Alsatian and ex-member of Parliament, Count Paul de Leusse. His pamphlet, published in 1888 and entitled "Peace by a Franco-German Customs Union," was said to have been favorably received by Bismarck, though not by other forces in Germany.

was that while the Catholic Church in France had been a wellspring for the ideas of the Christian Renaissance and the republic, the Catholic hierarchy was intimately tied to the feudal structures of the past, and was a manipulated tool of the Venetian party in France. The hierarchy and clergy were, by and large, not only favoring a return to feudal or monarchical forms of government; they were also in open insurrection against their great pope, Leo XIII.

These were the fault-lines along which France was divided, and which ultimately allowed the oligarchical faction's triumph in 1898. The defining moment of that triumph was to be the collapse of Hanotaux's cabinet and the subsequent ascendancy of Théophile Delcassé as the ruler over French foreign policy.

The religious question colored every aspect of political and intellectual life in France. Hanotaux himself, raised in a Catholic family, reports that he was influenced in his youth by the atheistic sarcasm and cynicism of Voltaire. But unlike many of his contemporaries, Hanotaux's passionate commitment to discovering the secrets of France's greatness led him to overcome that cynical outlook.

In later years, Hanotaux would compare Voltaire's activities in the city of Orleans to the English siege of that city in the early fifteenth century. That siege was broken in 1429 by the heroine of France, Joan of Arc. Hanotaux further characterized Voltaire's writings as "horrid blasphemy inspired by rancid malice from the other side of the Channel."⁶ He described Voltaire's book about Joan of Arc, *La Pucelle d'Orléans* as a piece of "trash." It was typical of Hanotaux that he would rescue Joan of Arc from the depredations of Voltaire with nothing less than his own five-volume study, which laid the groundwork for her eventual canonization in 1920.

France's 'Great Projects'

Why was it so important for France's enemies, now centered in the "Venetian party" transplanted into England, to provoke religious wars in France in the nineteenth century? Why would British Prime Minister Lord Salisbury write in 1887, to his ambassador in Paris, "It is very difficult to prevent oneself from wishing for another Franco-German war to put a stop to this vexation?"

British interests were potentially jeopardized as a result of large-scale development projects being initiated on the Eurasian continent and elsewhere, by France, Germany, and Russia.

Less than a year before the Franco-Prussian War, the French engineer and diplomat Ferdinand de Lesseps had completed his project to open the Suez Canal in Egypt—a project first proposed to Louis XIV by Gottfried Leibniz. It was completed despite years of sabotage by Britain's Lord Palmerston. Now, de Lesseps was at it again. In 1873, he

presented a paper to the French Academy of Sciences calling for a huge Eurasian rail project. His proposed "Asiatic Grand Central" was described by Hanotaux: "Starting from Orenburg, on the river Ural, this railroad would have gone as far as Peshawar, on the Indian frontier, joining the Russian system to the Anglo-Indian system of railways, across Central Asia. . . . It would have been a communication between the Trans-Siberian on the one hand, and the Baghdad railway on the other. The object was to join European railways with the Anglo-Indian railways, and beyond with future Chinese railways."⁷

This type of spectacular project, combined with policies to end the feudal-oligarchical systems of government in Europe, could have been the basis for real peace on the continent. Moreover, the projects aimed further, and extended into Africa as well.

After some years serving in the cabinets of Léon Gambetta and Jules Ferry, Hanotaux was brought into the Foreign Ministry as director of protectorates in 1889. He wrote up a memo for his minister, Eugène Spuller, describing a project to build a canal that would connect the Nile River to the Congo River, the world's second largest river system. That was only a small part of his vision for economic development in Africa, which included factories fuelled by hydro-power, railroads crisscrossing the continent to create new "civilizations" around the great lakes of Africa, population growth made possible by the scientific discoveries enabling malaria to be wiped out, and water management projects (see **Figure 1**).

Hanotaux worked closely with his mentor Prime Minister Jules Ferry to establish a colonizing policy for Africa based on these principles. He collaborated closely with Pope Leo XIII's loyal friend Cardinal Lavigerie in building the Cathedral of St. Louis in Carthage, and in projects to sustain the Catholic effort in Africa. Eventually, Hanotaux was promoted to the rank of foreign minister in 1894 by President Sadi Carnot, grandson of the great Lazare Carnot.

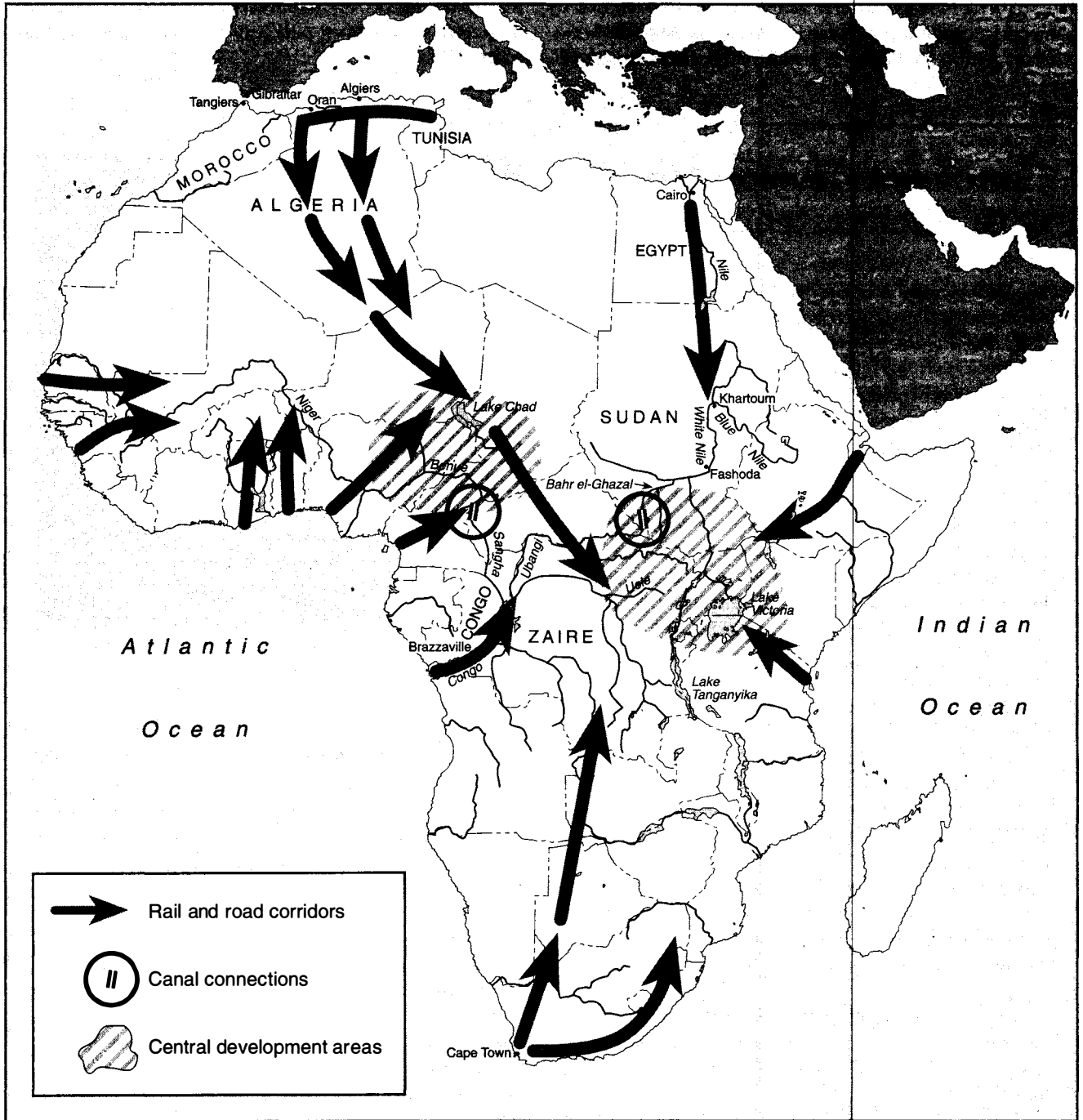
The signs of British restlessness with France were becoming apparent. Both of Hanotaux's mentors were soon to be assassinated: Ferry had been shot in 1887 by a so-called religious fanatic, and died from these wounds six years later. President Carnot was shot two months after Hanotaux became foreign minister, by an Italian anarchist—from the same networks used to assassinate U.S. President William McKinley. Gambetta also died in 1882 under suspicious circumstances, shortly after denouncing England's efforts to seize control of Egypt and the Suez Canal.

As foreign minister, Hanotaux pursued a threefold policy: 1) strengthening the Franco-Russian alliance begun by President Carnot, and advanced thanks to the efforts of Count Witte; 2) continuing the policy of détente with Germany initiated by Jules Ferry; and 3) orchestrating a series of inter-

6. Georges Goyau, *Histoire Religieuse de la France*, introduction by G. Hanotaux, p. 6.

7. *Op. cit.*, Hanotaux, Vol. II, p. 457.

FIGURE 1
Hanotaux's proposed trans-African railroad and canal projects



national agreements to consolidate the French position in Western and Central Africa around Lake Chad and to prevent the British from seizing the entire eastern side of Africa, from

Egypt to South Africa, from the Cape to Cairo, as their exclusive domain.

Already the British had succeeded in virtually stealing

the shares of the Suez Canal owned by the Khedive of Egypt, so that the canal they had so long opposed now was under their control—not as a means of expanding trade, but as a strategic choke-point.

Hanotaux was also, during this period, the close collaborator of one of the few explicit advocates of Friedrich List's cameralist economic policies in France, Prime Minister Jules Méline. As foreign minister, Hanotaux became a master of

what he called "flanking operations" against the British in Africa.

It was in the midst of some of Hanotaux's most delicate and intensive negotiations, aimed at preventing the British from consolidating their position over the entire Nile Valley, that the infamous Dreyfus Affair was unleashed, and sectarian passions once again inflamed the French political landscape.

Hanotaux: Develop Africa with science, technology

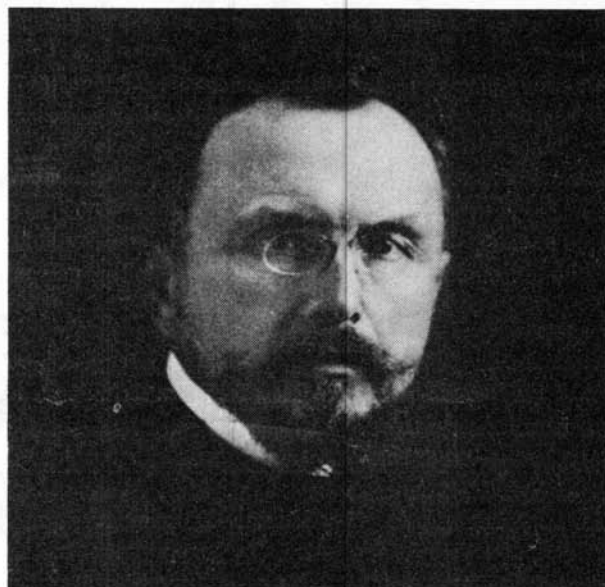
The following are excerpts from a speech by Gabriel Hanotaux in 1902 to the Geographical Society of Oran, entitled, "The Future of Africa":

A new means of action is coming into being: the railroad. This shall be the true conqueror of Africa. The railroad traverses deserts; it crosses over cataracts; it brings together, on the coast, the upper basins of those great rivers; it thus opens up to commerce the vast area of the interior plateau and access to the great lakes . . . which shall see powerful civilizations established on their shores. . . . The day when science will have effectively routed the fly—malaria—one of the greatest benefits which can be spread across the planet by human genius will have been achieved. Half of the African continent will be given back to civilization, to life. . . .

Deep forests will be pierced and immense regions will once again see divine light. The swamps will be drained, the flow of water facilitated. . . . Where water is lacking, it will be captured; the problem of the desert will be taken on, and one day, through appropriate cultivation, it will know a kind of richness and fertility. . . . The harnessing of waterfalls will soon furnish African industry with incalculable and inexhaustible energy resources. It is probable, that near the waterfalls . . . we shall see powerful factories being erected, borrowing from the very river the force necessary for the exploitation of its prodigious resources. . . .

Can we not see advancing, from the coast towards the interior, through a universal effort . . . the lines of railroads which shall soon transform the economic life of the entire continent? . . .

Is not a global program to methodically trace, through an international entente, the directions of a transcontinental railroad, utilizing the great rivers, facilitating navigation, uniting the Nile and the Congo rivers, the Benoue and the Sanga rivers, through a vast system of canals,



Gabriel Hanotaux, who sought to turn Africa into "an immense buzzing hive" of economic development.

supporting the development of the river networks through the development of the rail roads, and thus turning the interior of Africa into an immense buzzing hive where trains and steamships capable of devouring distances will rush towards an immense and central depot, in which the people and merchandise of the universe will converge—is this not the most obvious and imminent of possibilities? . . .

Then, the populations will multiply, manpower will increase. . . .

European penetration has encountered that great and ancient belief of Islam, which, here more than anywhere else, is fully growing and full of vitality; this religion which proclaims the existence of a single God, which attaches to faith in this God all individual and social virtues. . . .

We owe them peace; we owe them justice; we also owe them toleration. . . . But toleration is not enough. We owe it to Islam to understand it. We owe it even more. . . . We owe it respect.

The Dreyfus Affair: destabilization of the Third French Republic

Shortly after Hanotaux became foreign minister, the minister of war, Gen. Auguste Mercier, briefed a secret cabinet meeting on his discovery of a spy for Germany within the French military, and of his intention to open a prosecution of this alleged spy, Capt. Alfred Dreyfus. One lone voice was heard in opposition. Like Thiers speaking out in opposition to Napoleon's decision to go to war with Germany in 1870, Hanotaux stood up and insisted that the so-called evidence was so weak, that "I am opposed to any legal action or even to any investigation," warning that this could lead to "the gravest of international difficulties," "a diplomatic rupture with Germany, even war." When this intervention failed, he went privately to see General Mercier, who was a committed *revanchiste*: "twice I tried to make him listen to reason, to show him the folly of what he was embarking on, but he wouldn't listen to me. . . . Public passions are not released with impunity."⁸

Captain Dreyfus was Jewish. There was no better combination to whip up public passions in France at the turn of the century than to come up with a German spy who was a Jew. Captain Dreyfus was tried in a "rocket-docket," complete with withheld exculpatory evidence, mounds of "secret evidence" that was presented to the jury minutes before they went into seclusion for deliberation, and thus never seen by the defense, and outright forgeries. Stripped of his military rank and shipped off to the brutal conditions of the penal colony on Devil's Island, Dreyfus, his family, and a small group of supporters continued to proclaim his innocence. The Radical Republicans seized upon the case as a *cause célèbre*, and it polarized France as nothing else had, amplifying the divisions we spoke of earlier.

The central players in this drama and their alliances were as bizarre as any in European history:

- Edouard Drumont, editor of the anti-Semitic, Jesuit-financed newspaper *La Libre Parole*, whose main readership consisted of small village priests and former members of the Paris Commune.

- The League of Patriots, the chief organization that had backed the revanchist insurrection of General Boulanger against President Carnot's regime. Fortunately for France, General Boulanger was unable to climb off his mistress long enough to mount his black horse and lead the charge against the republic.

- The leftist Radical Republicans of the Georges Clemenceau variety, who were as deeply committed to war with Germany as the right-wing Boulangists, if not more so. These were the networks of the most militant associates of the Grand

Orient freemasonic lodge of France, whose goals included the establishment of a diplomatic alliance with Britain, an end to the Africa policy of Ferry and Hanotaux, and the purging of the country of Catholic and other religious interests.

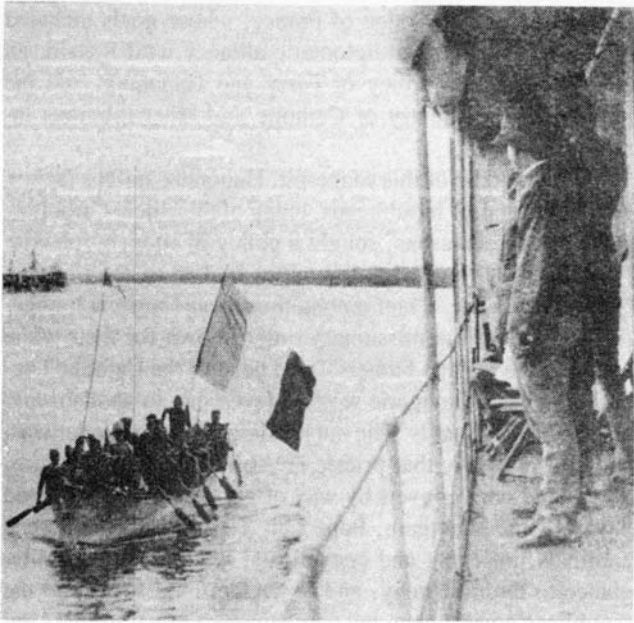
In the middle of this snake-pit, Hanotaux and his faction of "anti-Voltaire" republicans, many of them non-Catholics, some even freemasons, sought a policy of cooperation with Pope Leo XIII and what few allies he had in the Catholic Church in France. Chief among those was Cardinal Lavignerie, founder of the missionary order known for their white habits as the "White Fathers," and head of the Catholic Diocese in Africa. Lavignerie worked feverishly to abolish slavery, and to save souls. The outstanding rule of his order was, and still is today, that priests are forbidden to proselytize; they could only convert by way of good example and good works. Time and again, Pope Leo XIII ordered the French cardinals, in letters and encyclicals, to abandon their allegiance to the monarchy, and to declare their loyalty to the republican government, but they refused. Only Cardinal Lavignerie would do it, and in 1890 he gave a famous speech announcing that he, hitherto a confirmed royalist, would declare his allegiance to the republic, in order to "wrench the country back from the abyss which threatens it."

In this context, the unleashing of the Dreyfus Affair has to be seen, not as an accident of history, brought about by some sociological phenomenon peculiar to France, but as a deliberate effort to destabilize the French republican forces.

As the historical record now shows, the actual perpetrator of the treasonous acts for which Dreyfus was unjustly convicted, was Count Ferdinand Walsin-Esterhazy, a paid agent of the most powerful British banking house at the time: the Rothschilds. Esterhazy was an intimate collaborator of Edouard Drumont. The two scoundrels conspired together in 1893, so that when Drumont duelled a French military officer whom he had insulted, Esterhazy stepped forward to "second" the Jewish officer. After the duel, Esterhazy (a compulsive gambler who also ran a string of brothels) wrote to Baron de Rothschild, proclaiming himself a friend of the Jews, and asking for financial assistance. He was promptly taken into employment by the Rothschilds, all the time remaining the closest of friends with Drumont.

As a result of Hanotaux's intervention in the secret cabinet meeting called by General Mercier, it had at first been agreed that although Captain Dreyfus would be kept in custody for questioning, nothing would be made public so as not to precipitate events. In stepped Maj. Hubert Henry, another associate of Esterhazy. Major Henry worked in the military intelligence department of the Army. Determined to break the Dreyfus case into the public arena, the conspirators had Major Henry write a letter to Edouard Drumont revealing that a Jewish captain was in prison on charges of treason and "they want to quash the case. Israel is up in arms." The next day, Drumont's *La Libre Parole* carried banner headlines on

8. Maurice Paléologue, *An Intimate Journal of the Dreyfus Case*, p. 17.



France's Captain Marchand (with flag) confronts Britain's Lord Kitchener (right), at Fashoda, Sept. 19, 1898. Marchand's expedition was a prescription for disaster, playing into the hands of the British.

the case and started the drumbeat for a trial and conviction.

The Dreyfus Affair amplified the chronic instability of the Third Republic. The prime minister and his cabinet depended day-to-day on the vagaries of a parliamentary majority. After two years as foreign minister, the cabinet in which Hanotaux served was brought down, and a Radical Republican (freemasonic) cabinet formed. It was that cabinet that approved the fateful mission of Captain Marchand, to cross Africa from the west and reach Fashoda on the Nile, as a challenge to the British. After a six-month hiatus, Hanotaux returned to the Quai d'Orsay in a new cabinet, and immediately preoccupied himself with the events on the Nile.

Paving the way for World War I

Fashoda, 1898

During the months that Captain Marchand was trekking through jungles and swamps to reach Fashoda, Hanotaux continued his efforts to reach an understanding with Germany. The Marchand expedition—despite the probably noble intentions of the captain whose name is forever imprinted on this page of French history—was a prescription for disaster. Months before the Marchand expedition was approved, Hanotaux had negotiated a treaty with England which limited Egypt's possessions over the Nile to Khartoum, thereby achieving the goal of limiting English influence in the region. But the French cabinet refused to ratify this agreement, and almost provoked Hanotaux's resignation.

The folly of sending Captain Marchand on a military expedition to plant a French flag at Fashoda was the pet project of Théophile Delcassé and the Colonial Party of Eugène Etienne. Hanotaux had opposed the mission when first proposed to him by the captain himself in June 1895.⁹ He could have recalled the expedition, and it was probably his fatal mistake that he didn't. In contrast to the folly of the Marchand expedition, Hanotaux's successful diplomacy was built upon a commitment to an Entente with Germany. In early 1896, the records show the fruit of that effort, when the German foreign secretary spoke to the French ambassador in Berlin about "limiting the insatiable appetite of England," adding that "it is necessary to show England that she can no longer take advantage of the Franco-German antagonism to seize whatever she wants."

At that very moment, England was, in fact, planning to seize Sudan, which a nationalist rebellion some 10 years earlier had freed of Egyptian and British control. For the occasion of this reconquest, Britain's Gen. Horatio Herbert Kitchener was made *sirdar*, or commander in chief, of the Egyptian Army.

The drama in Africa dragged on for two years, and finally on June 19, 1898, just weeks before Marchand arrived at Fashoda, Hanotaux received what he had been waiting for: a message from the German ambassador suggesting broad collaboration on a number of issues, particularly with respect to England.

Hanotaux immediately wrote a note to his ambassador in Cairo, hinting that settlement of the "Egyptian question" might be at hand, as a result of German support.

Nine days later, the cabinet was brought down through an alliance of left radicals and extreme rightists, with the League of Patriots' Déroulède leading the charge. Hanotaux left the Foreign Ministry, never to return. And the first act of his successor, Théophile Delcassé, was to turn his back on the alliance with Germany.

In July, Marchand arrived at Fashoda and hoisted his flag. Before the news of Marchand's arrival reached France, Sirdar Kitchener carried out a horrible massacre, killing thousands in the battle of Omdurman, in Khartoum province, on Sept. 2, 1898. He then continued south to meet Marchand, ordering him to remove the French flag and depart. Marchand answered that his orders came only from the French government. But at that very moment, the French government was paralyzed by a succession of crises: a national strike of railroad workers which some accused London banks of financing; new outbreaks of Dreyfus-related scandals; and another cabinet collapse. As news reached both capitals of the Marchand-Kitchener encounter, the British Navy was mobilized and the Channel Fleet was ordered to Gibraltar. British Minister of Colonies Chamberlain was pressing for an imme-

9. G. Hanotaux, *Histoire des Colonies Françaises*, Vol. IV, p. 518.

diate "preventive" war. Finally, on Nov. 3, 1898 Delcassé ordered Marchand to retreat, in humiliation.

The Entente Cordiale, 1904

In the period after this strategic humiliation of France, Delcassé and his backers in the Colonial Party agreed to a convention with England which excluded France from the Nile Valley. In return, France received British support for the French claim over Morocco. This 1899 convention contained the seeds of the disastrous 1904 Entente Cordiale between France and England, which inexorably drew France into the web of Edward VII and his march toward World War I.

When the Entente Cordiale's secret provisions were finally made public in 1911, they were denounced by Hanotaux: "France has not chosen the directions of her foreign policy," he wrote, "but was submitted to them, did not act, but was acted upon. The Entente was a marvelous invention of English diplomatic genius, created to divide her adversaries, creating an area of friction between France and Germany, with Morocco as the piece of bait." Morocco was, for the British, nothing more than a difficult-to-manage piece of real estate, and it was the perfect "bone of contention," as Hanotaux called it, to set up renewed animosities between France and Germany.

Those animosities flared twice to the brink of war, in 1905 and 1911, when Germany insisted on pressing its claim over Morocco. As the rope is to the hanged man, King Edward was always there to provide his "support" for France, in these crises with Germany.

In the final years before World War I, Delcassé pursued his goal of an alliance among France, England, and Russia against Germany: the hostile encirclement policy that hastened events down the path toward war. As the war approached, Hanotaux commented that "the times were as tragic as those that inspired Shakespeare." Yet, he could no more intervene to stop those events than a member of the audience witnessing a tragedy. Certainly, his own weaknesses played a part in what was about to occur on the battlefields.

The downfall of the Méline cabinet in 1898 (with Hanotaux as foreign minister), also marked the beginning of the era of the Radical Republicans winning hegemony over the government. It was the end of the efforts at religious and political reconciliation undertaken by Gambetta, Spuller, Ferry, and Hanotaux on the one side, and Leo XIII and Cardinal Lavignerie on the other. By 1906, under the helm of the Emile Combes government, relations between France and the Vatican—now ruled by the Venetian Pope Pius X—were broken.

As the war clouds thickened in the following years, lone voices of opposition were occasionally heard, and those voices had to be silenced. Such was the fate that met France's leading Socialist, Jean Jaurès, who continually stood up against the anti-German passions that were being manipulated into a frenzy. Like Thiers before him, Jaurès was de-

nounced in the "nationalist" press as an "agent of the kaiser," and Action Française hinted openly of the assassination of the "Prussian Jaurès." He was assassinated on July 31, 1914 by Raoul Villain, a partisan of *revanche*, who was proclaimed a lone, deranged assassin. Immediately after Jaurès's death, his party rallied to the "Sacred Union" for the war. Such were the anti-German passions of the day, that when Villain finally went on trial in March 1919, the jury acquitted him on the homicide charges after half an hour's deliberation. His lawyers had spoken of the defendant as a man who spent his nearly five years of detention dreaming only of how he could have fought against the Germans. Witnesses on his behalf included the former president of the League of Young Friends of Alsace-Lorraine. Jaurès's widow was forced to pay the court costs.

France bled white

The casualties resulting from France's fall into the hands of the partisans of *revanche* were enormous. French fathers, sons, and husbands marched by the millions into the muddy, blood-drenched trenches on the western front: 1.5 million dead, 3 million wounded. The figures are equally staggering for the other European powers, although French losses were the greatest of all if measured in proportion to the population of the country. But it was not only Europeans who went to the slaughter.

As a result of the overthrow of Hanotaux and his collaborators, the door was opened in Africa to the most savage looting and genocide. Much of France's sphere in equatorial Africa had been peacefully won over in the 1880s by the French explorer Pierre Sarvognan de Brazza, who told African slaves they had only to touch the French flag in order to be emancipated. As commissioner general of the French Congo, he steadfastly opposed the looting schemes of French companies, linked to London-centered banking interests. Following a slander campaign against him, Brazza was recalled to France in 1898. Foreign Minister Delcassé wrote the decree allowing private charter companies (*compagnies concessionnaires*) to be given absolute monopolistic control over most of the equatorial region, imitating the policies of King Leopold of Belgium in the neighboring regions of the Congo (now Zaire). This meant that slavery had been abolished in name only.

In addition, starting in 1906, French colonial policy in Africa was dominated by the idea of building an indigenous conscript army. Tens of thousands of African men had to be provided each year as trainees to become cannon fodder for the impending war effort. The result was that by 1921, the African population of the French Congo had been reduced by nearly half, from 4.8 to 2.8 million people.

The introduction and triumph of British methods, policies, and programs over the republican ideal in France had cataclysmic consequences, which continue to afflict many portions of the world to this day.

London's murder of McKinley sets up U.S.-U.K. special relationship, war

by Anton Chaitkin

Any supporter of Abraham Lincoln during the Civil War era would have viewed Woodrow Wilson's 1917 declaration of war on Germany under British auspices as an act of treason in the service of London, the enemy in 1776, 1812, and 1861. For the British, the perspective of American logistical support and, finally, use of American soldiers was an indispensable precondition for unleashing war. How, then, did London subvert the United States that had followed Lincoln, into the principal tool of British geopolitics in 1917?

During the first decades after the American Civil War, relations between the United States and Germany had been traditionally cordial. Americans gratefully remembered how the presence of the Prussian Army along the Rhine had helped to prevent the British puppet Emperor Napoleon III from intervening in support of the southern Confederacy and from sending more French troops to back up the regime of Maximilian in Mexico. The strong support given by most German immigrants to Lincoln and the Union cause was soon supplemented by German-American cooperation in infrastructure and industry. These important German-American ties soon became the target of London and of the fifth column of American anglophiles. London mobilized the intrigues of its intelligence services, financial and economic warfare by the City, and political assassinations conducted through the Mazzini networks to weaken the forces of American nationalism and strengthen the anglophiles.

Up until 1863-64, the policy of Lord Palmerston and the British Empire had been to destroy the American federal union. After Gettysburg, Vicksburg, and the arrival of the Russian fleet in New York and San Francisco, the British were forced to resign themselves to the fact that the United States was emerging as the leading world power and would remain so for more than a century. The new British strategy accepted this reality and concentrated on making American power the servant of the geopolitical designs of London.

The key turning point came with the assassination of President William McKinley, an admirer of Lincoln, and the succession to the presidency of Vice President Theodore Roosevelt, an asset of Sir Edward Grey and Cecil Spring-Rice of the British Foreign Office. Roosevelt's rapprochement with Edward VII was the prelude to the establishment of the U.S.-U.K. "special relationship" by Wilson, Grey's agent Col. Edward House, Secretary of State Robert Lansing

of the Dulles family, and U.S. Ambassador to London Walter Hines Page. The special relationship was sealed with the blood of 350,000 U.S. casualties in World War I. Thanks to U.S. support, London also felt free to destabilize Russia with the 1917 revolutions, which yielded the Bolshevik regime and world communism. The U.S.-U.K. special relationship has been the indispensable prerequisite for British geopolitics ever since.

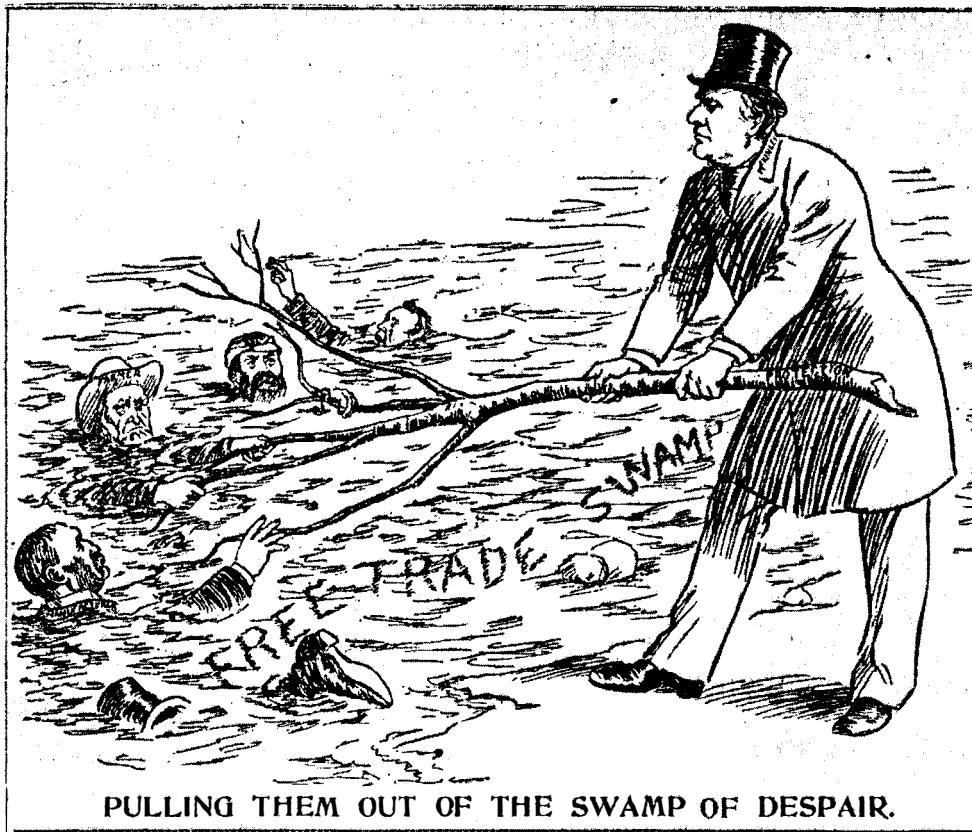
The 'national party' falls

The assassination of President William McKinley in 1901 marked the complete downfall of the American nationalists. The mighty American productive apparatus, which had been created by the U.S. nationalists—Britain's enemies—despite fierce British resistance, ironically, was then used by decrepit Britain for its war. Let us look back to the period before this divide of 1901, and see what the world lost. We can then evaluate the grotesque change imposed after the McKinley murder.

When Abraham Lincoln came in as President in 1861, the nationalists came back into power. This leadership faction was a political, industrial, and scientific grouping which led the American Revolution and wrote the Constitution. The nationalist faction, or what may be called the "national party," was based in Philadelphia, the original American capital. Philadelphia was the home of Alexander Hamilton's First Bank of the United States, Nicholas Biddle's Second Bank, the German economist Friedrich List, the Irish-American economist Mathew Carey, and Mathew Carey's son Henry Carey, whose American System, anti-British economics texts Lincoln studied and put into practice.

From Lincoln until the McKinley murder, the United States and Britain opposed each other globally, representing the two opposite views of man: racist imperialism versus emancipation and technological development. In that contest, the U.S. national party was an active partner with the nationalists in Europe, Asia, and Ibero-America. After Teddy Roosevelt's takeover, the United States joined Britain in smashing America's former allies.

Back at the end of the Civil War, despite Lincoln's death, the nationalist group pushed ahead on programs designed under Lincoln. The first transcontinental railway, the Union Pacific-Southern Pacific, paid for by Lincoln's government



A McKinley campaign cartoon mocks the British free traders. Who wants free trade? McKinley asked. "England wants it, demands it—not for our good, but for hers."

and built under Army supervision, was completed in 1869. That same year, Civil War leader Gen. Ulysses S. Grant became U.S. President.

In 1870, Grant and the Philadelphians revived the Northern Pacific railway project which Lincoln had chartered.

The Northern Pacific was the largest single enterprise in U.S. history up to its time. It traversed a 2,000-mile route, from the western tip of Lake Superior to the Columbia River and Puget Sound on the Pacific, linking the Pacific Ocean with the Great Lakes and the Atlantic. The Northern Pacific founded and built Duluth, Minnesota and Tacoma, Washington as its terminus cities.

The government gave the Northern Pacific gigantic land grants, equalling in size the states of Ohio and Indiana combined. Plots of land from these grants would then be sold by the railroad to settlers, and before such sales, the railroad could get advances of credit from an array of sources without the backing of the bitterly hostile British-led bankers. The law required the railroad to use only American iron and steel, made from American iron ores. The congressional manager of the bill was Speaker of the House James Blaine, a principal spokesman of the national party.

A map of the Northern Pacific land grants (**Figure 1**), for use with European allies, shows the rich coal-mining and wheat-farming potential of the western continent and shipping connections to China and Japan, and gives latitudes

equivalent to Paris and Venice. A dotted line on the map is captioned: "This isothermal passes through Chicago . . . southern France, Lombardy, and the wheat-growing district of southern Russia."

The real character of this enterprise can be better understood by reviewing some of the most prominent original stock owners of the Northern Pacific.

- The joint project managers were Philadelphia banker Jay Cooke, and his industrial partners in the leadership of the Pennsylvania Railroad. Cooke was the government's principal private banker. During the Civil War, Cooke had sold over a billion dollars of small-denomination government bonds to the public, so that Lincoln could outflank London and Wall Street bankers opposed to the American Union. Other Pennsylvania Railroad industrial projects included Andrew Carnegie's steel mills, and Thomas Edison's invention organization.

- Another pivotal owner and backer was Baron Friedrich von Gerolt, German Chancellor Bismarck's ambassador to the United States. Baron Gerolt had been Prussia's minister to the United States since 1844. He had spoken publicly about the "thousands and tens of thousands of our emigrants . . . [who] arrive annually to establish a new home and to unite their capacities with American industry and enterprise in developing the unbounded resources and promoting the welfare of the new and rising states" (*New York Times*, April

24, 1858).

• Other important stockholders included U.S. Vice President Schuyler Colfax, and President Grant's private secretary, the anti-British writer Gen. Horace Porter.

As planning progressed, Jay Cooke negotiated secret agreements aimed at U.S. annexation of the western half of British Canada.

U.S.-German infrastructure building: Bismarck, North Dakota

Cooke sent a Northern Pacific fundraising agent to Europe, equipped with a letter of introduction from Bismarck's ambassador, Baron Gerolt. Cooke wrote to Chancellor Bismarck inviting him to come to the United States and to be a guest in Cooke's home. Bismarck replied months later, apologizing for the delay and warmly thanking Cooke for the invitation. He explained that he had "gotten involved" in the Franco-Prussian War (a war which would have disastrous consequences—see article, p. 29) a week after getting Cooke's letter. The Northern Pacific put the Bismarck letter to good use in scrounging Europe for loans.

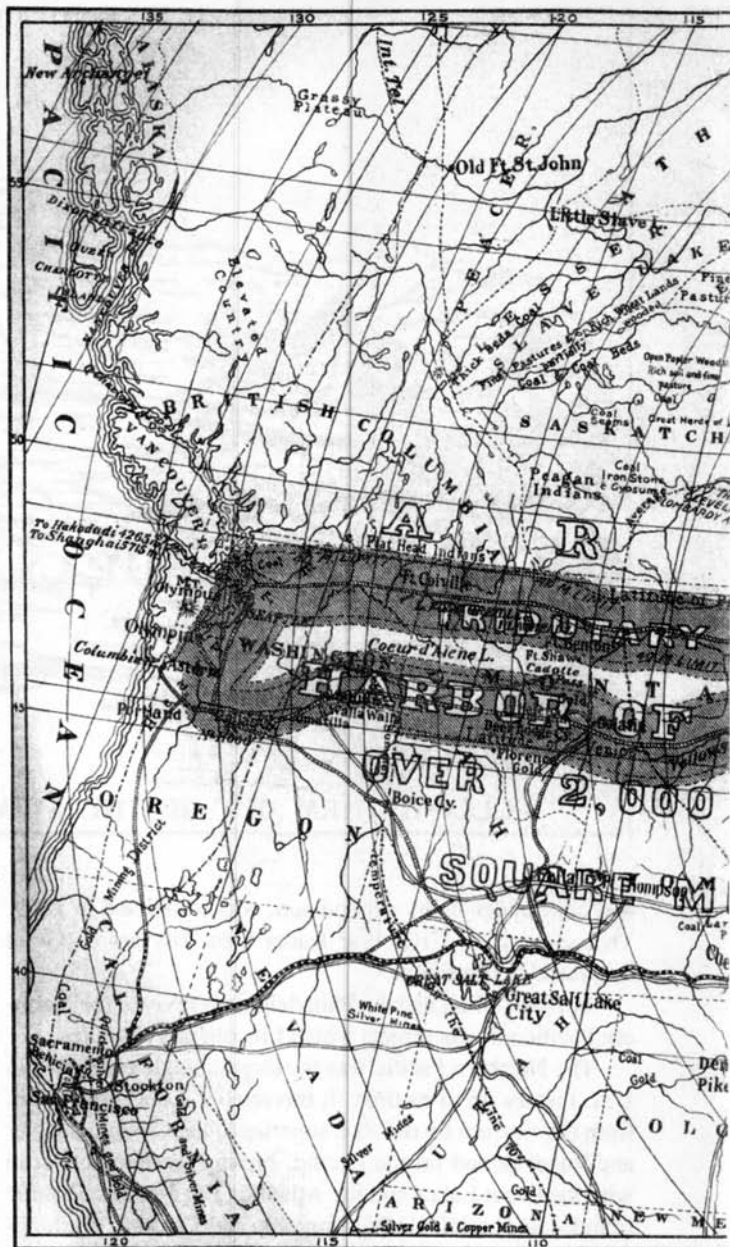
The Franco-Prussian War temporarily dried up credit there. But Northern Pacific corporate secretary Samuel Wilkeson, an associate of economist Henry Carey, said the world would now finally be rid of Napoleon III, that "composite monkey and tiger."

The railroad construction progressed westward from Lake Superior, and eastward from the Pacific coast. While President Grant directed his legations abroad to encourage emigration to America, Northern Pacific agents sent families over from Germany, Scandinavia, Russia, central Europe, and Britain.

The immigrants were welcomed at the New York wharves by Northern Pacific reception teams which included diverse translators. They were housed in Northern Pacific-owned hostels in several cities, until transportation and land arrangements were completed for them out west. They were supposed to thickly settle an unpopulated waste.

In 1873, the Northern Pacific completed its first great link from the Great Lakes to the Missouri River in Dakota Territory. The railroad created a terminus city on the Missouri River and named it Bismarck, in honor of the German chancellor. Bismarck later became the capital of North Dakota.

As the Northern Pacific project progressed, the Russian ambassador to the United States, Konstantin Gavrilovich Katkazy, maintained close contact with Jay Cooke; he frequently stayed at his house in Philadelphia. Meanwhile, the pro-nationalist Civil War governor of Pennsylvania, Andrew Curtin, was serving as the U.S. ambassador to Russia. Economist Henry Carey had organized a send-off party for Ambassador Curtin back in 1869, attended by Cooke, his partners, and the Russian legation. At the party, Gen. Joshua T. Owen delivered a toast, in what must be seen as President



Grant's blunt response to British geopolitics:

"We stand on the shores of the Pacific, and cast wistful eyes over its expanse of waters, to see if any kindred people will join us in girdling the globe with a tramway of iron. . . . We have discovered that true glory is only to be attained through the performance of great deeds, which tend to advance civilization, [and] develop the material wealth of people. . . . In pursuance of these noble objects we have discarded war, although we had organized the greatest war power of ancient or modern times. . . .

"Who are our natural allies in the Old World, in the prosecution of this grand design? Not the English, for they

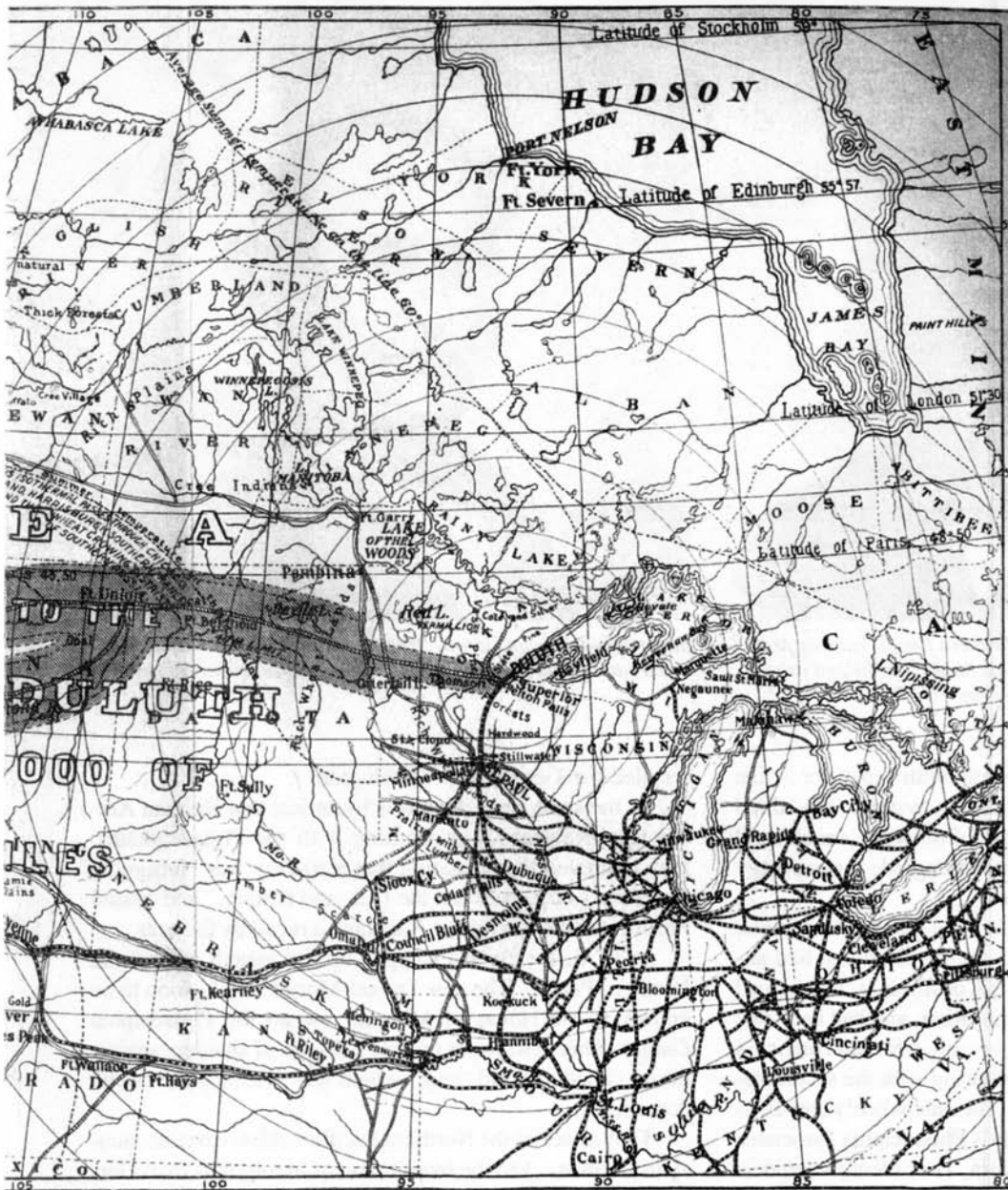


FIGURE 1
The Northern Pacific
land grants

The Northern Pacific railway project, chartered by Lincoln, was the largest single enterprise in U.S. history up to its time, linking the Pacific Ocean with the Great Lakes and the Atlantic. Promoted by the 'national party' of American pro-industrial patriots and their allies abroad, the project was finally completed in 1883. On the map, the rings indicate 100, 200, etc. miles from Duluth, Minnesota.

Source: Ellis Paxson Oberholtzer, *Jay Cooke, Financier of the Civil War*, Philadelphia: George W. Jacobs & Co., 1907.

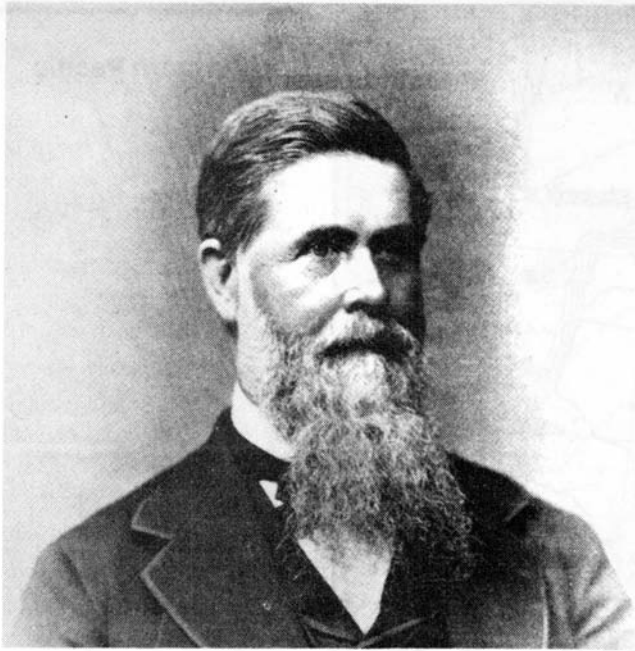
are our commercial rivals—not the French, for they are jealous of our democratic institutions. . . .

“The Russians have become simultaneously with us, the champions of freedom by emancipating their slaves. . . . However much common origin, common language, and common religion, or some grand sentiment may unite peoples, the greatest bond is a community of interest and identity of destiny. . . . Let [Czar] Alexander construct a grand trunk railway from the Baltic to the Sea of Okhotsk of like gauge with our Pacific Central [Union Pacific-Central Pacific], and he will maintain his firm hold on his vast dominions, and outflank the movement made by France and England, for

predominance in the East through the Suez Canal; and America and Russia, can dictate peace to the world.”

Over the next period, Russia’s Sergei Witte worked in the czar’s railway service while learning the economics of Friedrich List. In the 1890s, when Witte, by now finance minister, built Russia’s Trans-Siberian Railway, he was advised by Gen. Grenville Dodge, who had been Lincoln’s superintendent for the Union Pacific railroad construction.

Japanese Prince Iwakura, Japanese cabinet ministers, and a Japanese embassy party totalling 30 persons, stayed at Cooke’s house in 1872, while they prepared a treaty with the United States and a loan of \$15 million for Japanese



Jay Cooke, project manager of the Northern Pacific railway project. The government's principal private banker, he helped raise the funds to preserve the Union during the Civil War.



Baron Friedrich von Gerolt, Prussian ambassador to Washington and a staunch supporter of the Northern Pacific railway project.

development. Cooke was negotiating with Japan for Asian connections with the Northern Pacific system. The allied nationalists envisioned a global belt of railways, canals, and shipping operations that would vastly upgrade the economy and power of the sovereign nations.

In 1873, President Grant made Ohio Congressman John Bingham the U.S. ambassador to Japan. Bingham had authored the 14th Amendment to the Constitution, had helped send troops to suppress the Ku Klux Klan, and had been one of the military judges in the Lincoln case, who had convicted John Wilkes Booth's gang of conspiring with the secret service apparatus in British Canada. The outspokenly anti-British Bingham brought Henry Carey's Philadelphia associates to Japan to work with Prince Iwakura. They identified mineral resources, planned transportation projects, and outlined tariff strategies. Bingham constantly sparred with the British plenipotentiary Sir Harry Parkes, and defeated the British opium traffic in Japan.

Britain's war against the nationalists

From the outset of the Northern Pacific project, British Empire agencies assailed the railroad and its nationalist sponsors. The Ulysses S. Grant administration (1869-77) had a viciously pro-British secretary of state, Hamilton Fish. In 1871, Fish's ambassador to Germany, George Bancroft, an admirer of Britain's Lord Palmerston, orchestrated a slander campaign to influence Chancellor Bismarck against the pro-American Baron von Gerolt, who was aiding the Northern Pacific in every way possible. Bismarck fell for the bait and

recalled von Gerolt from Washington.

At the same time, Fish was hysterical that Russian Ambassador Katakazy was working with the Philadelphians. Fish promoted the allegation that Katakazy was "intriguing to drive a wedge between the U.S. and Britain," and caused President Grant to request Katakazy's recall by the czar.

In 1873, the British stepped up the assault against the Northern Pacific. The new Drexel-Morgan bank, soon to be known as the House of Morgan, owned the Philadelphia *Ledger*. This newspaper printed a deluge of slanders against the so-called railroad "ring" which was "robbing the public domain."

They attacked the Northern Pacific's efforts to raise money in Germany, and the recruitment of immigrants from Germany. The *Ledger* "predicted" that the Northern Pacific would fail and a general panic would result. These attacks were reprinted as leaflets, and distributed in banking circles in the United States and Europe. Because the *Ledger* ran an exchange of news with the London *Times*, Cooke's agent was led to discover that *Ledger* editor George Childs was an "intimate house guest" of *Times* financial editor H.B. Sampson.

No British financial house would participate in the sale of Northern Pacific bonds, though Cooke invited the Rothschilds, and regularly worked with the other major banks. The Rothschilds poisoned the money-raising well with bankers in Germany. The Barings and Rothschilds tried to talk down the value of U.S. bonds that Cooke was marketing at that time.

Early in 1873, a scandal was gotten up in the newspapers against Credit Mobilier, the construction subcontractor for the Union Pacific railroad. The pivotal figure for this concocted scandal was Credit Mobilier executive Francis R. Train, of the notorious British intelligence Train family. (During the Civil War, Boston Congressman Charles Russell Train—grandfather of the current British agent on Wall Street, John Train—had introduced legislation to destroy Cooke’s financing of the Union war effort. Lincoln’s allies defeated Train’s initiative.) Congressional hearings smeared Speaker of the House Blaine, Vice President Colfax, the heads of the two houses of Congress, and the government leaders of the Northern Pacific project.

The demoralized Congress suspended payment on the old Union Pacific bonds, and thus undercut the market for all railroad securities. Congress then refused any subsidies for the cash-strapped Northern Pacific.

Finally, in September 1873, under terrible pressure from international bankers, Cooke’s New York-based partner suddenly closed the New York office and stopped payment to Cooke’s creditors—without consulting Cooke. Cooke was forced to close the main Philadelphia office the same day.

When Cooke, the main government banker, closed his doors, panic closed the New York Stock Exchange, and it stayed shut down for seven days in the worst American financial crisis up to that time. Factories, shops, and mines closed throughout the country. Construction on the Northern Pacific railroad was suspended for six years.

The American nationalists were now gravely weakened. The Drexel-Morgan and Rothschild banks replaced the ruined Jay Cooke as the principal bankers handling the bonds of the U.S. government.

The financial struggle of 1873 should be of interest to currently embattled District of Columbia Mayor Marion Barry. When Cooke’s Washington office was forced to close, the Washington partner was Jay’s brother Henry D. Cooke. Henry was at that time governor of the “Territory” of Washington, by appointment of President Grant.

Among Gov. Henry Cooke’s official advisers was black leader Frederick Douglass. During 1871-73, the Cooke administration organized and financed the transformation of the national capital city: It drained swamps, built sewers, commenced garbage collection and sewage treatment, paved and graded hundreds of miles of roads and sidewalks, and planted 50,000 trees.

The suddenly bankrupt Henry Cooke now resigned as governor of Washington, temporarily succeeded by his lieutenant, Alexander Shepherd. The following year a southern-led, anti-nationalist congressional initiative eliminated the territorial government and ended all voting rights and self-government for Washington’s citizens, including its large component of freed black slaves. Washington got no voting rights or home rule again until the era of Marion Barry a century later.

The national party regroups

But the nationalists hung on.

In 1876, the Pennsylvania Railroad partnership sponsored the opening of an invention factory for their young wizard Thomas Edison. They publicized his phonograph. Their agent Edward H. Johnson organized Edison’s company. In 1878, their University of Pennsylvania professor George Barker took Edison to Wyoming to observe a solar eclipse.

On this trip, Professor Barker described the status of attempts to produce artificial light from electricity, and proposed that Edison tackle and solve the problem. With Barker as his mentor, Edison soon announced to the press that he would make electric lights and, furthermore, that he would provide the first electricity to the world’s industries and households. Edison especially used the work of German scientists and craftsmen to push this project forward.

In the following year, 1879, the first incandescent electric light was demonstrated. The Pennsylvania railroad ran special trains bringing thousands of people to the Edison lab to see the demonstration. That same year, Henry Carey’s Philadelphia congressman, William “Pig Iron” Kelly, met with Chancellor Bismarck. Kelly reported that Bismarck expressed “intense contempt” for advocates of the British free trade doctrine, calling them “arrogant . . . blockheads.” That same year, the Pennsylvania Railroad partners restarted construction on the Northern Pacific. They soon sold financial control of the project to Henry Villard, the representative of German holders of U.S. transportation bonds. The Northern Pacific was completed in 1883, with the German ambassador on hand for the inaugural ceremony.

Meanwhile, Britain’s House of Morgan had taken control of Edison’s company and stopped its progress. The Philadelphians got it back, temporarily, with a stockholders’ revolt in 1884. Production of dynamos and their installation grew rapidly. Large city central power stations rose from 12, in 1884, to 58 in 1886; they were being installed in Europe, South America, and Japan. The German industrialist Emil Rathenau, father of Walther Rathenau, bought Edison’s patents and set up the Edison General Electric Company of Germany (Allgemeine Elektrizitäts-Gesellschaft), by means of which German cities were lit and powered.

William McKinley and the American System

One of the leading spokesmen for the “nationalist party” and an outspoken opponent of British free trade doctrine, was William McKinley. In 1882, then-Congressman McKinley from Ohio spoke about the American program of government protection for manufactures. McKinley said that U.S. citizens were not the ones demanding free trade. Who, then, wanted free trade? McKinley asked. He answered:

“England wants it, demands it—not for our good, but for hers; for she is more anxious to maintain her old position of supremacy than she is to promote the interests and welfare of the people of this republic, and a great party in this country



President William McKinley's assassination marked the downfall of the American nationalist faction, and the ascendancy of the pro-British free traders.

voices her interest. . . . She would manufacture for us, and permit us to raise wheat and corn for her. We are satisfied to do the latter, but unwilling to concede to her the monopoly of the former."

McKinley continued, "Free trade may be suitable to Great Britain and its peculiar social and political structure, but it has no place in this republic, where classes are unknown, and where caste has long since been banished; where equality is a rule; where labor is dignified and honorable; where education and improvement are the individual striving of every citizen, no matter what may be the accident of his birth, or the poverty of his early surroundings. Here the mechanic of today is the manufacturer of a few years hence. Under such conditions, free trade can have no abiding place here."

Congressman McKinley pushed through the last great protective tariff in 1890. At that time, nationalist James Blaine was U.S. secretary of state. Blaine's modification of the tariff system, called "reciprocity," allowed for the United States, Mexico, and South America to help boost each other's production while protecting themselves against British trade war.

British diplomat Sir Cecil Spring-Rice wrote back to London in 1891 on the McKinley Tariff, and how it was operating under Blaine's reciprocity:

"We must count on the present tariff for a year and a half at least, probably for much longer. We must reconcile ourselves to it and look for new markets. A serious aspect of it is the reciprocity clause, which drives us out of the West Indies

and S[outh] America."

McKinley, an anti-imperialist follower of Lincoln and Blaine, was elected President in 1896 and again raised the tariff.

Theodore Roosevelt, British agent

Sir Cecil Spring-Rice was Britain's personal manager of U.S. politician Theodore Roosevelt, or "TR." He wrote to Roosevelt on Nov. 3, 1897, a wild letter, an anti-German tirade. TR was then assistant secretary of the Navy. The letter urged him to move the United States to invade Cuba, and explained why Germany wouldn't dare interfere. Spring-Rice wrote: "The prevailing motive underlying German policy is peace and commercial progress. Anything which would endanger their enormous interests on your side [of the ocean], trade, shipping, investments—would be avoided. . . . They dare not go to war."

Teddy Roosevelt took unauthorized action with the Navy which helped drag the United States and Spain into a war that President McKinley didn't want. Roosevelt then resigned from the government and led the highly publicized "Rough Rider" troops invading Spain's possession, Cuba.

In 1900, under pressure from the now supreme British faction of U.S. bankers, President McKinley accepted Teddy Roosevelt as his second-term vice president.

Soon after the inauguration, McKinley was murdered and TR took over. The murderer, Leon Czolgosz, proclaimed himself an apostle of anarchist Emma Goldman. Goldman revealed in her memoirs the precise nature of the British "anarchist" murder apparatus. Her London base of operations, as she explained, was the home of William Michael Rossetti, the leader of the Ruskinite, Pre-Raphaelite feudalists. A contemporary cartoon hit the nail on the head, showing Teddy Roosevelt dancing cheek-to-cheek with a man in drag holding a bomb, who is named "Anarchism."

Many Americans calling themselves populists admire the traitor President Teddy Roosevelt. This is a pathetic commentary on our nation's lost national memory. Teddy Roosevelt helped Britain anarchize Russia and militarize Japan. He drove the United States toward war against Germany. He brutalized Spanish America and deliberately portrayed the United States as an international tyrant.

As Britain had long desired, Roosevelt closed the U.S. West to settlement, terrorizing and arresting congressmen and other western opponents of his programs. He founded the Conservation movement in America, and set up the Forestry Service as a New Age propaganda machine officially modelled on the British regime in India. He completed the consolidation of British financial power over U.S. national industries and railroads. The railroads were gradually dismantled, and much of the West was left unpopulated and waste.

Teddy Roosevelt was personally tied to British finance, to the Baring Bank and to the British intelligence apparatus which ran the slaveowners' southern Confederacy. His dearest uncle, James Builoch, had managed the British ar-

rangements to create the Confederate war fleet, which sank U.S. merchant ships and doubled the length and casualties of the U.S. Civil War. Teddy Roosevelt successfully prevailed on his uncle, then in permanent exile in England as a traitor to his country, to write up the "heroic" official story of the Confederate Secret Service.

'True Americanism'

But let us hear from TR himself, what he wrote about "true Americanism": He attacked Germany as a "fundamentally immoral" country, and said, "The German people now stand behind their government and heartily support it in every infamy it commits. . . .

"We have in this country room only for thoroughgoing Americans. . . . [If a man] tries to be half American and half something else, it is proof positive that he isn't an American at all and the sooner he gets out of the country the better. . . . Germanism here at home is the foe of Americanism and those who believe in it should go back to Germany, where they belong" (*The Works of Theodore Roosevelt; National Edition*, New York, Charles Scribner's Sons, 1926, volume XIX, pp. 329-30).

Listen as Teddy Roosevelt defines his own nationality. Here he is lecturing at Oxford in 1910, on the "English-speaking peoples" managing "alien races": "In the long run there can be no justification for one race managing or controlling another unless the management and control are exercised in the interest and for the benefit of that other race. That is what our peoples have in the main done, and must continue . . . to do, in India, Egypt, and the Philippines" (Romanes lecture "Biological Analogies in History," *ibid*, volume XII, pp. 57-58).

Now listen as the Anglophile Confederate speaks of good breeding: "I wish very much that the wrong people could be prevented entirely from breeding; and when the evil nature of these people is sufficiently flagrant, this should be done. Criminals should be sterilized, and feeble-minded persons forbidden to leave offspring behind them. But as yet there is no way possible to devise which could prevent all undesirable people from breeding. The emphasis should be on getting desirable people to breed" (*ibid.*, volume XII, p. 201).

Finally, let us hear Teddy Roosevelt reviewing a book called *The Foundations of the Nineteenth Century*, written by the English-born Nazi writer Houston Stewart Chamberlain. Here Roosevelt directly condemns the U.S. Declaration of Independence:

"Much that he says regarding the prevalent loose and sloppy talk about the general progress of humanity, the equality and identity of races, and the like, is not only perfectly true, but is emphatically worth considering by a generation accustomed, as its forefathers . . . were accustomed, to accept as true and useful thoroughly pernicious doctrines taught by well-meaning and feeble-minded sentimentalists" (*ibid.*, volume XII, pp. 107-12).

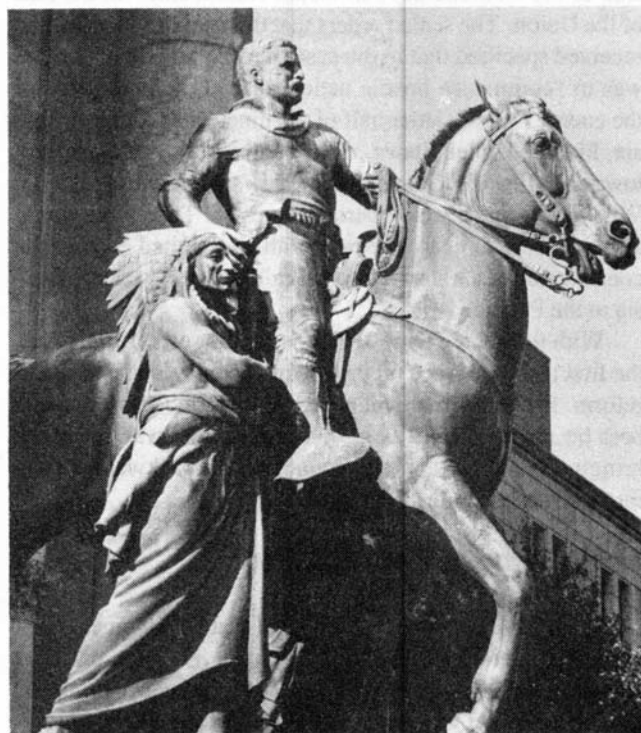
And thus the obstacle, known as the United States of

America, was cleared out of the path of the British oligarchy.

The First World War began in August 1914, when Woodrow Wilson was U.S. President. Wilson was closely advised by "Colonel" Edward M. House, an open British agent whose British father had made his fortune running the U.S. blockade to aid the slaveowners' rebellion. Once the United States joined the world war, House would coordinate the relations among the Triple Entente partners.

In February 1915, six months after the British went into World War I and the United States was still neutral, President Wilson showed his true colors. He put on a gala screening of the first motion picture to be shown in the White House. The film was D. W. Griffith's "Birth of a Nation," originally titled "The Klansman," depicting the Ku Klux Klan as heroically fending off outrages by freed slaves and northerners. Wilson, who had himself written history texts praising the post-Civil War Klan, commented after viewing the film, "It is like writing history with Lightning. And my only regret is that it is all so terribly true."

This presidential endorsement was immediately used nationwide to re-launch the KKK as an institution. The new Klan's first target was German-Americans, who were attacked as "aliens" hostile to Anglo-Saxon America. President Wilson invited filmmaker Griffith to the White House and urged him to go to England to "make some picture showing our fight for democracy." By the time Griffith made his anti-German propaganda film "Hearts of the World" for the British government, the United States had already declared war.



Teddy Roosevelt, portrayed here in a statue at the Museum of Natural History in New York City, was a British agent who drove the United States toward war against Germany.

A Continental League for Eurasian development

by William Jones

To the casual observer of the international political scene around 1870, the close relations then existing between autocratic Russia and the American Republic might seem something of a conundrum. On closer examination, however, one could detect amazing similarities between these two very disparate nations. In 1861, Czar Alexander II liberated the serfs of Russia, affecting the status of 52 million peasants, 20 million of them serfs. In 1863, President Abraham Lincoln, with the Emancipation Proclamation, liberated 4 million slaves in the United States. During the U.S. Civil War, Czar Alexander sent a Russian fleet to the United States as a warning to the British that were they to enter the war on the side of the Confederacy, so would Russia enter on the side of the Union. The sealed orders that the fleet commander had received specified that in the case of a declaration of war, he was to "commence hostile action against the commerce of the enemy." In the latter half of the nineteenth century, Russia, like the United States, also began a policy of expansion toward its Pacific Ocean border and settlement of its own Wild West, in the vast Siberian expanses. This move would also involve, as was the case with the United States, the construction of a transcontinental railroad from western Russia to the Pacific.

With the decree of 1861 liberating the serfs, Russia took the first tentative steps on the road to economic and political reform. From that moment on, a grouping in Russia that can best be characterized as a "national party" was intent on bringing the autocratic and economically backward Russia into the modern industrial world.

Sergei Witte, finance minister of Russia (1892-1903)

From 1892, the prime architect of that development policy was Sergei Yulevich Witte, who for 11 years until his dismissal in 1903, would serve as Russia's finance minister. During the Witte years, the Russian economy would experience a more rapid rate of growth than it had ever experienced. An unusual figure, Witte was a member of the lower nobility, born in Tbilisi, in present-day Georgia in the Caucasus. One

of Witte's fondest childhood memories was how the telegraph first came to his hometown.

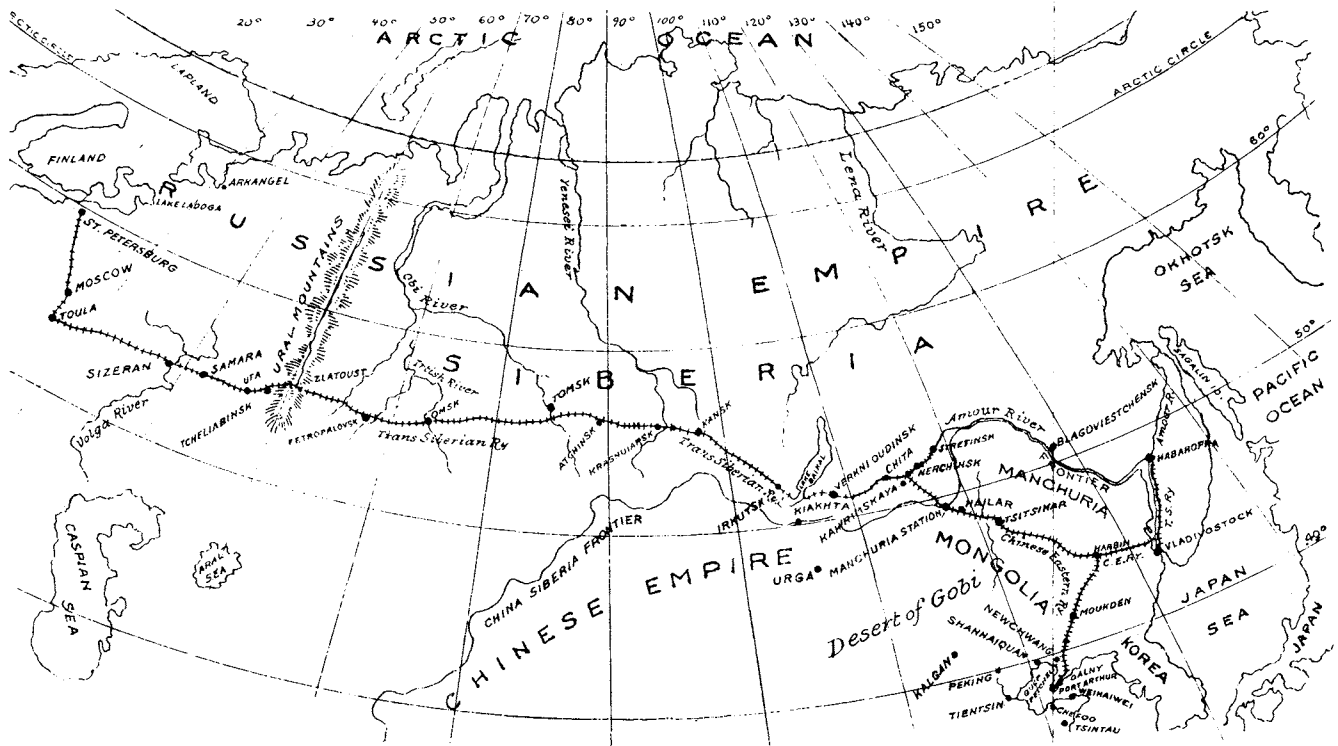
During the Russo-Turkish War, Witte was the sole manager of the Odessa Railway over which all traffic to the front passed. In 1886, Witte moved to Kiev where he became the executive director of the Southwestern Railway, serving western Ukraine and Poland from the Baltic to the Black Sea, with links into Germany and Austria. During his time in Kiev, Witte became a member of the Baranov Commission, which was set up by the czar to formulate government policy on railroad affairs. As a member of the commission, Witte authored a railroad charter, which became the basis for the regulation of railroads throughout Russia. In 1892, Witte was appointed Minister of Ways and Communications, from which post he, at the behest of Czar Alexander III, set up a Siberian Railroad Committee to investigate the possibility of building a railroad to the Pacific. When he became finance minister in October 1892, Witte had the means of realizing that program.

Witte reformed the entire state of Russian finances, stabilizing the widely fluctuating ruble by pegging it to gold. He also converted high-interest domestic loans into low-interest loans taken out abroad. Although Russia would have to borrow heavily during the coming 10 years in order to finance the massive railroad construction, the annual debt service grew only slightly. Witte also used his broad financial powers to move aggressively against any speculative operations on the financial markets against the ruble.

Witte transformed the Finance Ministry into a regular chancellery of the realm, with extensive intelligence networks in all the major political and financial capitals of the world. His aim was to transform Russia from a backward peasant country into a major industrial power. As he expressed it in his annual report to the czar in 1899: "We must give the country such industrial perfection as has been reached by the United States of America, which firmly bases its prosperity on two pillars—agriculture and industry." It was the development of that second pillar—industry, which the predominantly agricultural Russia so sorely needed—that Witte's finance policy was aimed at facilitating.

FIGURE 1

Route of the Trans-Siberian and Chinese Eastern railways



The Witte-Mendeleyev partnership

In realizing this goal, Witte had some extremely able assistance from the renowned Russian chemist, Dmitri Ivanovich Mendeleyev, better known to all students of chemistry as the discoverer of the Periodic Table.

Mendeleyev had already been appointed director of the Bureau of Weights and Standards by Witte's predecessor as finance minister, Ivan Vyshnegradsky, from which post Mendeleyev introduced the metric system into Russia, thus bringing the Russian system up to international standards. In 1899, Mendeleyev, on behalf of the Ministry of Finance, led a group of scientists through the Ural Mountains to examine the mineral deposits available there, on the basis of which Russia could develop its own iron industry, a prerequisite for railroad building. On his trip, Mendeleyev reports: "When I traveled through the region and saw its wealth of iron, timber, and coal not only with my own eyes but through those of my three travelling companions, I was convinced, in a way that surprised me, that when we have carried out a few not very costly measures which, in any case, will be quite profitable to the state, the Urals will provide Europe and Asia with huge quantities of iron and steel at a production cost which would be quite inconceivable in western Europe." In 1900, Mendeleyev, on behalf of the Finance Ministry, would help organize the Russian section of the Paris Industrial Exhibit.

Mendeleyev and Witte were both followers of the economic theories of German-American economist Friedrich List, a strong proponent of a system of protective tariffs for industrially backward countries, under which they would be able to develop their infant industries safe from the influx of cheaper products from more developed nations. Already in the early 1890s, Witte had written a brochure "On the Question of Nationalism—National Economy and Friedrich List," introducing his own program of utilizing the protectionist system to realize Russia's industrial potential. Witte's brochure helped introduce the work of List to a broader intellectual circle of Russians. The "free market" theories of British intelligence agent Adam Smith, touted so loudly these days by the proponents of Newt Gingrich's Conservative Revolution, were specifically developed by Smith in the late 1700s in order to bamboozle the young American Republic into remaining a mere producer of agricultural goods. Fortunately for us, Alexander Hamilton, the first treasury secretary, didn't fall for these British tricks. Nor did Witte. As he wrote in his *Lectures on National Economy and State Finance* in 1912, "Such a conception [free trade doctrine] is much too one-sided, and disregards the significance of international trade; its implementation, without taking into consideration the level of industrial development of the country in question, can totally paralyze the productive forces of a country and

TABLE 1

Miles of railroad opened each year in Russia, 1890-1900

1890	424.8
1891	78.2
1892	324.7
1893	1,120.6
1894	1,402.9
1895	1,255.8
1896	1,505.6
1897	1,586.5
1898	1,898.6
1899	3,109.3
1900	2,934.7

inflict great unhappiness on its people; its introduction in all countries of the world would lead to the suppression of the industrially weak countries by the strong.”

In 1894, the Ministry of Finance also took charge of all commercial and technical schools in Russia, opening up over 100 new schools during the following decade, including the prestigious St. Petersburg Polytechnical Institute, which Witte took special pride in.

In 1891, Russia, under Czar Alexander III, the son of the Czar-Liberator who had been assassinated in 1881, had made important moves toward establishing new relations with republican France, thus opening up the French capital markets for Russian loans. In 1894, this relationship would provide the basis for the important collaboration between Witte and French Foreign Minister Gabriel Hanotaux, which would represent perhaps the greatest impetus to global economic development (and the greatest challenge to the British colonial empire) during that entire century. The collaboration also provided Witte with access to the necessary funding to begin his great railroad construction program.

For Witte, the most important educational program was that provided by a flourishing industry. “With the first investment in industry,” Witte said, “the powerful stimulus of personal interest calls forth such curiosity and love of learning as to make an illiterate peasant into a railway builder, a bold and progressive organizer of industry, and a versatile financier.”

Witte's Trans-Siberian Railroad

The Trans-Siberian Railroad (Figure 1) would become the longest railroad in the world, and remains so today, stretching over 5,800 miles from Moscow to Vladivostok on the Pacific coast of Siberia, the most remarkable part of an extensive Russian network built during this period.

For Witte, as for Friedrich List, railroads were much more than merely a means of transportation. As Witte himself would later write, the railroad “exerts a civilizing influence, as a theoretical and practical school, where it does not so

much adjust itself to the local conditions, but rather, where the local conditions adjust themselves to the needs of the railroad. The railroad is, as it were, a seed-bed which produces a cultural flowering within the population, and even if it meets on its route an absolutely barbarous people, it will in short time raise them to the necessary level of culture.” For Russia this was a crying necessity, as the level of culture for the broad masses of people was absolutely abysmal.

And the railroad was built. Prior to the decade shown in Table 1, between 1879 and 1892, some 5,466 miles of new rail lines had been opened up. In contrast to that, between 1892 and 1901, some 14,814 miles of new rail lines were constructed, nearly triple the earlier amount. This was a more rapid rate of railroad construction than any other country except the United States had ever experienced.

But the Trans-Siberian was more than simply a quick means of travel through the vast Siberian spaces. It was what Lyndon LaRouche would characterize as a “land bridge” to Asia. Traveling from London to Shanghai during that period would take a traveler 34 to 36 days by ship at a cost of 450 rubles for a second-class ticket. When the Trans-Siberian was completed, the same traveler could arrive in Shanghai in 16 days at a cost of 200 rubles for a second-class ticket. When train speed on the Trans-Siberian was brought up to the speeds current at the time on European railroads, the travel time would be reduced to 10 days.

With the construction of the Trans-Siberian, the vast spaces in Siberia now became available for habitation. The transport of people and goods in the area increased by leaps and bounds in a very short period of time. Between 1896 and 1898 (the track still not being completed), the amount of goods transported grew from 208,000 to 738,000 tons and the number of people transported grew from 175,000 to 208,000. (Over 70,000 tons of grain were then being exported from Siberia compared to 10,000 tons in 1893.) It was the clear policy of the government to encourage colonization to the east. Free land was offered to those who wished to settle there, and grants of money were given them for traveling expenses. Medical and feeding stations were set up by the government to care for the migrant along the way. Between 100,000 and 200,000 people migrated each year. By 1902, over 900,000 settlers had moved to Siberia.

The construction of the railroad also engendered a tremendous upswing in industrial production. Between 1892 and 1902, coal production in Russia more than doubled, production of pig iron tripled, and the production of cast iron and steel increased two and a half times.

The strategic shift created by this infrastructural development in relations with the Far East and, in particular, with the two major powers there, China and Japan, was obvious to all, not least of all to the nervous British, who, as a major maritime power, had achieved a veritable monopoly over the China trade, including the very lucrative tea trade. “The global significance of the Siberian road can no longer be

denied by anyone," Witte wrote in 1902. "It is likewise acknowledged both at home and abroad. Joining Europe and Asia by a continuous rail connection, that road becomes a global means of transit on which the exchange of goods between West and East will have to flow. China, Japan and Korea, with a population of a half a billion people, and already with a turnover in international trade of more than 600 billion rubles in value, will, with this great steam-propelled transit system producing more rapid and cheaper communication and exchange of goods, enter into closer relations with Europe, a market with a developed manufacturing culture, and thereby create a greater demand there for the raw materials of the East. Thanks to the Siberian road, these countries will also increase their demand for European manufactures, and European know-how and capital will find for itself an extensive new field of employment for the exploration and development of the natural riches of the eastern nations." Noting how Great Britain, the middle-man in the China tea trade, was doing a disservice to the Chinese by shifting its tea import to Europe away from China to the advantage of its own imperial subjects, India and Ceylon, Witte commented that the Siberian railroad "can be of great assistance to the Chinese tea industry, in removing China's most dangerous competitor [Britain] from the position of middleman in the Chinese trade with European countries and in securing for Chinese teas much faster delivery to Europe."

Understanding the full strategic impact of the Trans-Siberian land bridge for the entire area, Witte proposed that the final leg, instead of following the Russian border along the rather tortuous banks of the Amur River, should be drawn straight through Manchuria, then a part of the Chinese Empire. This would help to bring China into the increasing flux of international trade and development, which the railroad facilitated.

In 1895, in collaboration with French Foreign Minister Hanotaux, Witte brought together a coalition of Russia, Germany, and France, which prevented the Japanese seizure of the Liaotung Peninsula, an area which Japan had won as booty for its victory over the Chinese in the Sino-Japanese War of 1895. As a result of the show of unity, Japan agreed to renegotiate its treaty with China, renouncing any annexation of Chinese territory.

Witte and Hanotaux then set up, with French capital, a Russo-Chinese Bank to provide China with a major loan with which it could pay off its war indemnity to Japan, and thereby assuage ruffled Japanese feelings at the loss of the Liaotung Peninsula. Russia also signed a mutual defense treaty, by which they would come to China's assistance if it were again attacked by Japan.

On the basis of the Chinese good-will thus engendered, the Russo-Chinese Bank was allowed to lease the territory necessary to build the Trans-Siberian Railroad through Manchuria. France was also able to sign a series of agreements promoting its commercial expansion in Indochina and in Chi-



Russian Finance Minister Count Sergei Witte was the chief architect of a program to bring autocratic and backward Russia into the modern industrial age.

na, in particular opening up China to increased trade over the Indochina border.

Witte established a private company, the Chinese Eastern Railroad, which would be responsible for building the Manchurian branch of the Trans-Siberian Railroad. The Russo-Chinese Bank also financed French railroad construction between Beijing and French Indochina, traversing the country with new rail lines.

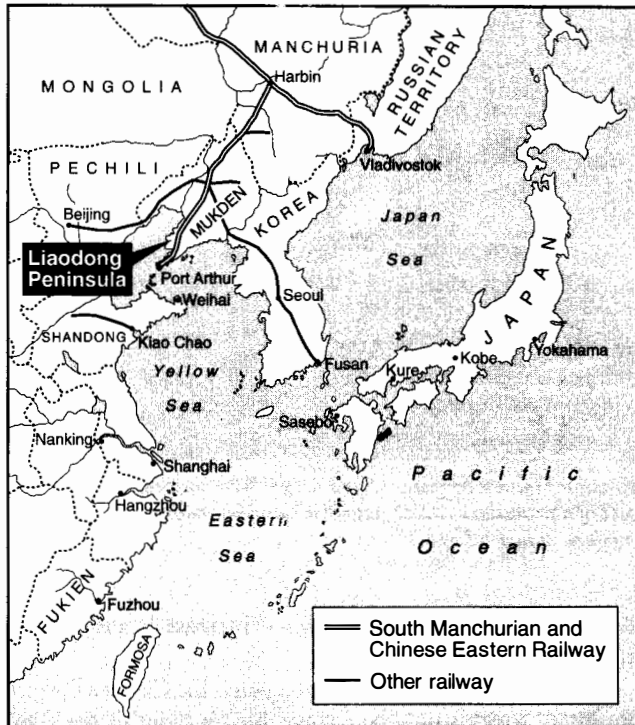
Regarding the second major Asian power, Japan, it was Witte's hope to engage the Japanese in a treaty by which both nations would profit from the commercial benefits of the new rail access to European markets. To do this, Witte was even willing to sacrifice Russian commercial interests in Korea, acquired by Russia during the course of the Sino-Japanese War, in deference to Japanese interests in that nation. As he explained in a memo to the czar in 1903, "Foregoing to a certain degree Korea, we remove for a sufficiently long period, the object of continual quarrels with Japan, and out of an enemy, we transform her, if not into an ally, then into a neighbor, who will strive to preserve good relations with us for fear of again losing the territories she acquired with such difficulty." (For Japan's interests in the area, see **Figure 2.**)

A continental alliance

But in order for Witte's Far East policy to succeed, the situation in Europe had to remain stable. The first successful formation of what Witte called the Continental League had shown its capabilities in the measures that had prevented Japanese annexation of a part of China. During the following years, Witte's primary goal would be to make that league a permanent fixture of the political landscape directed against

FIGURE 2

Area of Russo-Japanese conflict, 1900-05



the machinations of the real enemy, Great Britain. "Altogether our statesmen must realize the necessity of a central European bloc, consisting of Russia, Germany and France," Witte said. "That would be the bulwark of peace because nobody would be able to violate it." Least of all, the British.

In an appeal to Kaiser Wilhelm in 1897 to help him create such a league, Witte said, "In order to attain this . . . we must first make all haste toward the establishment of solid united relations between Russia, Germany, and France. Once these countries stand together in a firm and steady union, undoubtedly all the other countries on the continent of Europe will join this central union and thus form a union of the whole continent which will free Europe from the burden which she imposes on herself on account of reciprocal rivalry."

Continual vacillation by the czar, since 1894 the weak and almost morbidly self-conscious Nicholas II, as well as machinations on the part of a court coterie that wanted to annex both Manchuria and Korea, prevented a Russo-Japanese agreement from ever really getting off the ground. Instead, the Japanese fell into the trap set up for them by the conniving British monarch. In 1902, the Japanese signed a mutual defense treaty with Great Britain.

But Witte's Far East policy started to unravel long before the Japanese were caught in the British net. In 1897, Kaiser Wilhelm, then toying with the idea of an Anglo-German

rapprochement being dangled before him by British Prime Minister Joseph Chamberlain, and relying on a somewhat ambiguous consent extracted from the czar, sent his fleet to occupy the Chinese port of Kiaochow (Qingdao), a port which the Chinese had occasionally allowed the Russians to utilize as a winter port for the Russian Pacific fleet in connection with the defense pact the Chinese had with Russia.

To his horror, Witte understood that this foolhardy move would lead to the partition of China by the western powers. Witte immediately appealed to the kaiser to call off the operation, so as not to provoke similar actions on the part of Russia. The kaiser replied coolly that Witte simply didn't understand all the details of the reasoning behind the occupation of Kiaochow. Witte then proposed to his own government to "order our squadron to Kiaochow and direct it to stand by until Germany has left this port." This advice, however, did not gain much support from the Russian State Council. The British immediately followed the German example and occupied the Chinese port of Wei-hai-wei (Weihai). Russia, against Witte's strenuous objections, then occupied Port Arthur (Lushun). The French in turn occupied Hang Chow (Hangzhou) in the south. This blatant breach of China's sovereignty by all the western powers helped to foment Chinese xenophobia and provoked in 1900 the anti-foreigner movement known as the Boxer Rebellion.

The Boxer Rebellion led to the dispatch of troops to China by all western powers in order to put down the rebellion. Similarly, Russian troops poured into Manchuria. As the rebellion died down, Witte succeeded in working out a timetable to withdraw the Russian troops as soon as possible in accordance with agreements made with the Chinese government. But a court coterie around the czar convinced him that the troops had to stay. Because of his strenuous objections to the continued troop presence, which he knew would disrupt relations with China and possibly cause military conflict with Japan, Witte was dismissed by the czar.

As Witte had foreseen, with Russo-Chinese relations now strained almost to the breaking point, the Japanese, egged on by their new allies, the British, felt that the time was ripe to rid the area of Russian presence entirely. On Feb. 8, 1904, they therefore launched a surprise attack on the Russian base at Port Arthur. The Russo-Japanese War lasted for 11 months and ended in a massive defeat for Russia and the total destruction of the Russian fleet.

The Russo-Japanese War was a very bloody war; indeed, in many respects, the first modern war, foreshadowing the conflagration that would occur 10 years later on the European continent. Russia was no longer alone in being able to mobilize a million-man army. In the 1890s, Alfred Nobel had invented smokeless gunpowder. By 1900, the infantry of every army in Europe had weapons powerful enough to shatter a human tibia at ranges up to 4,500 meters. Infantrymen carried 20 times the ammunition, their rifles had 20 times the effective range, and they could be fired 20 times faster than

the weapons of their counterparts a half-century before.

After some serious defeats, Russia indicated that it was willing to seek a truce. Witte was again called from retirement to negotiate the treaty, under the rather duplicitous mediation of British stooge Theodore Roosevelt. Indeed, Witte thought that he was chosen for the job in order to bear the brunt of the opprobrium of a humiliating treaty. Returning from Portsmouth, New Hampshire after having negotiated a surprisingly favorable treaty with the Japanese, Witte was asked by the czar to first pay a visit to Kaiser Wilhelm at his hunting lodge in Germany. There Witte was told in broad outline about the recently signed Björkö agreement, the kaiser presenting it as a first step toward Witte's so heartily espoused Continental League. Thinking this was actually the case, Witte was overjoyed. The kaiser describes the scene: "The effect was like a thunderbolt; his eyes filled with tears and enthusiasm and emotion so overwhelmed him that he couldn't speak. Finally he cried. 'God be praised! Thank God! At last this infamous nightmare which weighs upon us disappears.' "

Returning to St. Petersburg and seeing the actual text of the treaty, Witte's enthusiasm subsided considerably. What he thought had been an entente between Russia and Germany turned out to be a regular mutual defense pact, heavily weighted on the side of Germany and in stark violation of the treaty Russia had signed with France 12 years before. At that point, it may have been the only war-avoidance measure then available, but Witte rejected it, hoping to change it in such a way as to have greater likelihood of bringing the French into an agreement. Witte even pleaded with the kaiser to ask the czar to appoint him ambassador to France where he hoped to use his own considerable influence to bring the French into a Continental League. But, instead, other tasks would be placed upon him.

Witte's adversaries: reactionaries and communists in the service of London

The defeat in the Russo-Japanese War had rent the very fabric of Russian society. All the grievances against the autocratic regime were released in the wake of this humiliating defeat in the Far East, leading to revolutionary ferment throughout the country and a major polarization, in which Witte's opponents both on the right and the left attempted to destroy his accomplishments.

On the right there was his perennial nemesis, Konstantin Petrovich Pobedonostsev, was the Ober-Procurator of the Holy Synod, the protector of the Orthodox faith, and teacher of both Czars Alexander III and Nicholas II. An Aristotelian to his very depths, Pobedonostsev believed that the strength of Russia lay in the Russian Orthodox Church and that the strength of the church was that it never changed. Pobedonostsev's task was to make sure that it never would. "The continuation of the regime depends upon our ability to keep Russia in a frozen state," Pobedonostsev said. "The slightest warm



The famous Russian chemist Dmitri Mendeleev, discoverer of the Periodic Table, was a collaborator of Count Witte in his program to develop the resources and industry of Russia.

breath of life would cause the whole thing to rot."

"Hostile to creative thinking," was Witte's caustic description of Pobedonostsev. When Witte introduced a bill on factory legislation which would hold the factory owners responsible for accidents or deaths of factory workers on the job, Pobedonostsev objected, and in the spirit of today's Conservative Revolution, declared the measure to be socialist in nature and therefore unacceptable.

Also on the right were the Union of the Russian People and the Black Hundreds, a paramilitary, reactionary, anti-Semitic organization which worked closely with the czarist secret police, the Okhrana. The Black Hundreds were involved in two assassination attempts against Witte when he was appointed prime minister in 1906, attempts which were never investigated by the czarist police.

Undoubtedly the most significant opponent of Witte was the Czarina Alexandra, the wife of Czar Nicholas. She had long resented Witte's assertiveness in formulating policy for Russia, considering it an affront to the dignity of her husband. She was also prone to mysticism and hysteria, with a particular fascination with the mystical cult of the swastika, a rather sinister cult which would later be transmitted to Germany by Russian émigrés in forms that are now well-known. Alexandra soon came under the psychosexual spell of an itinerant, perverse monk named Rasputin, who soon became her most important adviser, and, many claim, her lover. Because of his influence on the czarina, Rasputin's advice was often followed by the czar, even in military matters. The growing influence of Rasputin helped fuel the growing resentment for the Romanovs that became very intense during the course of the war, leading to their ultimate overthrow in 1917.

On the left there were the radicals, including the Bolsheviks. The failure of the 1905 Revolution to effectively establish a constitutional government in Russia laid the basis for the even greater upheaval in 1917, in which Bolshevik leaders Leon Trotsky and Vladimir Lenin would establish in Russia a brutal dictatorship that would last 75 years.

As the revolutionary cauldron bubbled, Witte, banished from his post by the czar, was again called back to rally the nation. "I'm sure the only man who can help you now and be useful is Witte," the czar's mother, Maria Feodorovna, wrote Nicholas. "He certainly is a man of genius, energetic, and clear-sighted." Far from sharing his mother's opinion of his former finance minister, the czar nevertheless reluctantly called again on Witte's services. In the midst of a general strike in St. Petersburg led by Trotsky and his friends, Witte explained that the czar either had to grant a constitution or he would have to institute a dictatorship. It was only on condition of the granting of a constitution, however, that Witte would agree to accept the presidency of the Council of Ministers offered to him by the czar.

Furthermore, there were no volunteers for the post of dictator. Even the old Slavophile, the czar's cousin Grand Duke Nicholas Nikolaievich, who would lead the Russian Army to a disaster in the First World War, when asked to become dictator, brandished the revolver in his holster and shouted, "If the emperor does not accept the Witte program, if he wants to force me to become dictator, I shall kill myself in his presence with this revolver. We must support Witte at all cost. It is necessary for the good of Russia." The czar finally gave in and agreed to grant a constitution. Witte was assigned to write the document.

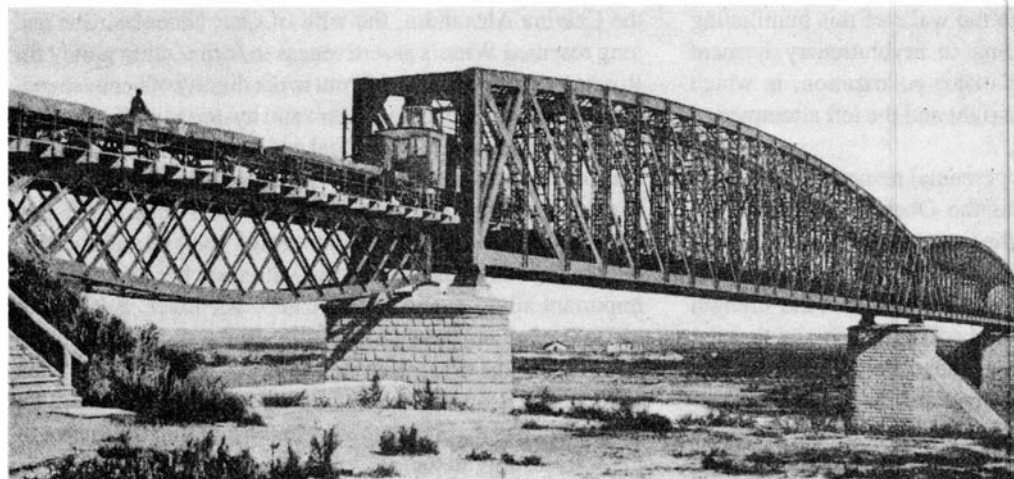
The October Manifesto, as it came to be called, became the fundamental law of the land—at least temporarily. In the manifesto, the czar pledged that he would grant civic freedom—inviolability of person and freedom of conscience, speech, assembly, and association—to his people. By the October Manifesto, the empire of the Romanovs became

a semi-constitutional monarchy, and Witte the first prime minister. Although limited in scope, the manifesto called for the formation of the first Duma (parliament), which was given important legislative and budgetary functions. The czar, however, remained in control of the Executive, the Armed Forces, and foreign policy. The czar could assemble or disband the Duma as he saw fit, but he could not abolish it. Witte also succeeded in forcing the retirement of the aging Pobedonostsev.

Agitation from the left and the right, both heavily financed from British coffers, kept the country on the verge of chaos in spite of Witte's measures. Witte himself would explain his own political position to friends, saying, "I am neither a liberal nor a conservative; I am simply a civilized man. I cannot send someone to Siberia simply because he doesn't think as I do, and I cannot take away his civil rights simply because he does not worship God in the same church as I." His detractors, however, would accuse him of being at the center of a Jewish-masonic conspiracy aimed at destroying the Russian state, an accusation that the czar ultimately came to believe.

"With his trickster's simple-mindedness," Trotsky said of Witte, "he hoped that the revolution would immediately capitulate before his liberalism." When Nicholas appealed to Edward VII to stop a British parliamentary delegation from coming to give moral support to the radicals, he got no help. Nicholas lamented to his mother, "Uncle Bertie [Edward VII] informed us that they were very sorry but were unable to take action against their government." Uncle Bertie knew that the chaos he fomented in Russia would eliminate it as a European power and drive a desperate Nicholas into his waiting arms.

But the czar was not really prepared to allow autocratic rule to be called into question by any constitution. Nicholas called the period of Witte's prime ministership "my nightmare." But the nightmare for the czar was only beginning. In January 1906, the czar dismissed Witte as prime minister.



The West Siberian Railway crosses a bridge over the Ishim River. The Trans-Siberian Railroad is today the longest railroad in the world. "The global significance of the Siberian road can no longer be denied by anyone," wrote Count Witte.

"As long as I live, I will never trust that man again with the smallest thing," Nicholas said. Witte would meet the czar only twice more in the nine years he had left to live.

During this period of revolutionary upheaval, the czar for the first time had seriously to deal with the peasant question. Witte had long pleaded with the czar to break up the outdated peasant communes and to allow the peasants to purchase land. "It is natural for a human being to seek to improve his lot," Witte wrote Czar Nicholas in 1898. "This is what distinguishes the human from the animal, and it is this trait that makes for economic and political development, that makes for social order. But for man to make use of this impulse, suitable conditions must exist. They do not exist under slavery, which extinguishes this impulse in the slave because he realizes that it is impossible for him to improve his own lot and that of his close ones; as a result he becomes immobile. But liberty restores him to the condition of a human being." After getting rid of Witte, whom the czar feared, he allowed the new prime minister, Pyotr Stolypin, to institute the long-sought land reform. Under Stolypin, a land reform was carried out, but it was combined with a brutal and violent political crackdown which ultimately led to his own assassination in 1911.

From that point on, the pathetic Nicholas went from one blunder to another. In 1907, under pressure from the French, now fully entangled in the British web and without Witte's presence to counter the Anglophilia of much of the Russian court, Nicholas signed an Anglo-Russian Convention, effectively bringing Russia into the Triple Entente, that constellation of forces that made war with Germany a virtual certainty.

On Aug. 2, 1914, the czar issued a formal proclamation of hostilities at the Winter Palace. The palace square, one of the largest in Europe, was packed with thousands of sweltering, excited people carrying banners, flags, and icons and waiting impatiently for the moment when they could pour out their emotion in the presence of the sovereign. When Nicholas and Alexandra stepped onto the quay at the Palace Bridge, wave on wave of cheers rolled over them: "Batiushka, Batiushka, lead us to victory."

Returning to St. Petersburg in 1914, Witte tried to stop it. "This war is madness," he said. "Why should Russia fight? Our prestige in the Balkans, our pious duty to help our blood brothers? . . . That is a romantic, old-fashioned chimera. We must liquidate this stupid adventure as soon as possible." But by that point, the die had already been cast. The *punctum saliens* had come and gone. A new geometry had been formed—and there was no returning to the old. Within a year, Witte would be dead, allegedly of a stroke, but with a strong likelihood that foul play had occurred.

Leaving for the front in March 1915, Nicholas wrote his wife, "I am going with such a calm in my soul that I am myself surprised. Whether it is because I had a talk with our Friend [Rasputin] or because of the newspaper telling of the death of Witte, I don't know." Two years later, that same

Great Britain's open door policy'

The British first succeeded in bringing the United States into their geopolitical gamesmanship with the launching of the so-called "open door policy" in the Far East. Already in March 1898, the British government confidentially invited the United States to cooperate in opposing any action that might violate the "open door" in China. President McKinley, through his Secretary of State John Sherman, told them his nation was not interested.

Previously, the British had had total hegemony in China. With growing Russian and French influence in the area, they were now agitating for "equal rights" for all foreign powers. In particular, they were incensed about the preferential tariffs that Witte had obtained from the Chinese government for the Chinese Eastern Railway. But, for political reasons, the British felt it would be better if the Americans, rather than the British, launched this proposal, as British intentions in doing so would be far too obvious. A.E. Hippisley, a British subject employed in China, while on leave in the United States, spoke to an American friend, W.W. Rockhill, who had served as a diplomat in China and was now a private adviser to the new secretary of state, John Hay, an Anglophile and former ambassador to Great Britain.

Hippisley drew up a memorandum outlining the open door policy. Rockhill then put the substance of the memorandum into the form of diplomatic notes which, with minor changes, were adopted by Hay. In September 1899, Hay sent identical instructions to the U.S. representatives in Berlin, London, and St. Petersburg, asking for assurances for an "open door" in China. In particular, the Hay note specified that "no power discriminate in favor of its own nationals in the matter of harbor dues or railroad charges." With the death of McKinley in 1901, the Hay shift toward Britain was consolidated under Anglophile President Theodore Roosevelt.

czar, his wife, and his five children would be shot to death by Bolshevik executioners. During the course of the war, Russia would suffer 1.65 million killed, and almost 4 million wounded. The long-term costs would be even greater. The revolutionary upheavals resulting from it would put Russia under the heel of a communist dictatorship for the next 75 years.

How the British Crown created the Balkan powderkeg

by Joseph Brewda

On June 28, 1914, Archduke Ferdinand, the heir to the Austrian throne, was gunned down by Serbian assassins in the Bosnian capital of Sarajevo. The assassins were members of the “Black Hand,” which claimed to be dedicated to liberating Serbians from foreign oppression. Bosnia had been annexed by Austria from the Ottoman Turkish empire six years before, and Serbia claimed the land to be rightfully hers. Austria was an ally of Germany; Russia, France, and England were patrons of the Serbs. The chain of events provoked by the Balkan assassination led to the Russian czar ordering his army to mobilize; Germany responded. Within weeks, the most destructive war of the twentieth century was unleashed.

Just how Britain triggered the war is a study of the imperial method of divide and rule, and of the creation and manipulation of nationalist chauvinist movements that have characterized modern Europe especially since the 1848 revolutions directed by British Prime Minister Lord Palmerston.

Britain deliberately set World War I into motion at the 1878 Congress of Berlin, which had been called by Britain following Russia’s crushing defeat of the Ottoman Turkish Empire the previous year. The effect of the conference was to lure both Russia and Austria into moving southward into the Balkans, in a competing effort to grab the European lands held by a disintegrating Ottoman Empire. This disastrous competition had the additional effect of forcing Germany to choose between the two competing powers.

The Russian, Austrian, and Ottoman empires were Britain’s primary (although not exclusive) targets of the planned war. The common characteristic of all three empires was that they were composed of often savagely oppressed, subject peoples, led by a group that considered itself a master-race, and for that reason, as the 1848 revolutions had proved, the empires were easy to destroy. By raising the banner of “self-determination” in the Balkans, Britain deliberately began a process which led to irreconcilable conflict within these empires and among them.

As far back as 1863, Palmerston’s agent, Giuseppe Mazzini, who had led the 1848 revolts, emphasized the necessity of destroying both the Ottoman and the Austrian empires. He assigned a special role to Serbia—then largely divided between the two empires—which he defined as the “natural center of revolution in the East.” A Serbian insurrection would spark nationalist insurrections throughout both em-

pires, he said. The result would be the general “transformation of the map of Europe.” The plan was to foster conflicting expansionist movements amongst the Serbians, Bulgarians, Greeks, Turks, and others, that would engulf the region in bloody war.

To that end, Mazzini formed the Young Ottomans in 1865. The group sought to restore the power of the Ottoman Empire, in part through fostering racial pride among the ruling race of that multi-ethnic empire. The Young Ottomans were formally aligned with Mazzini’s Young Poland and Young Hungary, and expressly dedicated to combatting Russia, which the Turks, Poles, and Hungarians feared. In 1866, Mazzini also created the Union of Young Serbs, which sought to unify the Serbian people, and recreate a Russian-allied Greater Serbia carved out of the Ottoman Empire that the Young Ottomans were committed to maintain.

Meanwhile, Britain was also supporting a Greater Greece movement and a Greater Bulgaria movement. Greater Greece, Greater Bulgaria, and Greater Serbia claimed much of the same European lands that were then part of the Ottoman Empire. In 1903, the British established the Balkan Committee, which was charged with handling these contradictory movements, and steering them into the type of conflict amongst themselves required to trigger the war.

We shall now proceed to give profiles of these various British-manipulated movements, followed by an account of how the Balkan wars were sparked, dossiers on the British controllers, and concluding with a chronology of the countdown to World War I.

Geopolitical pawns of the British Foreign Office

Greater Greece

Modern Greece, which had been under Turkish domination for 400 years, came into existence through an Anglo-Russian-instigated revolt begun in 1821. The revolt was directed from the top by British intelligence chief Jeremy Bentham; it had been directed on the scenes by British romantic revolutionary poet Lord Byron, who had been sent there by Bentham. By 1827, it was almost entirely crushed by Otto-

man forces. Britain, France, and Russia began to directly intervene, and in 1829, those three powers declared Greece an independent state. The Ottoman Empire was forced to comply.

The Greek revolutionaries' object was the realization of what was called the "Great Idea," according to which the boundaries of a resurrected Greek state would have to include all lands that had been under Byzantine rule. The object was nothing less than the reestablishment of the Byzantine Empire, with its capital in Constantinople (Istanbul). The Ottoman Turks had put an end to that Greek-speaking empire with their capture of Constantinople in 1453.

Of course, even under the Byzantines, much of the empire was not ethnically Greek, and much had happened under 400 years of Ottoman Turkish rule. But for the proponents of the Great Idea, it was the destiny of the Greeks to Hellenize the vast territory that they believed by right to be theirs.

Instead of achieving this impossible aim, the Greek rebels of the 1820s only liberated a small section of present-day Greece. This newly created state was considered a temporary military base from which liberated Greeks would carry on a holy crusade on behalf of their unliberated brethren. Some even proposed that the new state forgo a capital, as a solemn reminder that Constantinople was not yet in its possession. Like Israel, modern Greece was established with a built-in expansionary dynamic.

After a couple of compromise candidates, the British eventually installed a member of the Danish royal house into power as the king of the newly established state. The Danish monarchy had married into the House of Hanover, and the new Greek king was a relative of Queen Victoria. Prince Philip, the husband of the current British monarch, Queen Elizabeth II, is the son of the Greek king who ruled in the days before World War I.

Through British, Russian, and French patronage, Greece grew dramatically in the nineteenth century at Ottoman expense. But the Ottoman lands that Greece was demanding were inhabited not merely by Turks and Greeks, but also by Romanians, Bulgarians, Albanians, and Serbs. The Romanians and Bulgarians had been victims of cruel Greek oppression under the Byzantines and then under the Ottomans, since the Greeks continued as their feudal overlords and usurers. These other ethnic groups had no desire to be part of Greece. But the Great Idea demanded these lands, and also demanded that the minority populations inhabiting them be "Hellenized." In 1908, one of the most vociferous proponents of the Great Idea, Eleutherios Venizelos, became prime minister of Greece.

Greater Serbia

Serbia began to reemerge as a state in the Napoleonic wars after 400 years of domination and division by Austria and Turkey. A Serbian revolt began in 1804 under Russian patronage, and its initial success was related to Russian mili-

Greece, Serbia, and Bulgaria, and their territorial claims in 1911



Note: Current modern boundaries have been included for reference.

tary operations in the region.

The architect of the revolt, Russian Foreign Minister Prince Czartoryski, later emigrated to Britain, where he became one of the heads of the eastern European division of the British Secret Services. Czartoryski nurtured the "pan-Slavic" ideology that was used to lure Russia into an imperial claim over the Balkan Slavic peoples, a claim that was a necessary precondition to World War I.

In 1830, the British finally forced the Ottoman Empire to recognize the creation of an independent Serbia, after a series of otherwise inconclusive revolts.

As in the case of Greece, the new state was only a small part of the lands that the revolutionaries demanded. Their ideal was "Greater Serbia," the recreation of the fourteenth-century empire of Stephan Dushan, which extended down into present-day Greece, and which had included large numbers of Greeks, Bulgarians, and Albanians as subject peoples. By the 1840s, the Greater Serbian ideal was further enlarged to include the notion of a "South Slav federation," that is "Yugoslavia," embracing Croatia, Bosnia, and Herzegovina, with Serbia as its ruling core. This Greater Serbian state, Yugoslavia, was eventually created following World War I.

Britain, France, and Russia patronized Serbia's rapid

growth from its inception in 1830. But to the proponents of the Greater Serbian idea, this growth was never satisfying; the function of the Serbian state as it then existed was simply to serve as a military base and safe haven for the realization of their Greater Serbian ideal.

In 1906, Britain and France began massively arming Serbia, with the intent of making it the leading South Slav state. The Greater Serbian ideal seemed more attainable. In 1911, Union or Death, popularly known as the Black Hand, was established, dedicated to liberating Serbs under Austrian and Ottoman domination. The organization was secretly directed by a specially established British-run freemasonic lodge of the French Grand Orient. According to eyewitness observers, the lodge was involved in a "vast political scheme in alliance with the Russian Okhrana [secret service], which could only be brought to fruition by a terrible European war."

Greater Bulgaria

Modern Bulgaria was created at the 1878 Congress of Berlin, which was convened following Russia's crushing defeat of the Ottoman Empire the previous year. Russia sought to establish an independent, though Russian-dominated, Bulgaria, modeled on the tenth-century Bulgarian empire. That empire extended down to the Aegean Sea. The state established at the British-dominated Congress of Berlin was far smaller. Bulgarian revolutionary aspirations remained deeply frustrated.

The Bulgarian revolutionaries were originally sponsored by Serbia in the 1860s, as part of her effort to create a South Slav federation which at that time envisioned Bulgaria's inclusion. But the incompatibility of Greater Bulgarian and Greater Serbian aspirations began to assert themselves. Byzantium had played off the Serbs and Bulgarians for centuries, and Greater Bulgaria and Greater Serbia claimed much of the same land. That Bulgaria would collide with Greece was already clear. Bulgarian nationalist aspirations demanded a self-ruling Orthodox Church, since recognition of nationality in the Ottoman Empire was tied to having a national church. In 1870, the Ottomans recognized the independence of the Bulgarian Orthodox Church; the Greek Patriarchate denounced the Bulgarian church as schismatic. The Bulgarians were then largely impoverished peasants, and like the Romanians, were under the Greek absentee landlord and usurer's thumb.

Among the Greek fears was that Bulgaria would emerge as a threat to a Greater Greece. For while Greece claimed Ottoman Macedonia and Thrace, the largest population in both districts was Bulgarian. In 1885, Bulgaria fought a war with Serbia, with Greece almost joining Serbia, over some of these rival claims. In 1887, Britain placed the son of the prince of Saxe-Coburg, a cousin of Queen Victoria, on the Bulgarian throne. In 1881, the British placed Queen Victoria's granddaughter on the throne in Romania. Bulgaria and Romania accordingly thought they had British support

against Greece. Greece, which also had a British-related ruling house, thought the same.

Nowhere did the conflicting claims of Serbian, Greek and Bulgarian nationalism come into sharper conflict than in the Turkish region of Macedonia (see map). Historically, Macedonia comprised three Turkish provinces that were ill-defined both geographically and ethnically. There was then no Macedonian nationality. The population of Macedonia was a mixture of Bulgarians, Turks, Greeks, Albanians, Jews, and Romanians, in that numerical order. Greek and Serbian claims to the area were based on their imperial history, and landlocked Serbia's desire to have access to the Aegean Sea (Macedonia then included a large section of present-day Greece's coast). Although the Bulgarians comprised the largest group in Macedonia, their population there was less than half, while even the smallest ethnic minorities constituted overwhelming majorities in scattered enclaves. In 1893, ethnic Bulgarians in Macedonia created the Internal Macedonian Revolutionary Organization (IMRO) to achieve Macedonian independence from Turkey. It was expressly modeled on Mazzini's earlier Italian secret society, the Carbonari. Funded out of London and Geneva, the organization's motto, "Macedonia for the Macedonians," was taken from a famous phrase of British Prime Minister William Gladstone. Gladstone profiled himself as an anti-Turkish "Bulgarophile"; "Macedonia for the Macedonians," everyone knew, meant "Macedonia for the Bulgarians."

The Young Turks

The Young Turks, who came to power in 1908 with British support, were another British patsy movement. It was their actions which most directly paved the way for World War I.

The Young Turks were formed in 1865-67 in Paris as a formal affiliate of Mazzini's European Revolutionary Committee. The foreign department of the Young Turks (then also known as the Young Ottomans) was handled by Young Poland. The stated purpose of the organization was to organize a Polish-Hungarian-Ottoman alliance against Russia. The chief ideologue of the movement, Arminius Vambery, was a Hungarian Jew working for British Prime Minister Lord Palmerston. Vambery concocted the pan-Turkic ideology which called for uniting all Turkic peoples, including those in Central Asia who had never been under the sultan, against Russia. The idea of reforming the multi-ethnic Ottoman Empire on a Turkish chauvinist basis, however, necessarily meant conflict with the numerous minorities in that empire, notably the Armenians, Greeks, Arabs, and Slavs.

Driven underground, the Young Turks reemerged in 1889 in Istanbul and Saloniki, the capital of Ottoman Macedonia, organized along the lines of the Carbonari. The leader of the Young Turks was Emmanuel Carasso, the grandmaster of the Macedonia Resurrected (Macedonia Risorta) freemasonic lodge of Salonika. The lodge, which doubled as a

synagogue, was where the Young Turk conspirators met, and where the 1908 Young Turk revolution was planned. It was an affiliate of the Italian Grand Orient run by the heirs of Mazzini, itself formally subordinate to the United Grand Lodge of England.

Carasso's family ran the B'nai B'rith in Salonika, the nominally Jewish freemasonic organization that had been created by Britain in 1838. Carasso later emerged as the leading patron of B'nai B'rith and Zionist circles generally under the Young Turk regime. Among his close associates were Alexander Helphand Parvus, the British agent who funded the Russian revolution, and Vladimir Jabotinsky, the British agent who founded the most expansionist wing of modern Zionism. Both Parvus and Jabotinsky were also leaders of the Young Turks.

Despite its chauvinist ideology, the Young Turk revolution was supported by Bulgarian, Armenian, Arab, Kurdish,

and related ethnic minority national liberation movements, who saw in the revolt a means of achieving their own chauvinist aims. "All men are brothers," was the euphoric slogan of the "flowery revolution," as it was called. The first foreign minister of the new regime was an Armenian affiliated with the Armenian Revolutionary Committee (Dashnag); in the Balkans, the Internal Macedonian Revolutionary Organization and diverse liberation movements began establishing above-ground organizations. In order to acquire the broad base to succeed, the Young Turks had promised these movements a free hand, at least in achieving ethnic autonomy.

Once in power in 1908, however, the party rapidly moved to suppress its former allies, and to implement its pan-Turkic program. The Turks were to be the ruling race of the empire, and the non-Turks forcibly assimilated or suppressed. Non-Turkish languages, family names, dress, customs, and the like, were banned. This was the policy of "Turkification"

How the British ran the Sarajevo murder

On June 28, 1914, Archduke Ferdinand and his wife were gunned down in Sarajevo, Bosnia, providing the convenient incident that triggered World War I. In March 1917, the trigger-man Gavrilo Princip and his accomplices, Nedjelko Chabrinovitch and Tryfon Grabez, were put on trial in a Serbian court. All proudly confessed to the murders, saying that it was necessary to kill the archduke since he was an opponent of Greater Serbia. They reported that they were members of the Black Hand, and that their superior in that society, Milan Ciganovitch, directed the murder. Interrogation of the accused reveals aspects of how the murder was organized:

President [of the court]: "Did you speak to Ciganovitch about Freemasonry?"

Princip: "Why do you ask me?"

President: "Because I want to know."

Princip: "Yes, Ciganovitch told me he was a Freemason. . . . On another occasion he told me that the heir apparent [Archduke Ferdinand] had been condemned to death by a Freemason's lodge."

Defendant Chabrinovitch was then examined. He stated that the lodge official who organized the murder was Dr. Radoslav Kazimirovitch.

Chabrinovitch: "He is a Freemason, in some ways one of their heads. He travelled off at once [so soon as Chabrinovitch et al. agreed to the murder] and travelled the continent. He was in Budapest, Russia, and France.

Whenever I asked Ciganovitch about our affair [the planned murder] he replied: 'When that man comes back.' Then he told me that the Freemasons had condemned the archduke to death two years before but that no people would carry out the sentence. Afterwards, when he gave the Browning and the cartridges, he said, 'That man came back from Budapest last night,' I knew the journey had been made in connection with our affair and that he had conferred with certain circles abroad."

President: "Are you telling us fairy tales?"

Chabrinovitch: "No. It is the plain truth—a hundred times truer than your documents about the Black Hand."

In 1917, British author C.H. Norman reported that the Grand Orient Masons were behind the murder of the archduke, in his pamphlet "Some Secret Influences behind the War":

"Somewhere about the year 1906 I was invited to attend a meeting of Englishmen for the purpose of discussing a proposal to form an English lodge of the Grand Orient. . . . The lodge was 'to be engaged in propaganda on behalf of the Entente Cordiale' . . . with this apparently innocent object I found myself in sympathy. But, nevertheless, I decided to discover whether it was all its benevolent program pretended.

"To my astonishment I found the Grand Orient was about to embark upon a vast political scheme in alliance with the Russian Okhrana, which could only be brought to fruition by a terrible European war."

Norman reported that the Grand Orient included many leading Frenchmen, notably "M. Poincaré, Combes, Delcassé, Briand, Viviani, Millerande." He further reported that the London agent of the Grand Orient was involved in planning the murder of the archduke.—*Joseph Brewda*

which detonated the Balkan wars that led to World War I. Carasso oversaw the implementation of this intentionally provocative policy. He also ran the Young Turk intelligence organization in the Balkans.

Turkification provokes the Balkan wars

The characteristic way that Byzantium, Venice, and the Ottoman Empire had controlled the Balkans over millennia, was through playing off conflicting, irreconcilable claims to territory and population by the diverse populations of the region. Massacres were common, and the peoples of the region had come to hate each other with a greater passion than they hated their imperial overlords.

But by simultaneously threatening to eradicate all the cultures of the region, and to reduce all the population to one uniform Turkic identity, Carasso provoked what would otherwise have seemed impossible: a temporary unity of Greeks, Bulgarians, Albanians, Romanians, and Serbs against the Turks.

But that was the policy's actual intent; after all, it was a policy made in London.

In the summer of 1909, Carasso began blowing up the Balkans and the empire generally. The following account of the effects of the policy is taken from William Miller, a British intelligence official on the scenes in Athens who managed the advocates of Greater Greece. As a result of this policy:

- The Bulgarians of Macedonia protested against the immigration of Bosnian Muslims, and renewed their revolutionary organization in self-defense. They invited Britain, France, and other imperial powers to intervene into the region against Turkey.

- The Druse religious minority revolted in Lebanon; a new Mahdi, Said Idris, appeared in poorly held Yemen, threatening Turkish rule.

- A Greek bishop was murdered and the Ecumenical Patriarch proclaimed equality to be a mere phrase, declaring the Greek Church within the empire to be in mortal danger. Renewed calls for imperial assistance against Turkey were made.

- The representatives of the "Twelve Islands" of what is now Greece complained that their privileges had been annulled; the Cretan Christians protested against the attempt to send them Muslim judges.

- The Muslims of northern Albania objected to the payment of dues, to military service in distant Yemen, and to the destruction of their fortified towers.

In 1909, the Albanians began fighting in the north of the country; the Catholic tribes known collectively as the Mountain Men began a fresh insurrection in 1911, put down

with great savagery by Kurdish troops. Great excitement was raised in Montenegro, where many Albanians had found refuge among their Albanian relatives; war was only prevented by the influence of the king, and a "provisional government of Albania" was formed.

Immediately following the Albanian insurrection, Turkey found itself at war with Italy, which had used the occasion to seize the long-coveted Tripoli (Libya). The war was declared in September 1911. To aid the effort, Italy occupied some of the Turkish Aegean islands in the spring of 1912. A congress of delegates on one of them, however, called for union with Greece and proclaimed in June an autonomous "state of the Aegean."

In other words, Turkification had begun to set the empire aflame.

A vivid description of the intent behind Carasso's Turkification policy is found in London *Times* editor Henry Wickham Steed's autobiography. Steed was a British intelligence controller of the Serbs, and one of the persons responsible for triggering World War I.

"Less agreeable [than Turkish Grand Vizier Talat] but equally interesting was Emmanuel Carasso effendi, the Salonika Jew who had helped to dethrone the Sultan Abdül Hamid. He looked like an efficient and ruthless brigand, a bold buccaneer, frank and fearless. Though he and his fel-

The war guilt clause of the Versailles Treaty

The entire international public order of the post-1919 era, including the League of Nations and, by extension, the United Nations, has been based on the absurd lie that Germany was solely responsible for the outbreak of World War I. This finding was officially reported to the Paris Peace Conference at the close of the war by a "Commission on the Responsibility of the Authors of the War," which was chaired by American Secretary of State Robert Lansing. Lansing refused to allow any Germans to take part in his deliberations, and the commission ignored a new "German White Book" compiled in 1919 by Hans Delbrück, Professor Mendelssohn-Bartholdy, Count Montgelas, and Max Weber, which contained enough evidence to show that the thesis of exclusive German war guilt was untenable. The kernel of Lansing's conclusions was as follows:

"The War was premeditated by the Central Powers together with their allies, Turkey and Bulgaria, and was the result of acts deliberately committed in order to make it unavoidable. Germany, in agreement with Austria-

lows of the Salonika Committee for Union and Progress [Young Turks] had been responsible for the atrocious policy of 'Turkification' which had led to the formation of the Balkan League and to the Balkan Wars, their power was apparently still as great as their information was prompt and accurate. Carasso knew even then, September 1913, of the Austrian attempt to make war upon Serbia a month before, and, as he explained to one of my friends, he was convinced that though the big war had not quite 'come off' that time, it would come before long and that Turkey would then have her chance. One Sunday, in September, I was at Prinkipo in the company of Carasso's cousin, Maitre Salem, a Salonika Jew who had become, under Young Turk auspices, the leading lawyer of Constantinople. When not gambling at the Casino, Carasso joined our party and talked freely. Answering the question what he and his like were going to do with Turkey, he said:

" 'Have you ever seen a baker knead dough? When you think of us and Turkey you must think of a baker and of his dough. We are the bakers and Turkey is the dough. The baker pulls it and pushes it, bangs it and slaps it, pounds it with his fist until he gets it to the right consistency for the baking. That is what we are doing. We have had one revolution, then a counter-revolution, then another revolution and we shall probably have several more until we have got the dough just

right. Then we shall bake it and feed upon it.' "

"Carasso's nephew, who was manager of a bank, looked at his uncle in terrified amazement. 'What is to become of business with all these revolutions?' he asked. Carasso patted him affectionately on the head and replied, 'Don't worry, my boy. Things will come out all right.' "

"Maitre Salem, overhearing this conversation, turned to Carasso and said sharply, 'What *are* you saying, Emmanuel?' "

" 'Shut up, Salem' retorted Carasso. 'What would *you* have been without the revolution? A pettifogging little Salonika lawyer.' And Salem held his peace."

The London Balkan Committee

The Greater Serbian, Greek, Bulgarian, and Young Turk movements were established by Mazzini and his associates by the 1860s. These movements were largely alien impositions; to the extent that they can be considered "indigenous," they had their basis in earlier Byzantine, Venetian, and Ottoman manipulation.

In 1903, the British established the Balkan Committee, as the London-based command center of these movements. It is this little-known institution which orchestrated the various

Hungary, deliberately worked to defeat all the many conciliatory proposals made by the Entente Powers."

This false verdict was then incorporated into the infamous Article 231 of the Treaty of Versailles, which alleges:

"The Allied and Associated Governments affirm, and Germany accepts, the responsibility of Germany and her allies for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her allies."

The German delegates were coerced into signing the Versailles Treaty by threats of renewed war and by the economic blockade still imposed on Germany after the armistice by the fleets of the Entente. The thesis of exclusive German war guilt was required by the Entente as a premise for the Carthaginian peace imposed on the Central Powers, which included the demand for more than \$32 billion in war reparations, especially to France, plus interest for servicing this debt over decades into the future.

In the years after the war, documentary evidence was published which further undermined the Big Lie of Versailles. This included Karl Kautsky's *Outbreak of the World War* (New York, 1924), the *Soviet Materials for the History of Franco-Russian Relations from 1910 to*

1914 (Moscow, 1922), the *Austrian Red Book of 1919*, and the diary of Baron Schilling of the Russian Foreign Ministry (London, 1925).

The false verdict of Versailles had already become a scandal in America during the 1920s, when historians like H.E. Barnes demanded the revision of the war guilt clause. Typical is this conclusion from the academic historian Sidney B. Fay of Harvard in 1930: "The verdict of the Versailles Treaty that Germany and her allies were responsible for the War, in view of the evidence now available, is historically unsound. It should therefore be revised. However, because of the popular feeling widespread in some of the Entente countries, it is doubtful whether a formal and legal revision is as yet practicable. There must first come a further revision by historical scholars, and through them of public opinion."

Now, after fascism, a second world conflict, the Cold War, and the fall of the communist regimes in Europe, the time has come to reopen the Versailles Treaty. The treaty must be revised to specify the war guilt of an international conspiracy masterminded first by King Edward VII of England, and after him by Sir Edward Grey, in which figures like Izvolski, Sazonov, and Clemenceau were participants. The center of war guilt must be fixed in London.—*Webster G. Tarpley*

British experts in manipulation

In his autobiography, British intelligence official Aubrey Herbert brags about the British ability to manipulate the peoples of the Balkans and Mideast region:

"All the peoples in Turkey, including the Turk, were in a chronic state of shipwreck; the English were in permanent possession of the lifeboat, though often the lifeboat could not put out to sea. David Urquhart had the affection of the Circassians and has had no successor in a later generation; Professor E. G. Browne stands alone in Persia. Lawrence is undisputed champion of the Arabs; Bouchier and the Buxtons were the heroes of Bulgaria; Miss Durham restored Albania to the memory of Europe; Steed, Seton-Watson, and Edward Boyle were the advocates of a Serbia that existed in their minds; the Greeks have had a multitude of archaeologists, classical scholars, and there are a few remaining romantics devoted to their renaissance. Turkey has had the friendship of many British officials. . . . It would appear that there is a quality of Englishmen that is rarely possessed by men of other nations, which produces unique relations between themselves and the peoples of the East."

conflicting policies and gambits that led to the Balkan wars and World War I. Described as a permanent association of writers, statesmen, historians, and travelers, the committee, which met in the House of Commons irregularly, was supposedly dedicated to creating an informed opinion about Balkan affairs. The formation of the group had been called for by former Prime Minister William Gladstone, leader of the "Bulgarophiles." Members of the Balkan Committee included Foreign Secretary Sir Edward Grey and Foreign Secretary Lord Lansdowne. The president of the group was Lord Bryce, the most active supporter of the "Armenian cause" in England. The Balkan Committee had the public support of the Archbishop of Canterbury, several bishops, and the chiefs of the various non-Anglican Protestant churches that had been arrayed around Gladstone, as well as the heads of several Oxford and Cambridge colleges.

The key operatives of the group, who managed the contending Balkan chauvinist movements, were Aubrey Herbert, Noel Buxton, James David Bouchier, Arthur Evans, and R.W. Seton-Watson. Herbert controlled the Young Turks and the Albanians; his decades-long crony Noel Buxton controlled the Bulgarians, while having much influence in Serbia also. Bouchier and Evans controlled the Greeks;

Evans and Seton-Watson controlled the Serbians.

Aubrey Herbert

The son of Lord Carnarvan (who officially oversaw British freemasonry on behalf of King Edward VII), Herbert was from two of the most powerful oligarchical families in England: the Herberts and the Howards. The Herberts hold no fewer than four Earldoms, while the Howards hold three. The Duchy of Norfolk (a Howard preserve) is the oldest in England; the Duke of Norfolk is always formally designated the "peer of the realm."

The World War I boss of T.E. Lawrence ("Lawrence of Arabia"), Herbert was a specialist in managing diverse Mideast movements. He was also a chairman of the Balkan Committee.

Herbert began his career in 1904 as a consul in the British Embassy in Istanbul; his uncle, Esme Howard—later World War I ambassador to the United States—was then consul in Crete. In 1905, Howard traveled to Russian Georgia during the middle of the Russo-Japanese War. He was arrested as a British spy and expelled. That same year, he hooked up with another member of the Buxton family, Leland Buxton, to spark the Yemeni insurrection against Ottoman rule which led to the death of 100,000 Turkish soldiers. In 1906 he returned to England to become a member of Parliament, and to run the Balkan Committee.

During the first few days of the 1908 Young Turk coup, Herbert was on the scene, meeting with Talaat and Enver—two of the triumvirate that later led the regime—and also "Macedonia Resurrected" leader Emmanuel Carasso. During this crucial period, he operated out of a Bektashi Sufi monastery. The Bektashis were key to the Young Turk revolution, and Herbert was one of their controllers.

Right from the beginning, Herbert called for a Young Turk crackdown on the nationalist aspirations of the Jews, Arabs, and Armenians, and criticized some Young Turk rhetoric espousing equality. Writing to his brother at the time, Herbert notes: "I wish them luck, the Young Turks. It's very fine but only a beginning. . . . Equality is charming as a sentiment but Turkey will find it as impractical in their Empire as we have in ours. The Turk can't compete with the Syrian, Armenian, and the Jew. He is the dominant race, and in the interests of peace he should show that straight away or blood will run in thick rivers in Constantinople."

Herbert's control of the Young Turks is celebrated in the novel of World War I Propaganda chief John Buchan (Lord Tweedsmuir), *Greenmantle*. Buchan later described Herbert as "a sort of survivor from crusading times."

Herbert returned to Britain after the coup was consolidated. But from 1911 through 1914, he frequently traveled to Turkey and Ottoman Albania, where he met with the Young Turk leadership. And while promoting the Young Turks, Herbert was also promoting Albanian independence. The Bektashi order controlled Albania, and the Albanian

nationalists offered to make him king on three occasions.

During the same period, Buxton traveled frequently to Bulgaria to support the opposite side.

Herbert's control of the Young Turks proceeded both through his family's control of British masonry, and also through the Howard and Herbert families' historic ties to Venice; the family is largely Catholic, and Herbert grew up in Italy.

Noel Buxton

Great-grandson of the "Great Emancipator," Thomas Buxton, known for his sanctimonious denunciations of the slave trade, Noel Buxton was a member of the Quaker family that controls Barclays Bank. The founder of the Balkan Committee, and a close crony of Herbert, Buxton was the chief propagandist of Greater Bulgaria in the pre- and post-World War I period in England. During World War I, Buxton was the chief British liaison to Bulgaria, in a nominal effort to secure Bulgarian neutrality. He was also a primary British liaison officer to President Woodrow Wilson's adviser Col. Edward House, in an effort to secure American entry into the war under the pretext of combatting Turkish massacres of Armenians.

Buxton wrote numerous tracts such as *The Black Sheep of the Balkans* defending Bulgarian claims to Macedonia, but he maintained close ties to the Serbs and Young Turks as well. Shortly after the 1908 revolution, Austria issued a formal note of protest to Britain complaining that Buxton "disposed of considerable funds and employed a large number of agents in [the] nefarious work of propagating aspirations among the ignorant Serbian population." He was, said Austria, agitating for a Young Turk-supported Serbian war against Austria.

Following World War I, Buxton became a leader in the pro-Nazi Cliveden Set, and also formed two important Quaker intelligence organizations, the Anti-Slavery Society and the Save the Children Fund.

James D. Bouchier

Correspondent for the London *Times* in the Balkans from 1892 through 1915, Bouchier was the operative who put together the Balkan League uniting Serbia, Greece, Albania, Romania, and Bulgaria against Turkey in the first Balkan war. This stunning diplomatic feat required considerable lying to all of the parties concerned, over the final disposition of Ottoman lands that they wanted to seize. Largely based in Greece, Bouchier was an adviser to the Greek king, a cousin of Edward VII. Yet despite his Greek ties, Bouchier was the champion of Bulgarian aspirations in Ottoman Macedonia, which Greece and Serbia also claimed.

Sir Arthur John Evans

Keeper of the Ashmolean Museum, a center of British masonry, Evans had been active in Balkan politics since 1870

as England's most prominent proponent of Serbian aspirations. His political ideal, he said, was a "South Slavonic monarchy built out of Austria and the Balkans." Evans was the founder of the British School of Athens and the British Academy there, which put out glorious depictions of ancient Greece which also served to popularize the Greek cause.

Robert William Seton-Watson

Son of a wealthy Scottish merchant in India, Seton-Watson was the most prominent advocate of Greater Serbia and later Yugoslavia, in the first half of the twentieth century. Among the most vehement propagandists against the Austrians and Hungarians, Seton-Watson issued numerous pro-Serbian histories in the period of the Balkan wars, and was detailed to aid Serbia on behalf of British intelligence during World War I. In the immediate post-war period, Seton-Watson and his crony Sir Bernard Pares (a controller of the Bolsheviks) established *Slavonic Review*, affiliated with the Slavic Studies Department of Kings College. The review remains one of the most pro-Serbian British academic outfits today.

Countdown to World War I

In 1909, Carasso's Turkification policy began to trigger increasing hostility and outright revolt among the non-Turkic population of Ottoman Europe. Those most affected were the Greek and Bulgarian populations of Macedonia, a region also claimed by Serbia.

In the summer of 1912, Balkan Committee agent J.D. Bouchier formed the Balkan League, comprising Montenegro, Serbia, Albania, Greece, and Bulgaria. Its purpose was to combine forces for a liberation war against the Ottoman Empire. Conflicting claims over Macedonia were put off to the future.

In August 1912, Bulgaria issued a wildly provocative note to Turkey demanding Macedonian autonomy, under the control of the Internal Macedonian Revolutionary Organization (IMRO). The Balkan Committee supported this demand; Balkan Committee President Noel Buxton had called for Bulgarian assimilation of Macedonia for years.

But despite this new threat, the Young Turks remained confident of continuing British support. They had been put in power by the British and were under the management of Balkan Committee official Aubrey Herbert. One of their first acts in office was to hand over the control of their army to British officers, and their navy to the French.

In September, Greece and Bulgaria decided for war with Turkey under the pretext of supporting Macedonian independence.

In October, Montenegro—a puppet state of Venice—declared war on Turkey, thus formally beginning the first Balkan war. Bulgaria, Serbia, and Greece joined the war, as

stipulated by the Balkan League. Because the Italo-Turkish War was still being waged, Turkey was especially weak.

In October and November, Bulgarian and Serbian forces smashed the Turks, virtually reaching the gates of Istanbul. Russia issued a warning to Bulgaria not to occupy Istanbul, as she wanted Istanbul for herself. For the first time, a European great power threatened to intervene.

In November, Serbia overran northern Albania.

At this point, Austria announced it would not allow Serbian access to the Adriatic (achieved through occupation of Albania), and announced its support for an independent Albania. The Germans offered Austria support, while Russia supported Serbia.

In December, Turkey, Bulgaria, and Serbia signed an armistice, ending the first phase of the first Balkan war. Greece refused to sign. The British convened a peace conference in London, nominally dedicated to settling the conflict.

But in January 1913, the peace conference broke down, as the Turks refuse to give up Crete, the Aegean islands, and Adrianople. Now known as Plovdiv, Bulgaria, Adrianople was then the capital of Balkan Turkey, and of immense military importance.

On Jan. 22, 1913, the Imperial Powers, led by Britain, forced Turkey to give up Adrianople, which virtually meant the abandonment of all of European Turkey. On Jan. 23, Young Turk leader Enver Pasha retook power in a coup.

On Feb. 3, the first Balkan war resumed. The Greeks took Janina, then part of Albania, now part of Greece. The Bulgarians seized Adrianople. Under immense pressure, Turkey capitulated; Bulgaria and Turkey struck a separate peace. In April, the Montenegrins took Scutari, Albania. But in May, under the threat of Austria entering the war, they abandoned Scutari, while the Serbs withdrew from Durazzo, the capital of central Albania.

Sir Edward Grey turned Sarajevo crisis into war

Even after decades of British geopolitical machinations, it still required all of Sir Edward Grey's perfidy and cunning to detonate the greatest conflagration in world history by exploiting the diplomatic crisis surrounding the assassination of the Austrian heir apparent Archduke Franz Ferdinand on June 28, 1914 in Sarajevo, Bosnia.

Sir Edward Grey had learned an important lesson in the Moroccan crisis of 1911, when Germany sent the warship *Panther* to Agadir to secure German interests there, which were in conflict with those of France. This lesson was that if Germany clearly perceived in a crisis that there was a direct risk of Anglo-German war, Berlin would back down, frustrating the war party in London. In the Agadir crisis, the British minister Lloyd George had delivered a clear public warning to Berlin, and Germany had replied at once that she was not seeking a permanent presence on the Atlantic coast of Morocco; the crisis was soon resolved.

The German chancellor from 1909 to 1917, Dr. Theobald von Bethmann-Hollweg, was an anglophile and a crony of the kaiser's student days, anxious to make concessions to London in order to secure peace. Sir Edward Grey declared in 1912 that any differences between England and Germany would never assume dangerous proportions "so long as German policy was directed by" Bethmann-Hollweg.

During the Balkan Wars and the Liman von Sanders

affair of 1913, Grey cultivated the illusion of good relations with Germany. By mid-1914, Anglo-German relations were judged by Sir Edward Goschen, the British ambassador to Berlin, as "more friendly and cordial than they had been in years." But it was all a trick by Perfidious Albion.

Some weeks after the assassination of Archduke Franz Ferdinand, the Austrian government, blaming Belgrade, addressed a very harsh ultimatum to Serbia on July 23 demanding sweeping concessions for investigating the crime and the suppression of anti-Austrian agitation. The Russian court slavophiles were demanding war against Austria and Germany in defense of Serbia; these slavophiles were madmen on the strategic offensive who sought a general European war. In Vienna, the leading minister, Count Berchtold, and the chief of staff, Conrad von Hoetzendorff, were determined to use the crisis to smash Serbia, which they saw as a threat to the survival of their empire. Berchtold and Hoetzendorff were madmen on the strategic defensive, even if they assumed the tactical offensive against Serbia. Their aggressive intentions involved Serbia, but not other great powers. When Serbia issued a conciliatory reply to the Austrian ultimatum, Kaiser Wilhelm II and others were relieved and thought that the war danger had receded; but the Vienna madmen seized on minor refusals by Serbia to declare war on July 28.

If Sir Edward Grey had sincerely wished to avoid war, he could have pursued one of two courses of action. The first would have been to warn Germany early in the crisis that in case of general war, Britain would fight on the side of France and Russia. This would have propelled the kaiser and Bethmann into the strongest efforts to restrain

In May, the London peace conference reopened, resulting in the Treaty of London, where Turkey gave up much of its remaining European possession; the status of Albania was left to the powers. The Albanians offered to make Aubrey Herbert the king of their projected independent state. So ended the first Balkan war.

In June 1913, one month later, the Serbs and Greeks allied against their former ally Bulgaria, due to Bulgarian reluctance to grant Serbia more of Macedonia. So began the second Balkan war.

On June 29, the Bulgarians attacked Serbian-Greek positions. Turkey then entered the war, this time siding with Serbia and Greece against Bulgaria. Bulgaria was rapidly defeated.

In August, the Treaty of Bucharest, overseen by Britain and the powers, handed most of Macedonia to Greece and Serbia. So ended the second Balkan war.

The conclusion of the second Balkan war was necessarily temporary, since Bulgaria would never tolerate Greece and Serbia acquiring most of Macedonia. And while Serbia acquired much of Macedonia, she did not acquire access to the Aegean Sea. Serbia would not tolerate remaining landlocked.

So, in **September 1912**, one month after the formal end of the second Balkan war, Serbia invaded the newly independent state of Albania in order to gain access to the Adriatic sea. But Austria issued an ultimatum, and Serbia withdrew. By so doing, Austria emerged as the biggest threat to the Greater Serbian chauvinists who knew that they had British, French, and Russian backing.

Twenty-one months later, in **June 1914**, the Black Hand killed Archduke Ferdinand, whom they had denounced as an obstacle to Greater Serbia. In so doing, they triggered World War I.

the Vienna madmen, probably forcing them to back down. The other course would have been to warn Paris and especially St. Petersburg that Britain had no intention of being embroiled in world war over the Balkan squabble, and would remain neutral. This would have undercut the St. Petersburg militarists, and would have motivated Paris to act as a restraining influence.

Grey, a disciple of Edward VII, did neither of these things. Instead he maintained a posture of deception designed to make Germany think England would remain neutral, while giving Paris hints that England would support Russia and France. These hints were then passed on to Russian Foreign Minister Sazonov, a British agent, and to Czar Nicholas II. In this way, French *revanchistes* and Russian slavophiles were subtly encouraged on the path of aggression.

Grey's deception of Germany meant assuming the posture of a mediator rather than a possible party to the conflict. In early and middle July, Grey proposed direct conversations between Vienna and St. Petersburg to avoid war, but dropped this when French President Poincaré, a war-monger, responded that this would be "very dangerous." On July 24, Grey shifted to a proposal for mediation by other great powers of the Austrian-Russian dispute. On July 26, Grey proposed a conference of ambassadors from England, France, Italy, and Germany, which was declined by Germany for various reasons. Grey's charade of war avoidance contributed to complacency in Berlin and a failure to do anything to restrain the Vienna crazies, since, the kaiser thought, if England did not fight, France and Russia were unlikely to do so either.

Edward VII's son King George V made a vital contribution to the British deception. Late on July 26, King

George V told the kaiser's brother, Prince Henry, who was visiting England, that Britain had "no quarrel with anyone and I hope we shall remain neutral." This was seized upon by the pathetic kaiser as a binding pledge of British neutrality for which, he said "I have the word of a king; and that is sufficient for me." The gullible Kaiser Wilhelm was kept thoroughly disoriented during the last critical period when Germany could have forced Vienna to back down and avoid general war, before the fateful Russian and Austrian mobilizations of July 30 and 31.

The declaration of war

It was late on July 29 before any warning of British armed intervention in the looming conflict was received in Berlin. When German forces entered Belgium in the context of the Schlieffen Plan (the German plan for a two-front war against France and Russia), Grey declared war at midnight Aug. 4-5, 1914.

The British were the first of the great powers to mobilize their war machine, in this case the Grand Fleet of the Royal Navy. On July 19, the British had already staged a formidable naval demonstration with a review of the Grand Fleet at Portsmouth. On the afternoon of July 28, Winston Churchill ordered the fleet to proceed during the night at high speed with no lights from Portsmouth through the Straits of Dover to its wartime base of operations at Scapa Flow, north of Scotland. On July 29, the official "warning telegram" was sent out from the Admiralty; the British fleet was now on a full war footing.

The first continental state to mobilize had been Serbia, on July 25. The order of general mobilizations was Serbia, Great Britain, Russia, Austria, France, and, finally, Germany.—*Webster G. Tarpley*

Brits chew the rug again, lament Anglo-American 'rift'

by Edward Spannaus

President Clinton's refusal to knuckle under to the British on Irish policy has provided the latest pretext for bitter complaining from London that a new U.S. President is needed if there is to be any hope of restoring the tattered Anglo-American "special relationship."

The renewed outburst of enmity toward the current U.S. head of state came in response to the President's March 9 decision to grant a visa to Sinn Fein President Gerry Adams, permitting Adams to come to the United States for meetings and fundraising; Clinton further enraged the "cousins" across the Atlantic by inviting Adams to attend a White House reception on March 17, St. Patrick's Day.

"Only a change of American administration" would offer a chance to repair the "special relationship," declared the London *Daily Telegraph*. The *Sunday Times* complained that President Clinton has done so much damage to the special relationship, that "it is fast becoming clear that only a different American President stands a chance of restoring it."

It was less than a year ago that President Clinton formally announced the downgrading of the "special relationship" during his visit to Bonn, when he proclaimed a new German-American partnership oriented toward central and eastern Europe. (See *EIR* July 22 and July 29, 1994.) The London *Guardian* lamented that Clinton "had reduced the U.S.'s special relationship with Britain to a mere sentimental tie with the Mother Country."

Clinton's bucking of the British first became evident when his administration began to criticize the International Monetary Fund "shock therapy" victimizing Russia in late 1993. The Clinton administration's disputes over British backing for Serbian genocide in Bosnia flared up throughout the first two years of his administration; the peace breakthroughs in the Middle East and Northern Ireland were both products of Clinton's personal diplomacy, in which he had

to circumvent both the British and the Anglophiles embedded in the U.S. State Department. On issues of the Middle East, the Balkans, and Northern Ireland in particular, Clinton's policy has been shaped within the context of a working relationship among Clinton, Pope John Paul II, and German Chancellor Helmut Kohl.

British antagonism for Clinton goes back even before his election. Prime Minister John Major—and his mentor Margaret Thatcher—backed George Bush. In an article on the current contretemps, the *New York Times* comments that, privately, "British officials suggest that Mr. Clinton appeared 'anti-British' as soon as he took office and see little prospects of relations improving any time soon."

'Nice while it lasted'

The house organ of the British Establishment, the *Sunday Times*, treated its readers on March 12 to a two-page spread on the "terminal decline" of the Anglo-American special link, which it attributed to President Clinton's "careless disregard for Britain."

"So long; Nice while it lasted" was the title of what was in effect an obituary for the "special relationship" which, it notes, some British historians trace to the aftermath of the War of 1812; others claim it refers to the late 19th and early 20th centuries, "when many poorer members of the British aristocracy married rich Americans."

During World War II, things were not always as sweet and close as some now recall; the *Times* called President Franklin Roosevelt "aloof" and "preoccupied," and the Americans sometimes tough and unsentimental; the sharpest differences came toward the end of the war. With Thatcher and Reagan, the relationship "blossomed." But in the 1992 U.S. presidential campaign, Clinton "began to think out a primitive foreign policy, in which Germany and Japan would

become America's new economic partners for the 1990s and beyond." And now, "with Major in Downing Street and Clinton in Washington, indifference verging on contempt is the order of the day."

Thus, when Gerry Adams shakes hands with Clinton at the White House on March 17, said the *Times*, this will represent "America's biggest snub to Britain in recent history and the lowest point in a special relationship sustained for half a century by 10 Presidents."

The Hollinger Corp.'s flagship papers, the *Daily Telegraph* and the *Sunday Telegraph*, which have orchestrated the Whitewater scandal against President Clinton for well over a year, were not to be outdone. On March 11, the *Daily Telegraph* called for dispatching Margaret Thatcher to the United States—just as Lloyd George sent Lord Balfour to the United States in 1917 to rally support for Britain in the war. Thatcher could take a whirlwind tour to "attack the Democrats" and "light some useful fires under President Clinton," said a *Telegraph* editorial.

The next day, it was Ambrose Evans-Pritchard's turn to go after Clinton—as he has been doing for over a year in concocting the "Whitewater" and other Arkansas-related scandals against the President. Pritchard blamed the President's "conscious and deliberate affront" to the British on "a small group of enthusiasts on the President's personal staff who have adopted Ireland as their pet project"; he particularly cited Nancy Soderberg, the National Security Council staff director and former aide to Sen. Ted Kennedy. Clinton's NSC was denigrated by the London *Guardian* on March 16 as being run by officials "who see themselves assisting in the last rites of British colonialism."

Who caused the rift?

To say that Clinton's invitation to Gerry Adams "caused" the rift in Anglo-American relations is a misinterpretation, said *EIR* founder Lyndon LaRouche in an interview on March 15. "The rift was caused many years ago," LaRouche said, calling it "a natural secretion of U.S. patriotic sentiments." Going back well before the Declaration of Independence, said LaRouche, "the very existence of the United States is premised upon an opposition to what President Franklin Roosevelt derided in accusing Prime Minister Winston Churchill during the war, as reported by his son Elliott Roosevelt: 'Winston, we are not going to put up with more of your British 18th-century methods.'"

During this century, since the assassination of President William McKinley, whom LaRouche described as "a patriot and anti-British, as opposed to his successor, Teddy Roosevelt, who was *not* a patriot and was very pro-British," the United States has had only four Presidents who have not been pro-British. LaRouche identified these as Warren Harding, who died under mysterious circumstances; Franklin Roosevelt; John Kennedy—"who in his own way was anti-British"; and now Clinton, who "expresses a pro-American, patriotic,

anti-British point of view, on the same standpoint as President Franklin Roosevelt before him and Kennedy before him, with all the qualifications which attend to that."

The administration's policy toward Ireland is consistent with its determination to exploit the ties to Germany in order to promote a solution to the Russian and eastern European crises in the form of economic cooperation between Moscow and Bonn, also involving other eastern European countries, LaRouche explained.

Even more fundamental than U.S. opposition to British policy on Ireland, is the United States' opposition to Britain's continued support for genocide perpetrated by Serbians in the Balkans, said LaRouche. There are people inclined more to the pro-British side in the State Department and elsewhere—that's always been a problem, LaRouche said, in the Justice Department, the Treasury, "and *especially* in the Federal Reserve System."

"But," LaRouche concluded, "to say that Gerry Adams and his visit is the cause of a rift between Britain and the United States; that's a fairy story. The fact that the United States did not knuckle under to London on the Gerry Adams case; the fact that Clinton is not a whipped dog, as London wishes he were through their agents such as Phil Gramm and the Mont Pelerin Society crowd, that fascist crowd which is behind the 'Contract with America' crowd; that upsets London a great deal."

Newt the Anglophile

Immediately after the White House announcement on the Gerry Adams visa, a very upset senior parliamentarian of Britain's Conservative Party told *EIR* that he is pinning his hopes on Newt Gingrich and his entourage in the United States "to keep Clinton on the rocks," and to try to neutralize the effect of Clinton's actions. "Gingrich and friends are doing a great job," he crowed.

The same hopes were reflected in the next day's *Daily Telegraph*—the same issue which called for the emergency tour by Thatcher. The *Telegraph* called for a new transatlantic dialogue which would operate behind the President's back, for, it haughtily proclaimed, "the Clinton administration is not America." Among the Republican Party figures who could help in patching things up, the *Telegraph* highlighted the importance of Gingrich, praising him as "a confirmed Anglophile."

"In their shared commitments to free trade, British and American conservatives are at one," declared the *Telegraph*. "Realistically, only a change of American administration"—something they have been working on for some time—"will offer a chance of radically repairing diplomatic relations." But, the *Telegraph* added, "much can be done at a lower level, by long-term nurturing of ties. This sort of dialogue among conservatives would help give Republicans the ammunition with which to attack Clinton for undermining the relationship."

Major shaky after Barings bankruptcy

by Mark Burdman

It has not been easy for the British Establishment to maintain its collective Stiff Upper Lip, ever since the Feb. 26-27 collapse, apparently overnight, of the eminent bank of the British Empire, Barings, sent shocks throughout institutions. One immediate consequence has been the accelerated unraveling of the government of Prime Minister John Major.

Less than 72 hours after the Bank of England failed to save Barings from extinction, Major survived, by five votes, a vote of confidence in the Parliament on March 11, on a bill involving British policy toward Europe. The latest polls show Major's Conservatives trailing the opposition Labour Party by 40%, and Major himself having an approval rating at around 10%. Even if polls are as much manipulations by the Establishment to publicly signal the views that are being bandied about privately in Britain's elitist private clubs as they are reflections of "public opinion," the publication of these findings is having a crushing effect on Conservative resolve and morale.

The reported results have little to do with enthusiasm for the Labour Party's opportunistic leader Tony Blair. Rather, they reflect disgust both at Major personally and at the results of Thatcherite free-market policies in Britain. The Barings collapse brings the disgust at the "sleaze factor" in Britain to a critical mass. This is not because of the reported behavior of Nick Leeson as such, but because what happened to Barings epitomizes the moral turpitude and recklessness of the British system, particularly since Margaret Thatcher entered 10 Downing Street in 1979.

According to one senior Conservative parliamentarian, the fear in the Party's inner sanctums is that "we will be massacred" in the "very important" local elections next May. This source speculates that the British Tories might soon suffer the fate of Canada's Conservative Party, which nearly vanished from the political map after receiving some 3% of the vote in the 1994 general elections.

Another insider, a regular at the confidential deliberations at Britain's exclusive Ditchley Park estate, told *EIR* privately that matters had reached such disarray in Britain, that a new government had to be brought into being by whatever means might be available. Britain required an early general election (as things now stand, elections will not be held until 1997),

"so that we have a majority government in power that can do something, rather than the rot and confusion that prevails now. It doesn't matter which party rules, only that it can rule."

'The Clinton factor'

The *coup de grace* for Major could be the latest diplomatic moves by U.S. President Bill Clinton on the Irish question. Clinton's March 9 decision to meet Sinn Fein leader Gerry Adams and to allow Sinn Fein fundraising in the United States grabbed the headlines in Britain, and upstaged a high-profile March 9 visit to Belfast by Her Majesty Queen Elizabeth II, her first to that strife-torn city since "the troubles" began in Northern Ireland in 1969. Since March 9, the British press has been filled with stories about the "widening rift" in British-American relations, and whinings about how Britain had been "humiliated" by the American President.

During a March 12-14 trip to the Middle East, Major made some grand-standing statements, to portray himself as "standing up to Clinton," and as the "defender of British interests." This may blow up in Major's face. On the narrower matter of Ireland as such, some of the hardline "pro-unionist" British parliamentarians have charged that Clinton's diplomacy toward Adams was made possible by Major himself having earlier "appeased" Sinn Fein. If a batch of "unionist" parliamentarians, whether in the Ulster Unionist Party as such, or within Conservative ranks, were to bolt from Major, it could undermine his shaky parliamentary majority.

Moreover, leading Establishment factions may decide that the exigencies of rebuilding ties to the United States, especially at a time of growing chaos in the international financial system, may require dumping Major and replacing him with somebody better able to "handle" the American "dossier."

'The by-product of a financial casino'

Meanwhile, with each passing week, greater numbers of Britons are expressing their rage at a combination of economic, political, and moral calamities.

The anti-Tory revolt is increasingly centered in the middle-class base which brought Thatcher to power. Blair has been gaining support during political tours through former Thatcher strongholds in England's southeast. Anti-government sentiment is building over issues ranging from cuts in the education budget to the deterioration in the increasingly "privatized" health service.

One London influential told *EIR* on March 15 that "what it all adds up to is a revolt against sleaze. The sleaze factor is destroying whatever support there might be for this government, especially as some new scandal breaks almost every day."

Typical was the March 6 resignation by Robert Hughes, junior minister responsible for the Office of Public Service and Science. It turned out that Hughes's understanding of

“public service” was somewhat broad, and had included an extramarital affair with a constituent. He was the *ninth* minister to resign since Major formed his current government in 1992, and the *fifth* because of what the British label “personal indiscretions.”

A far more damaging scandal, especially in the post-Barings climate, has been the government’s handling of the privatization of two state-owned electricity firms, PowerGen and National Power. Millions of Britons had bought shares in the firms, on the basis of government promises, outlined in a formal prospectus, that they would earn hefty profits. Right on the eve of the shares being traded openly on the British stock exchange, government electricity regulator Stephen Littlechild announced new price controls, triggering an immediate downward slide in share values. Some £3.5 billion in share values was wiped out overnight, and more than a million Britons lost money. Total share losses, according to the *Daily Telegraph* on March 11, are estimated to be £10 billion, “a fall equalling that in the stock market in the great crash of 1987.”

Government officials have admitted that some ministers knew that Littlechild was going to impose price controls. Yet they did nothing to report this knowledge to investors lulled into false confidence by the prospectus. Charges of “insider dealing” have been hurled against the Major ministerial team, both by opposition parliamentarians and by commentators in the British press.

What is happening with the manic British Thatcherite policy of “utilities privatization” should be a sobering lesson for those Americans who are being snookered by the Gingrich-Gramm Thatcherite mob into supporting similar approaches for the United States. Already on Feb. 18, a week before Littlechild revealed his intention to control prices, the London *Guardian* reported on a little-publicized decision that had been made by government minister Michael Heseltine, president of the Board of Trade, that allowed for “free bidding on the open market” for utilities firms, thereby removing all effective controls on who might buy such firms and putting the privatized utilities “up for grabs.”

Guardian writers Will Hutton and Nicholas Bannister warned: “Britain’s privatized water, electricity and gas companies are up for auction. Asset strippers, tax massagers, international conglomerates and the other tribunes of enterprise that constitute the ‘private’ sector are eyeing up Britain’s utilities. The provision of gas, electricity and water in Britain is set to become the by-product of a financial casino. . . . The government has, in effect, signalled it has no reason to object to any outside bid for a British utility. An open season has been declared.” Various tricks of “financial engineering” would henceforth take precedence over the supply of power to millions of British users. The two authors derided the whole “electricity privatization” policy as a “house of cards,” and stressed that privatization, overall, had “lost its glitter.”

Sri Lankan peace enters crucial phase

by Ramtanu Maitra and Susan Maitra

As a shaky two-month cease-fire between Sri Lanka’s rebel Liberation Tigers of Tamil Eelam (LTTE) and the government continues to hold, fresh efforts to resolve the decades-old sectarian conflict, which turned bloody in the early 1980s, have hit a sticky spot. There are clear indications that both parties are jockeying for political leverage by making charges aimed at putting each on the defensive. Currently, neither the Tigers nor President Chandrika Kumaratunga has shown any intent to concede on the issues brought up during the previous rounds of talks; at the same time, neither side is eager to abandon the road to peace unilaterally.

Although a lot more is at stake, the issues which have kept the two adversaries sparring include the Tigers’ demand that the Pooneryn military base, located at the heart of northern Sri Lanka, known as “Tiger country,” be dismantled. Other issues include the lack of communication between the two parts of the country, an embargo on essential goods imported from central and southern Sri Lanka, and night fishing in the Jaffna lagoon. While progress on these issues is a prerequisite for holding the next round of talks, the solution lies in resolving what degree of autonomy the government is willing to allow to the Tamils in northern Sri Lanka, and obtaining a commitment from the Tigers that they would abandon the path of violence and protect the unity and territorial integrity of the island-nation.

In a recent statement, the Tigers indicated that they are willing to drop the demand for “Eelam”—an independent Tamil nation separate from Sri Lanka—but said they would do so only if “alternate proposals that give the Tamils security and self-respect” are put forward by the government in Colombo. The Tigers issued this statement in early March when President Kumaratunga, the initiator of the peace process, was touring the war-ravaged east. The Tigers have surely noticed that the Tamil population, over whom they had a complete lock even a short while ago, is keen to pursue peace and are increasingly rejecting the Tigers’ violence. President Kumaratunga is exerting steady pressure on the Tamils to force the Tigers to give up the religion of violence and settle for peace to end the 11-year genocidal ethnic war.

Colombo has also sent signals that the new President wants to create a favorable environment for fruitful talks. In addition to sternly warning the Sinhala chauvinist-dominated Army not to make any move which could be interpreted as an effort to sabotage the delicate negotiations, she subsequently made significant changes in the Defense Ministry aimed at letting the Tigers know that her government is an unbiased negotiator. The Sri Lanka Army announced in late February that it is pulling back a strategic defense line to allow civilian traffic movement between northern Sri Lanka and the rest of the country.

Most significantly, Minister for Constitutional Matters G.L. Peiris, during his recent budget speech, said that Colombo would provide substantial devolution of powers, which means a significant amount of autonomy to the Tamils in the north—the first time that such a statement has been issued at that level. Equally significant are the repeated statements of President Kumaratunga, since she became prime minister in August after her People's Alliance won a majority in the parliamentary elections, in which she expressed her eagerness to begin the reconstruction of war-torn northern Sri Lanka. Calculated to win over the poverty-stricken Tamils residing under the guns of the Tigers, the President announced that reconstruction work will begin with a crash program in the Jaffna Municipal area.

The face of reconstruction

Under the first phase of reconstruction, the government plans to spend Rs. 5.5 billion out of a total package of Rs. 40 billion. A crash program Rs. 1.5 billion to fix the water supply, sanitation, power supply, and roadways has been worked out for immediate implementation. Reports indicate that Colombo has the money to go ahead with the crash program, and a very senior minister, Ratnasiri Wickrematunge, is now engaged in securing aid from donor countries and foreign institutional investors for the rest of the reconstruction money. However, most of the western donors are holding out, and saying the aid will follow peace, in essence supporting the Tigers' position. The Tigers, meanwhile, have refused to issue the final clearance required to launch reconstruction work. Reports from Colombo indicate that ships are waiting to be loaded with construction material and shipped to northern Sri Lanka. But the loading cannot be done until the Tigers agree to a starting date. However, the Tigers have no choice but to accept the reconstruction proposal in principal, and there is no question that the Tigers are feeling the heavy political pressure.

The political weakening of the Tigers, which has helped Kumaratunga make her moves, became visible in August when government officials came to open talks with the Tigers in Jaffna. The rousing welcome given to the officials by the Tamil population in Jaffna is a testimony that the Tigers have lost ground and that continuation of violence will not be approved by the Tamil population. Once Kumaratunga

grasped this "secret," pressure on the Tigers mounted.

Superficially, the Tigers appear not to have been cowed by the peace initiatives, but their recent blustering has been aimed at painting them as the preeminent seekers of peace. From his jungle lair somewhere in the north, Tiger chieftain V. Pirabhakaran charged Kumaratunga with "deception" and subterfuge. "It really astonished us that you are not showing any keenness to extend the present temporary cessation of hostilities into a permanent, durable cease-fire," he said in a letter made public through the Tigers' London office. They have also turned down an attempt by the President to involve a former French diplomat in the negotiations, using the excuse that he is no longer a French government employee and is Kumaratunga's friend. Pirabhakaran's letter is seen by some observers as a clear sign that the Tigers are also feeling international pressure: The United States and the European Union have recently urged both parties to begin political negotiations.

Tigers show further political weakening

Reports from the eastern province, where the Tigers have some control, indicate that they have met with representatives of other Tamil political groups, such as the Eelam Peoples Revolutionary Liberation Front (EPRLF) and the Tamil United Liberation Front (TULF). Former MP and EPRLF member Suresh Ramchandran has confirmed that Tiger cadres are suggesting that the two groups take a common stand. The Tigers' gesture to other Tamil groups, which it had set out to annihilate in the 1980s, is a major development indicating the former's political weakening.

The political heat which the Tigers are feeling cannot be resolved by guns, but, being a highly motivated organization, it remains to be seen how the Tigers react. Moreover, as expressed by Pirabhakaran in his letter, President Kumaratunga will not provide the Tigers with endless maneuvering room. There are enough indications that if the Tigers sabotage the peace efforts, President Kumaratunga is ready to declare a full-fledged war against them. The toughening of her stance has been sensed by observers. Former Air Force Chief Harry Gunatilake warned the Tigers: "The LTTE will be happy to drag its feet as long as there is no actual war. But the government will now have to seriously rethink its strategy." Gunatilake further advised them: "Think of the other option."

He continued: "It is clear that Chandrika [President Kumaratunga] has gone every inch of the way for peace. She has earned tremendous goodwill from the international community, but you must remember that they will not come and fight for you," Gunatilake said. His remarks came days after the recent tour in the east by junior Defense Minister Anuruddha Ratwatte, where he told the Army personnel that if the peace talks fail, "even I will get into my uniform and join you." A retired Army colonel, Ratwatte was not issuing an empty threat.

U.N. Copenhagen summit opens 50th anniversary with a dismal failure

by Poul Rasmussen

That the United Nations is not the institution upon which the peoples of the world should rely to eradicate poverty, unemployment, and social disintegration, became obvious from its first summit this year, which marks the 50th anniversary of its founding. Despite the fact that the U.N. World Summit on Social Development that took place in Copenhagen over March 6-12 was the largest summit in history, bringing together 121 heads of state and government, nothing was conceived or decided upon that would relieve the suffering of the millions of disenfranchised people around the globe.

Adding to the undeniable stench of failure was the fact that the Copenhagen summit took place in the midst of an accelerating global financial disintegration, highlighted by the dramatic fall of the dollar and the wild turbulence on the world currency markets, precipitated by the Mexican crisis and the collapse of the Britain's oldest banking institution, Barings Bank, just a few days earlier.

As *EIR* forecast in its March 3 issue, the summit's final communiqué turned out to be empty phrases. In a list of "Ten Commandments," the world leaders committed themselves, among other things, to:

- "create favorable economic, political, social and legal conditions which could facilitate social development;"
- "through national programs and international collaboration to eradicate poverty;"
- "bring about full employment as a main pillar in our economic and social policies;"
- "promote full respect for human dignity;"
- "accelerate the development of the economic and social areas as well as the human potential in Africa and the least developed countries."

It borders on criminal neglect when 121 world leaders meet in the middle of an unprecedented, global economic breakdown, and all they come up with is an empty list of nothing. The heads of state and government all share the responsibility for the failure of the Copenhagen Summit to produce any program of substance, but the greatest burden of guilt lies with the host—the United Nations.

What quickly became clear is that the United Nations is not a forum to address economic and social programs,

and is a place where any such attempt will run afoul of the permanent "hidden agenda" of all U.N. institutions, namely, the drive to dismantle national sovereignty and impose a world government. This evil ideology simply distorts all discussions, and all potential solutions become twisted into a bid for "more power to the U.N."

IMF austerity regimes defended

In the draft program of action presented to the summit, underdeveloped nations had formulated rigorous demands for an immediate change of the genocidal policies of the Structural Adjustment Programs of the International Monetary Fund (IMF) and the World Bank. At Copenhagen, the ringleaders of the U.N. apparatus twisted the discussion toward granting the U.N. the political oversight of both the IMF and World Bank, which are U.N. agencies in any case—far from what the underdeveloped nations had had in mind: They wanted to get rid of the IMF dictatorship, not transfer it to the United Nations. The result of this manipulated discussion was that the "Eighth Commandment" of the final communiqué lamely calls upon the IMF and World Bank to "include elements of social development" in their conditionalities.

Even the empty "20-20 principle," which had been touted to become the crowning glory of the Copenhagen summit, suffered considerably from the U.N. bid for more power. Instead of a discussion about making development aid more oriented toward social development by having the poorer nations allocate at least 20% of their budget for that purpose, the discussion became a demand for these countries to give up their sovereignty, by granting the U.N. the right to intervene and change their national budgets, in order to force compliance with the required 20% for social development. The proposal so infuriated the Third World delegates that the "20-20 principle" was not even included in the "Ten Commandments," although it is still found in a watered-down version in the final communiqué.

Talk of debt moratorium gagged

The only issue on the agenda which could have made a significant impact on the ongoing global economic crisis,

namely the call for a general cancellation of the debt owed by underdeveloped countries—which had been included in the draft program of action as an item to be decided upon at the summit—became the victim of U.N. gag tactics.

It had been expected that Danish Prime Minister Poul Nyrup Rasmussen would announce, in his opening remarks to the summit, that Denmark was immediately cancelling the debts owed to it by six underdeveloped nations. This was meant to set the tone for a discussion of a general debt moratorium; but it never happened. Apparently, somebody in the U.N. apparat convinced Mr. Nyrup Rasmussen to forgo any mention of this in his opening speech. (The announcement appeared the next day in a short press release issued by the Danish development minister.)

Hence, the first day of deliberations did not address, as expected, the debt issue, but rather centered on discussion about the creation of an “Economic Security Council,” a topic directly lifted from the pages of the Commission on Global Governance report, “Our Global Neighborhood.”

Still, it was evident from the numerous discussions that *EIR* correspondents had with the delegates from many nations at the conference center, that recent dramatic events in the world financial markets have made a deep impression on most government officials. Unfortunately, it was also evident that the absence of constructive solutions to the serious economic problems, of the sort proposed by American statesman and economist Lyndon LaRouche, had left government leaders open to U.N. manipulation.

The most striking example was the call for an international tax on financial transactions proposed by French President François Mitterrand. The President’s call certainly reflected a genuine concern about the harm to the world economy—not to mention the effects felt in France itself—caused by the gigantic financial bubble, totaling \$1 trillion in speculative transactions every day. But in the world of the U.N., this means something quite different: This is a way for the U.N. to grab a right—the right of taxation—otherwise inherent only to sovereign nations, and the proposal is for the money to finance U.N. operations, another dream from the report on “Our Global Neighborhood.”

The proposal didn’t get anywhere, but Commission Chairman Swedish Prime Minister Ingvar Carlsson and his cohorts in the Commission on Global Agenda will probably do their best to keep this discussion alive until the U.N.’s 50th anniversary conference in the fall.

Nothing achieved, no one satisfied

The Copenhagen summit proposed nothing that would alleviate the present global economic crisis, and left fanatics from both the “free-market” and “social engineering” circles in states of high dudgeon.

The Copenhagen Declaration call for full employment and investment in productive activities set the free-marketeers gnashing their teeth, all the more so after suffering

through explicit attacks on free market economics. Former Danish Minister of Taxation Anders Fogh Rasmussen, vice chairman of the Danish Liberal Party and a die-hard partisan of Milton Friedman, told the Danish daily *Politiken* on March 13: “The summit has seriously questioned if the forces of the free market could solve the problems of poverty. By doing so, the summit went in the completely wrong direction.”

Happy to say, the U.N. one-worlders did not gain anything from the summit, either. In the last of the “Ten Commandments” of the Copenhagen Declaration, the world leaders pledge that they will commit themselves to “create a better and stronger framework for the international, regional and subregional collaboration for the furthering of social development through the U.N. and other multinational institutions”—a far cry from the original plans for a world military, a world tax, etc. that were at one time prominently featured in the summit’s “Global Agenda.”

Silajdzic blasts U.N. ‘hypocrisy’

On March 11, Bosnian Prime Minister Haris Silajdzic blasted the U.N.’s “hypocrisy” during the summit’s plenary session: “I have listened to most of the addresses by the distinguished speakers, and I found almost nothing that I disagree with,” he said. “The problem is that reality disagrees with us. . . . I say that Bosnia represents the exact opposite of what we declare as our goal today. The aggression on Bosnia has been supported twice by the international community: first by imposing an arms embargo upon a country, victim of aggression, and second by maintaining the status quo that leads to the legalization of the gains by force and genocide. . . .

“But a distinguished speaker said that we must put children first. We in Bosnia wonder if we have any children left. Seventeen thousand children have been killed in Bosnia during the last three years. Those living, some with gray hair and eyes and hearts of old men, are hardly children any more. Still, they are our only future and, yes, we also want to put them first. Not the first to die, not the first on the firing line, but the first to live. If we want to build that world for our children, your children, all children, we must do what it takes.”

He continued his barrage in the closing session the next day: “How can we seriously talk about assuming global leadership if some 50 Security Council resolutions relevant to Bosnia remain dead letters on paper?” He continued: “Can we take seriously the U.N. Charter, knowing the fact that a U.N. member has been denied the right of self-defense? How can we discuss the reallocation of financial means from defense to social development if the law of force is openly promoted? How can we talk about order if we do not know what to do with those whose idea of economy is plunder and loot, and who believe in ethnic cleansing as the ultimate cure for social problems?” he demanded. As Shakespeare wrote in *Hamlet, The Prince of Denmark*: “The rest is silence.”

A new border war?

A look at who is helping Colombia's narco-guerrillas' effort to trigger a border war between Colombia and Venezuela.

On February 26, a Colombian guerrilla squad attacked the border post at Cararabo on the Venezuelan side, and massacred eight marine infantrymen. In response, officials of the Venezuelan government blamed Colombian authorities for negligence in patrolling the area, and even asked for indemnification for the families of the victims.

Amid this climate of tension between the two countries, the secretary general of the Venezuelan Labor Party, Alejandro Peña Esclusa, issued a March 1 communiqué calling for an investigation into the possible participation of retired Lt. Col. Hugo Chávez in the Cararabo massacre. Peña Esclusa's call was read the next day on the leading television news station, Channel 2.

His statement charged that Chávez, a leader of the frustrated military coup against the Carlos Andrés Pérez government on Feb. 4, 1992, had participated only days earlier in several protest demonstrations near Cararabo against Venezuelan President Rafael Caldera's border development policies. Elements of the Colombian guerrilla movements were detected in those protests. Further, said Peña, "Chávez has been meeting repeatedly with the Colombian guerrillas . . . and last December, he was received like a head of state by Fidel Castro himself." Over the years, Castro has sponsored, trained, and financed Colombia's various guerrilla movements, including the Revolutionary Armed Forces of Colombia (FARC) and National Liberation Army (ELN).

On March 7, Chávez was ques-

tioned by reporters regarding Peña's statements. In response, Chávez avoided the question and instead demanded a military trial of President Caldera for failing to meet the needs of the border regions and, therefore, for responsibility for the massacre. This attitude toward Caldera "stands in contrast to Chávez's behavior toward Fidel Castro, whom Chávez calls 'my chief,'" said Peña the next day.

Chávez's diversionary tactic didn't work. On March 10, the Caracas daily *2001* reported on the front page that the attack on Cararabo was led by a Venezuelan lieutenant linked to Chávez named Francisco León, who had deserted the Venezuelan National Guard two years earlier to join the Colombian guerrillas. León took with him a large quantity of weapons.

"Commander Chávez Linked to ELN Guerrilla Group in Colombia," was the front-page headline of the Venezuelan daily *Ultimas Noticias* on March 13. Referring to a wire report from ANSA, datelined Bogotá, the article draws on information given by a high-level Colombian government official to the magazine *Cambio 16*, which notes that "according to information gathered by the Colombian authorities, Colonel Chávez has decided to focus his activities on the heated border area. . . . He has met with the ELN several times and this is considered a delicate matter."

Chávez responded, "This is absolutely false. It is a lie. My movement and I do everything in public." Asked where he thought these accusations

were coming from, Chávez said, "Surely from Colombian military intelligence, together with Venezuelan military intelligence which, like all military intelligence, always points at everything except what it should be pointing at."

One item worth pointing at is what the Venezuelan newspaper *El Nacional* reported on March 12, which is that Chávez had dined with British attaché Paul Webster Hare. *EIR* has extensively documented the role of the British in orchestrating border wars and in supporting Ibero-American guerrilla movements.

There has been a lot of talk about granting Venezuelan troops the right of "hot pursuit" to go after Colombian terrorist raiders. Aside from the unconstitutionality of such a move and the dangerous precedent it sets, it also represents a potential trigger for full-scale war should pursuing troops overstep their bounds, wittingly or otherwise. The fact remains that the only response to the narco-terrorism wreaking havoc on both sides of the border is for each country to mobilize and deploy its Armed Forces to do what they are constitutionally mandated to do: defend the national sovereignty and destroy the enemies of the nation.

In Colombia, that means ending the Samper government's absurd efforts to set up "peace talks" and "amnesties" for the rampaging kidnapers and assassins of the FARC and ELN, and launching an all-out drive to stop, arrest, and jail these criminals. In Venezuela, it is the political support apparatus for these terrorists which must be exposed and dismantled. The Caldera government took an important step in that direction on March 15, when it ordered the arrest of 30 Chávez supporters for plotting destabilization and a possible overthrow of the government.

International Intelligence

Killing of U.S. diplomats raises heat in Pakistan

The March 8 killing of two U.S. consular employees in Karachi, Pakistan has created an immediate crisis for the embattled government of Prime Minister Benazir Bhutto. Bhutto condemned the attack as "part of a premeditated plan to create fear and harassment in sensitive areas of Karachi."

The two killed were Gary Durell, described as a communications technician, and Jackie van Landingham, a secretary at the consulate. The *Washington Post*, citing a "senior administration official," reported that one of the two Americans killed was an intelligence agent working under diplomatic cover. "But the U.S. government does not believe this was related to the attack," says the *Post*.

There are reasons to believe that the Americans were victims of a proxy war between Iran and Saudi Arabia which has been waged in Karachi for almost a year now. American involvement in this proxy war cannot be ruled out.

Scheduled to visit the United States in April, a key visit for which she has postponed the summit of the South Asian Association for Regional Cooperation, Bhutto is now in a combat stage. There are indications that pressures have begun to mount against her and that the pressure is coming from the Saudis.

Pakistani opposition leader and former Prime Minister Nawaz Sharif, who visited Saudi Arabia recently and is reportedly backed by the Saudis, held a two-hour meeting with the Pakistani Chief of Army Staff Gen. Abdul Wahid Kakkar at Army Headquarters in Islamabad.

South Korean leader offers aid to North

South Korean President Kim Young-sam, in a Berlin, Germany speech on March 7, said Seoul was ready to supply food, raw materials, and industrial goods to the North

via cheap loans, in the interests of Korean unification. "We will spare no effort to support North Korea in all areas where it needs help," Kim said. He said he hoped the North would adopt an attitude of reconciliation and cooperation toward the South and implement a landmark deal with the United States reached last October.

"We are ready to provide whatever raw materials and industrial goods that North Korea needs, starting with grains, via cheap, long-term loans," Kim told an audience in Berlin's Crown Prince's Palace.

"If we are to keep pace with a rapidly changing world, North and South Korea must make joint efforts and employ courage and determination to advance Korean unification," he said.

Kim drew parallels between his hopes for Korean reunification and the 1990 unification of western Germany with its formerly communist eastern half. But he noted that Korea, unlike Germany, had fought a civil war before division, and said this called for a more gradual approach to reunification.

North Korea has rejected all the South's overtures in this direction, but Seoul still plans to bring about unification in three stages—reconciliation and cooperation, the creation of a "Korean Commonwealth," and a final move to a fully unified state.

North Korea's Foreign Ministry on March 8 threatened (for the fourth time in four weeks) to break the nuclear accord if President Clinton insists Pyongyang accept South Korean light-water reactors, because South Korea is being asked to pay for the \$4.5 billion plan. Clinton administration sources privately and publicly dismissed the North Korean statements as not serious, saying that Pyongyang is just trying to save face over the obvious fact that it will have to accept superior technology from the South.

Russians: Rand, Harvard are intelligence fronts

The Russian federal Counterintelligence Service issued a report denouncing the Rand Corporation, Ford Foundation, Soros Founda-

tion, Harvard University's Russian and East European Center, the Hoover Institute of Stanford University, and the Peace Corps as front organizations for U.S. intelligence, Prof. E.M. Holoboff of the King's College War Studies Department in London wrote in the *International Herald Tribune* on March 9. Holoboff, head of the Program on Post-Communist Studies, called the report "xenophobic," and said he fears "a disturbing misunderstanding of democratic societies, non-governmental organizations, and freedom of information" in Russia.

The Counterintelligence Service report, details of which appeared in *Nezavisimaya Gazeta*, says that the western institutes' true purpose in Russia is to undermine Russia's stability by gathering information, recruiting agents, and deliberately organizing a "brain drain." It says that the western researchers support a policy of making the United States the sole global superpower, and are using a carefully planned strategy employing "nonconventional forms of intelligence gathering." These include cultivating contacts with researchers in Russia, running social research polls, studying archives, and acquiring information through the pretext of feasibility studies for financial and technical aid programs.

Indian lawyers: justice twisted in LaRouche case

In a press release datelined New Delhi, Feb. 22, the All India Lawyers Union issued a blistering statement charging that the trial of "economist and politician" Lyndon H. LaRouche and his associates "is one of the notable travesties of law and miscarriages of justice." The statement identifies LaRouche as having "founded an independent political movement in the U.S. and canvassed for an international monetary system and for adoption of a new strategic doctrine aimed at making nuclear war obsolete."

After a review of some details of the case, the release then quotes former Attorney General Ramsey Clark's statement to the commission of independent jurists in

Washington, D.C. in September 1994, and quotes from the statement issued by the commission itself after reviewing the new evidence in the LaRouche case. The release concludes:

"The Executive Committee of the All India Lawyers Union resolved to join the worldwide movement to protest against gross violation of human rights and perversion of justice as demonstrated in the LaRouche case, and demanded exoneration of the defendants."

The All India Lawyers Union was introduced to the LaRouche cases at the Feb. 8 seminar held at the Law Institute in New Delhi, where Gail Billington was the featured speaker. The release is signed by the General Secretary of the AILU and the former Bombay Supreme Court judge who chaired the Law Institute meeting.

Reviewer links Kant, Hegel to Nazi rise

A review of two books on Prussia, published in the March 10 *Wall Street Journal-Europe*, echoes some of the points made recently in *EIR* by Frank Hahn ("Time To Bury the Rotten Legacy of G.W.F. Hegel," in the Feb. 3, 1995 issue). The books are *The Kaiser and His Court*, and *Prussia: The Perversion of an Idea*. The two books, and Laughland's review, presume to investigate the relation between what Prussia was, and the later emergence of Nazi Germany. The latter book, by Giles MacDonogh, has the theme that Nazi Germany represented a perversion of true Prussian values.

Laughland commented:

"That Prussia was a victim and not a protagonist of German aggression may be a stimulating hypothesis, and it could help to overcome the Germans' chronic lack of a history of which they can be proud. Unfortunately, it overlooks a factor that both authors neglect: philosophy. It was precisely certain dominant schools of philosophy, born in Prussia and developed throughout the whole of Germany, that destroyed the Prussian notions of virtue from the inside.

"Indeed, the traditional notion of natural law—a source of justice that transcends the state—was destroyed more thoroughly in Germany than in any other country. The epistemological nihilism of the Prussian philosopher Kant—who believed that the world in itself, and therefore ultimate values, were mere hypotheses—was completed by the relativist 'historical' school of positivist legal philosophy initiated by Hegel, the hugely famous professor of philosophy at Berlin University in the 1820s. It can be argued that it was precisely the empty formalism of Kant—and, by extension, the Prussian notion of virtue—that enabled Hermann Goering, the honorific minister-president of Prussia under the Third Reich, to proclaim: 'I am proud to say that I do not know what justice is.' Indeed, he did not."

Turkey finally gets into EU customs union

After 20 years, the European Union foreign ministers on March 6 agreed to an historic trade deal with Turkey. Since 1980 the talks had been continuously blocked by Greece. Luxembourg's Prime Minister Jacques Poos called it "an historic and strategic decision."

But the British and French were quick to remind Turkey of the issue of "human rights."

"The implementation of the agreement may be delayed by the European Parliament unless Turkey's human rights record improves," said British Foreign Secretary Douglas Hurd. Hurd's French colleague Alain Juppé also warned that "If the European Parliament finds that there is no improvement in the human rights situation in Turkey, the customs union agreement, which will give Turkey access to the European Union market, will not be implemented."

The customs union is to take effect on Jan. 1, 1996, and calls for increased cooperation in industry, telecommunications, transportation, the environment, and consumer protection.

Briefly

● **JERRY RAWLINGS**, the President of Ghana, met with President Clinton on March 9 and the two agreed that a West African regional conference should be held to solidify the gains that have been made regarding Liberia, where a fragile cease-fire that was signed in Ghana has held since December. It was President Rawlings's first official visit to the United States.

● **BURUNDI'S** Energy and Mines Minister Ernest Kabushemeye was assassinated in the Burundi capital Bujumbura on March 11. Kabushemeye, a Hutu, was head of the Party for Popular Unity (RPP), which is in the governing coalition of the majority Hutu-led government.

● **PAUL DAVIES**, a mathematical physicist and former Cambridge University fellow, was announced as the winner of the \$1 million Templeton Prize for Progress in Religion at a press conference in the Church Center of the United Nations on March 8 in New York. Davies, author of many popular science books, identifies himself as having found "design, meaning, and purpose" in the universe.

● **IRAN** is seeking better ties with the West and the Vatican, said Iran's Foreign Minister Ali Akbar Velayati in an interview with the Italian news magazine *Panorama*. "Iran aims to improve its relations with the West. Your know-how and your technology are necessary for our development." He said the opening did not, however, apply to the United States.

● **FRANJO TUDJMAN**, the President of Croatia, may allow a small U.N. force to remain in Croatia, according to several press reports on March 12. He has said he would not renew the U.N. mandate for peacekeeping forces when it comes up on March 31.

Elected officials call for LaRouche's exoneration

by Marianna Wertz

The March 15 issue of the *Washington Post* carries a prominent, full-page advertisement with the endorsement of 500 government and elected officials from every continent in the world, including 260 current and former state legislators from 43 American states, who are among the thousands of people who have called for the exoneration of statesman and economist Lyndon LaRouche. The \$45,000 ad, an "Open Letter to President Clinton," was paid for by the Schiller Institute, which is leading the drive to win exoneration for LaRouche. The ad appears opposite the Federal Page, which is most widely read by members of Congress and the administration.

The new ad is proof of the growing power of the movement to exonerate LaRouche internationally. In addition to the state legislators, the names of 19 former U.S. congressmen and 164 current and former parliamentarians and congressmen from around the world appear in the ad, more than twice as many as appeared in a similar ad which ran in the *Post* last November.

The Open Letter to the President cites the fact that Lyndon LaRouche was freed on parole after having served five years in federal prison as a political prisoner. But, it continues, "the fact remains that a terrible crime still goes unanswered. Not only was an innocent man framed, convicted, and wrongfully imprisoned for five years, but, it is now clearly the case, documented by six volumes of unchallengeable evidence, consisting chiefly of government documents and admissions of government-led 'task force' officials, that the U.S. government knew at all relevant times, from 1979 to the present day, that Lyndon H. LaRouche and his co-defendants were innocent of the false charges for which they were convicted. This proof, that the government fraudulently charged, convicted, and imprisoned LaRouche and his associates, knowing they were completely innocent, is part of the public

record on file with the Federal appeals court in Richmond, Virginia."

The Letter concludes by demanding that President Clinton, Attorney General Janet Reno, and the appropriate committees of the U.S. Congress "take any and all measures necessary to ensure the full and immediate exoneration of Lyndon LaRouche. The failure to do so does not stain the honor of Lyndon LaRouche, who has paid a terrible price for his innocence, but the honor of the U.S. justice system and Constitution, which, for more than 200 years prior to this dark episode, stood as the symbols of liberty and justice for all."

Judges cite misconduct

The *Post* ad includes a box, not part of the Open Letter, which cites rulings by three judges rebuking the federal and state governments involved in LaRouche-related prosecutions. In 1988, U.S. District Court Judge Robert Keeton of Boston found "institutional and systemic prosecutorial misconduct" during the trial there of LaRouche and others. In 1989, U.S. Bankruptcy Judge Martin V.B. Bostetter found that federal officials had acted in "objective bad faith" and had perpetrated "constructive fraud on the court" when they illegally forced three publishing companies into involuntary bankruptcy as part of the attack on LaRouche and his associates. In a ruling just a month ago vacating the convictions of three associates of LaRouche, New York State Supreme Court Judge Stephen Crane found that the conduct of agents of the New York, Virginia, and federal prosecutions "raises an inference of a conspiracy to lay low these defendants at any cost both here and in Virginia."

LaRouche needed in crisis

With the ongoing collapse of the global financial system, as LaRouche had repeatedly forecast and warned about, an

increasing number of responsible government officials believe that LaRouche must be exonerated, so that he can freely participate with his unique capabilities in rebuilding the world economy. The government and parliamentary endorsements of the Open Letter attest to this view.

The large number of American state legislators whose names appear in the advertisement is particularly strong testimony to the increased urgency attached to LaRouche's exoneration, given that he was prosecuted in the United States and that there has been an unprecedented level of slander directed against him.

The former U.S. congressmen who signed the Open Letter include the following: Sen. Eugene J. McCarthy, Minn.; Rep. Bert A. Bandstra, Iowa; Rep. Ronald Cameron, Calif.; Rep. William P. Curlin, Jr., Ky.; Rep. William Dannemeyer, Calif.; Rep. John G. Dow, N.Y.; Rep. John Dowdy, Tex.; Rep. Mendel J. Davis, S.C.; Rep. Bob Eckhardt, Tex.; Rep. Carl Elliot, Ala.; Rep. Cornelius Gallagher, N.J.; Rep. Charles A. Hayes, Ill.; Rep. Henry Helstoski, N.J.; Rep. Byron L. Johnson, Colo.; Rep. John A. Lesinski, Mich.; Rep. James R. Mann, S.C.; Rep. Ted Risenhoover, Okla.; Rep. John G. Schmitz, Calif.; and Rep. Patrick Swindall, Ga.

The 260 U.S. state legislators come from 43 states, with heaviest representation, proportionally, from black legislators in the South, many of them veterans of the civil rights movement who see LaRouche's cause as their own. This includes 32 members of the Mississippi legislature, 20 members of the Alabama legislature, and 15 from Tennessee.

Six Virginia legislators also signed the Open Letter, which is significant, as five of LaRouche's leading associates are still political prisoners in Virginia, with decades-long prison terms as a result of the judicial railroad run against LaRouche in that state.

A significant number of state representatives from both parties endorsed the statement out of concern for the danger to constitutional government and the rule of law represented by the LaRouche case and by the increasingly lawless policies of the "Conservative Revolutionaries" in the 104th Congress.

The endorsers list includes three former heads of state and other leading figures, including former Presidents Arturo Frondizi of Argentina and Manuel Solís Palma of Panama; former Prime Minister Dr. Abdelhamid Brahimi of Algeria; RNDr. Josef Miklosko, former Vice-Prime Minister of former Czechoslovakia; Prof. Dr. Hans R. Klecatsky, former Justice Minister of Austria; and Mounir Chafiq, chairman of the Islamic World Organization for Human Rights in Amman, Jordan.

Among the 183 sitting and former parliamentarians and congressmen listed as endorsing the call for exoneration, are these:

- 2 members of the Israeli Knesset (Parliament), including Yael Dayan, the daughter of former Israeli Defense Min-

ister Moshe Dayan

- 6 members of the European Parliament, including Vice President Prof. Alessandro Fontana

- 5 Parliamentarians from Bosnia-Herzegovina

- 4 members of the German Bundestag (Parliament)

- 2 members of the Russian Duma (Parliament)

- 2 members of the Legislative Yuan (Congress) of the Republic of China

- 5 Ukrainian members of Parliament

- 9 members of the Burundi Parliament, and a former Burundi ambassador to the United States

- 15 members of the Brazilian Congress

- 15 members of the Colombian Congress

- 14 members of the Peruvian Congress

- 9 members of the Mexican Congress.

Issue at Copenhagen summit

Many of the more recent signers of the Open Letter added their names at the United Nations World Summit on Social Development that took place in Copenhagen, Denmark over March 6-12. The Schiller Institute maintained a large presence at the conference, with a prominent display of literature and signs calling for LaRouche's exoneration. Interest in the case was reportedly enormous, particularly from people who work at U.N. missions in New York and from developing nations, where LaRouche is well known for his opposition to IMF-World Bank austerity policies and his support for economic development.

A resolution calling for the exoneration of LaRouche and directed to President Clinton was unanimously adopted by over 100 participants at the Schiller Institute's "Conference on Global Reconstruction" held during the course of the Copenhagen summit.

The resolution states: "We, the participants at the Schiller Institute conference in Stockholm on March 11, 1995, urge you, President William Clinton, to exonerate Lyndon LaRouche. We appreciate the initiative of our guest speaker, His Excellency Godfrey Binaisa, former President of Uganda, to speak out for justice and join him in the international fight for global economic development and against speculation and usury of the International Monetary Fund."

The *Washington Post* ad also lists several leaders of associations of former political prisoners in eastern Europe who signed the Open Letter, including: Djuro Perica, a Croatian MP who is president of the International Association of Former Political Prisoners and Victims of Communism; and Yevgen Proniuk, a Ukrainian MP who chairs the Association of Political Prisoners in Ukraine.

The Schiller Institute plans an expanded ad campaign in the spring, including in the Richmond, Virginia press, because of the continuing imprisonment of LaRouche's associates in that state.

Copies of the ad are available from the Schiller Institute at P.O. Box 20244, Washington, D.C. 20041-0244.

Republicans wary of tax cut 'bonanza'

As House Ways and Means Committee Chairman Bill Archer (R-Tex.) announced a series of proposed tax cuts, including the capital gains tax cut, on March 9, many Republicans were expressing skepticism about any such major giveaways. Capital gains tax cuts to the very rich have been woven into a comprehensive package by the Ways and Means chairman together with tax cuts to "upper- and middle-income families" in order to make the corporate giveaway a bit more palatable to the populists' constituencies.

Archer's plan calls for a tax credit of \$500 per child for families earning up to \$200,000 a year, a 50% reduction in the capital gains tax, massive writeoffs and tax breaks for businesses, and new Individual Retirement Accounts (IRAs) for middle- and upper-income families.

The largesse of the proposal, however, is being called into question by key Senate Republicans. "Basically, I'm opposed to tax cuts," said John Chafee (R.I.), "as much as we love to parcel them out." Even Finance Chairman Bob Packwood (Ore.) indicated that any tax cut proposal would take a back seat to deficit reduction.

Term-limits steamroller running out of steam

The Republican leadership is suddenly having trouble gathering a majority of their GOP colleagues to back a term-limits bill, one of the top items in their "Contract with America." House leaders had to cancel a press conference on March 10 because they couldn't agree what to say on this very sensitive issue.

Although several term-limits bills

are floating around the House, there is still no unity on which one to back and even less of a perspective for mobilizing the two-thirds majority needed to pass it as an amendment to the Constitution. One bill, which would limit the term of congressmen and senators to 12 consecutive years, has passed the House Judiciary Committee. Under this version, a representative or senator could serve 12 years and then sit out a term, before returning for another 12. Some House freshmen want to introduce a lifetime limit of 12 years.

Some leading Republicans, such as House Judiciary Chairman Henry Hyde (R-Ill.) and House Majority Whip Tom DeLay (R-Tex.), oppose the limits. But GOP freshmen could have a rough time come the 1996 general elections, if some form of term-limits does not pass, since many of them campaigned heavily on promises that they would set strict limits on how long a person could serve.

Defeat on this issue, so soon after the drubbing taken by the Balanced Budget Amendment, could be a serious blow to the credibility of the Conservative Revolution.

Welfare 'reform' to eliminate safety net

The Republican majority on the House Ways and Means Committee passed a measure on March 8 that is being hailed as the "biggest, toughest, and most comprehensive" welfare reform in modern times. The measure will now go to the Rules Committee, which must merge the Ways and Means measure with similar ones passed by the House committees on Agriculture and Economic and Educational Opportunities.

The Ways and Means legislation

would transform money earmarked for the welfare "safety net," into block cash grants to the states, and would end such critical programs as Aid to Families with Dependent Children (AFDC), Emergency Assistance, the Women, Infants, and Children (WIC) nutrition program, and the federal school breakfast and lunch programs.

In addition, the measure would deprive legal immigrants of welfare benefits, would restrict eligibility for the food stamp program, and would cut drastically the Supplementary Security Income (SSI) for many children with mental and physical disabilities. Conservative Revolutionists, such as Michigan Gov. John Engler and Massachusetts Gov. William Weld, want to eliminate the SSI entirely. The legislation also requires welfare recipients to work after two years and to leave the welfare rolls within five years. It denies cash welfare payments to unwed teenage mothers under 18.

The legislation is expected to pass the House, but will undoubtedly meet some stiff opposition in the Senate, where there is less enthusiasm among Republicans to throw the burden of the welfare system into the laps of the state governments. The Senate Finance Committee began taking up the welfare reform issue on March 8.

Securities speculators protected from victims

"Wall Street Scores Big," trumpeted a headline in the March 9 issue of the *New York Post*, which accurately characterized the passage on March 8 of the "Securities Litigation Reform Act." The legislation is the second of three measures in a Republican package of legal reforms. The bill, which passed 325-99, makes it much harder

for company shareholders to file fraud suits if the value of their stock drops.

The bill is aimed at suits filed on behalf of shareholders who allege that the companies they invested in misrepresented their financial prospects, by setting stricter standards of proof for securities fraud. Under the measure, plaintiffs would have to provide far more evidence that a company knowingly misled the market on its financial position and that the investor lost money because of the misinformation. Opponents said it would reduce protection for average stockholders from fraud by attorneys, accountants, and corporate officials. An amendment to exclude derivatives transactions from the "protections" of the bill was rejected.

The first part of the Republican legal reform package—the "loser pays" bill—passed the House on March 7 by a 232-193 vote. This measure would require plaintiffs to pay court costs and defendants' attorneys fees.

Democrats who opposed the measures complained that the securities bill was rushed through with hardly any hearings. "This is Congress operating at its worst," said Rep. Edward Markey (D-Mass.). "This is overturning 200 years of American jurisprudence." The administration is also strongly opposed to the legal reforms, which could well face a presidential veto if they pass the Senate.

Senate GOP delays line-item veto debate

Senate Republicans initiated floor debate on the line-item veto on March 16, despite their inability to reach agreement on their version of the Contract with America's "Fiscal Responsibility Act" provision. A line-item

veto would give the President power to veto particular items in an appropriations bill. Opponents, led by Sen. Robert Byrd (D-W.V.), point out that the provision would give the President more authority over appropriations than allowed by the Constitution.

Senate Majority Leader Bob Dole (R-Kan.), still smarting over the defeat of the Balanced Budget Amendment and hoping to avoid back-to-back losses on the Contract with America's centerpiece Fiscal Responsibility Act, wants a compromise.

The House passed a straightforward line-item veto measure in one of its first actions this year. Senators John McCain (R-Ariz.) and Dan Coats (R-Ind.) have introduced a version similar to the House version in the Senate. The McCain-Coats bill would put presidential "rescissions" into effect automatically unless Congress approves a bill to block them.

Some GOP senators, however, fearing that there is no veto-proof two-thirds majority available for a strict line-item measure, want to find a compromise position. Advocating a more moderate version are Senate Budget Committee Chairman Pete Domenici (N.M.) and the panel's Democratic ranking minority member, Sen. J. James Exon (Neb.). In their proposal, Congress would have to vote on a rescission request within a specified time, which would take effect only if approved by a majority of both houses. A simple majority in one house could therefore block the rescission.

Scrap ABM Treaty, say House Republicans

Congressional Republicans are trying to use a stalemate in current negotiations with the Russians around the

1972 Anti-Ballistic Missile Treaty to build political support for challenging the treaty itself, claiming that President Clinton is making concessions that would prohibit the deployment of future missile defenses. The present negotiations that the administration is conducting are aimed at revising the treaty in order to develop new short-range missile technologies.

Key Republicans are advocating pushing ahead with development of sophisticated defenses against short-range missiles that they believe could be launched from ships or other platforms by "rogue nations." Some of the new technologies could violate the ABM Treaty. Many Republicans also want to speed development of a national anti-missile defense program, but the measure was stripped from this year's defense bill when it got to the House. In a joint hearing in the beginning of March before the House National Security Committee Subcommittee on Research and Development and the Subcommittee on Procurement, Lt. Gen. Malcolm O'Neill, director of the Ballistic Missile Defense Organization (BMDO), said that a nationwide defense against attack by up to four intercontinental ballistic missiles can be deployed within six years at a cost of \$5 billion.

The Clinton administration's commitment to the ABM Treaty has been based on the belief that both the United States and Russia must agree to certain new missile defense technologies. The Russians have also threatened not to adhere to the Start I dismantling of nuclear weapons if the United States abrogates the ABM Treaty. The administration has thus far budgeted \$400 million on new technology, but has maintained that a national defense system is unnecessary, although the technology could be used to build one.

National News

Science quarterly interviews LaRouche

U.S. statesman Lyndon LaRouche gave an interview to the Spring 1995 issue of *21st Century Science & Technology* on the subject of "Creativity, Technology, and Transforming the World," as part of a special report on "Transforming the World," LaRouche laid out for Editor-in-Chief Carol White the history of his unique discoveries regarding human creativity. "Contrary to those who are misguided to believe that you learn from experience, man does not learn from experience. Animals learn from experience. Mankind learns from fundamental discoveries which are essentially revolutionary in character," he said.

"It was already obvious to me when I undertook the refutation of [Norbert] Wiener (and John Von Neumann) on this issue, that all human knowledge occurs in the form of metaphor. That is, that sense perceptions or concepts derived from sense perceptions or experimental observations are not truly knowledge. Rather knowledge is the validation in practice of those discoveries which have a revolutionary character. . . . Progress in technology involves discoveries which cannot be derived from a formal mathematical representation of preexisting knowledge, but occur only as previously existing knowledge is overturned. . . .

"How impractical these practical people really are!" he continued. "Without these processes of discovery, mankind would never have exceeded the population level of the higher apes."

Census shows rise in black childhood poverty

Two recently released studies by the U.S. Census Bureau show that the rate of poverty among the nation's African-American children is nearly three times that of white children and rising. In 1993, forty-six percent of black children were living below the official poverty level (\$15,141 per year for a family

of four), compared with 17% of white children.

The studies, "The Black Population in the United States: March 1994 and 1993" and "Characteristics of the Black Population: 1990," also reveal the devastation that has occurred to African-American families. Only 36% of the nation's black children live in two-parent households, an all-time low. The overall poverty rate for black families was 39% in 1993, the studies found, up from 32% in 1969. During the same period, the poverty rate for white families climbed from 8% to 14%.

The Joint Center for Political and Economic Studies, which studies trends in the black community, issued a statement on the Census Bureau studies on Feb. 22, which said: "This situation constitutes a grave threat to the future of African-Americans and society at large."

Arkansas banker rebuffs Starr plea-bargain

Neal T. Ainley, who is the former president of the Perry County Bank in Arkansas, which lent money to Bill Clinton's 1990 gubernatorial campaign, has refused to buckle under to months of pressure for a plea bargain from Whitewater Special Prosecutor Kenneth Starr. Starr offered to let Ainley plead to a single criminal count, if he would appear as a witness against others, starting with Bruce Lindsey, who had been the treasurer of Clinton's 1990 campaign and who is today a senior White House adviser and close confidant of the President's.

When Ainley would not cave in, Starr hit him with five felony counts for failing to file currency transaction reports on cash transactions of over \$10,000 having to do with the Clinton campaign. Ainley now faces up to 40 years in prison.

The vindictiveness of the indictment is made clear by the fact that Starr was hoping to use a plea by Ainley against Lindsey, who, as campaign treasurer, once wrote four checks for \$7,500 to withdraw \$30,000, rather than writing checks for more than \$10,000, which would require reporting. The implication is that Ainley was assisting

money-laundering by Clinton's gubernatorial campaign, although Starr's office gives no motive.

Ruling denies Bush control of records

Federal Judge Charles R. Richey has declared "null and void" a controversial agreement signed in the waning hours of the Bush administration, according to the *Washington Post* on Feb. 28. The judge ruled that the Bush agreement had circumvented the Presidential Records Act, created after Watergate to prevent presidential ownership of White House records. Archivist Don W. Wilson agreed to the deal with Bush on Jan. 19, 1993 (just before Bush left office); Wilson was soon thereafter named director of the George Bush Center at Texas A&M University.

In the ruling, Richey called the agreement "arbitrary, capricious, an abuse of discretion, and contrary to law," noting that "no one—not even the President—is above the law." As a footnote, Richey described the agreement as curious, because it was not time-stamped or written on White House stationery. Bush signed it solely with his name, rather than "President George Bush."

Richey additionally ordered acting archivist Trudy H. Peterson not to honor the Bush-Wilson agreement.

The agreement had also given Bush, as a private citizen, veto power over release of documents he considered personal, and he could even order the archivist to destroy selected documents.

Barry budget for D.C. rattles austerity-mongers

Washington, D.C. Mayor Marion Barry submitted a municipal budget containing no severe expenditure cutbacks in early March, raising a storm of protest from Republican congressmen and political representatives of crisis-rattled bankers. They have demanded that Barry impose harsh austerity measures, and ease the way for imposing a

Big MAC-style financial control board.

While the proposed budget does include about \$70 million in wage cuts, Barry has said no to the wholesale cutbacks in medical and other services.

A fact sheet from the mayor's office said the city will seek from the federal government: \$267 million to cover Medicaid debts; \$279 million which the federal government owes the city from the 1970s; and payment of unfunded pension liabilities from the "federal control" period; "transfer of some non-municipal functions, such as prisons and Medicaid." Thus the federal government would take over functions normally handled by a state rather than a city.

House Speaker Newt Gingrich (R-Ga.), by contrast is offering up "on the cheap" solutions, such as enterprise zones for poor neighborhoods, which would include payments of \$8,000 per child per year for school vouchers, according to the March 12 *Washington Post*. Under this system, says Gingrich, with \$160,000 for a first-grade class of 20 students, "a gifted teacher could rent a room, buy the teaching tools and provide breakfast and lunch and still be one of the highest-paid teachers in America."

Clinton CIA nominee withdraws under fire

Another nominee to replace Adm. James Woolsey as head of the CIA has been forced to withdraw, as the FBI dredged up allegations that the family of Gen. Michael P.C. Carns had violated immigration laws. Carns had reported the story as a potential problem when President Clinton first nominated him, but felt that the issues were old, and the violations of immigration law minor.

The allegations, wrote the *New York Times* on March 11, involve the relationship between the Carns family and Elbino Runas, the nephew of the Carnses' housekeeper when the general was stationed in the Philippines. Runas became an informal member of the family, and came to the United States when the family returned, under provisions which allow domestics to accompany families returning from foreign postings. Runas was never employed as a domestic in the

Philippines, and although there apparently was some sort of contract written in order to meet immigration regulations, he never worked as a domestic in the United States.

President Clinton has asked Assistant Secretary of Defense John Deutch, who had earlier refused the appointment, to replace Carns and Deutch has agreed to take the post.

Orange County flooded with cuts and layoffs

Orange County, California is now in the process of disintegration, as a new chief executive officer, William Popejoy, has put forward a program of layoffs, deep cuts in services, and a selloff of county assets. A tax increase has been ruled out as politically inexpedient in this county, a conservative Republican stronghold.

Popejoy's three-month program of cuts began on March 7, and would mean laying off 1,040 county employees and leaving an additional 563 vacant jobs unfilled, for a total job reduction of 1,981 out of a workforce of 18,000 since January. Most severely affected would be the county's social service agency, which helps the poor, mentally ill, and abused.

Popejoy has also floated plans for privatizing nine county-owned libraries, a juvenile correctional institution that had already been proposed for closing, and several buildings housing sheriff's stations, courts, and other facilities. Popejoy claims that \$100 million could be raised within a year on the sales of a dozen properties, and that another dozen, including the libraries, would take longer to sell. The privatization would transfer to independent contractors many of the county's building maintenance and custodial services as well as support work in the sheriff's department and in road maintenance.

But Popejoy's axe-wielding has not gone very far toward filling the giant crater left by the county's gambling its finances on derivatives. Moreover, the county faces an Aug. 10 deadline to cover \$1 billion in bond debt. Popejoy is claiming that his program will leave the county only about \$382 million short of what is needed to repay debt due.

Briefly

● **MICHAEL BILLINGTON'S** *habeas corpus* petition was dismissed in one paragraph by the Virginia Supreme Court in March. The LaRouche associate, who is serving an outrageous 77-year sentence, is now clear to present his case to the federal courts.

● **THE SCHILLER** Institute is planning another national round of conferences on "Economic Development in a Period of the Collapse of the Financial System," beginning on March 29 in Washington, D.C. Other conferences scheduled for April include Chicago, Houston, Pierre, South Dakota, New York, and Norfolk, Virginia.

● **'THREE STRIKES'** laws are killing plea-bargaining, according to the March 8 *Washington Post*. In California, for instance, the year-old law that sends a third-time felon to prison for 25 years ("three strikes and you're out") has resulted in a drop of plea-bargaining in felony cases from 90% to 14% of second felonies and 6% of third felonies. Now, the state prison population is expected to grow by 70% over the next five years, costing \$9.5 billion for new prisons.

● **THE DEATH PENALTY** was signed into law by New York Gov. George E. Pataki on March 7. Pataki's predecessor, Democrat Mario Cuomo, was a staunch opponent of capital punishment. Pataki made a big show of the signing, gathering seven relatives of murder victims into his office and using the pens of two slain police officers to sign the bill, saying, "Justice will now be served."

● **AARON BURR** also wanted to balance the budget, Sen. Robert Byrd (D-W.V.) reminded his colleagues on March 6. In 1795, Sen. Aaron Burr also wanted to impose a time limit to balance the federal budget. Byrd reported that on Feb. 28, 1795, the Senate rejected an amendment to a bill that Burr had sponsored requiring repayment, during a 12-20 year period, of the principal on a subscription loan to fund the foreign debt.

Editorial

The march that changed history

Thirty years ago, on March 7, a group of very brave Americans awakened the conscience of the world. Beginning a march from Selma, Alabama to the state capital in Montgomery, they got only as far the Edmund Pettus Bridge in Selma before they were stopped in what became known as Bloody Sunday.

They were demanding that black as well as white Americans be guaranteed their constitutional right to vote. The brutality of the sheriffs and state officials who took part in the bloodletting then, contrasted with the courage of the men and women who withstood the onslaught with peaceful determination.

Just two weeks later, hundreds of marchers were led by Dr. Martin Luther King over the same ground. This time, they were allowed to proceed to Montgomery. Later that year, President Lyndon Baines Johnson signed the Voting Rights Act of 1965 into law, an act in which all Americans could take pride, and many did.

The three decades which have followed have, however, by and large, not been a good time for Americans. The web of conspiracy that produced the assassinations of John Kennedy and Robert Kennedy, Martin Luther King, and Malcolm X, coupled with the purposeless waste of the Vietnamese War, contributed to the disorientation of Americans. If there is nothing worth dying for, then one's life can never rise beyond a more or less bestial scramble for daily existence. Dr. Martin Luther King, like all other great men, taught that lesson—both by his life and the manner of his death. But he was not alone, as the thousands who came to Selma earlier this month to commemorate the march remind us.

The actions of J. Edgar Hoover's FBI in aiding and abetting the conspiracy to assassinate America's political leadership, played a very large role in demoralizing a whole generation of Americans. "Were there indeed values embodied within the American Constitution which were worth dying to preserve; was there an American nation worthy of the best efforts of its young people?" they asked themselves.

More and more young Americans answered, "No," as they saw their parents turn their backs upon the challenge set by Kennedy and King—not to have let

the Second World War have been fought in vain.

"Look out for number one," had become their parents' motto and it became theirs as well. As they turned to the rock-drug counterculture, the entire social fabric of the nation began to unravel, to be replaced by a scramble for sensual oblivion. Profligate hedonism engendered a kind of callous cynicism, which is more cruelly manifest today than it was by the racists at the Edmund Pettus Bridge.

Today we see the expression of this in the attempt by Phil Gramm and his supporters to again run roughshod over the U.S. Constitution and trample on the rights of the poor, the elderly, and non-whites. They have yet to resort to the bloody measures which faced civil rights activists 30 years ago; but the massive budget cuts which Gramm and Gingrich are pushing through the U.S. Congress, will result in many more deaths. This is only one step away from a situation in which we can expect to see riots met with riot police and scenes of far more bloody violence than even the horrors of the 1960s.

The 30th anniversary of Bloody Sunday, which was commemorated over the week of March 4-11 by a number of events in Selma, must mark more than a commemoration of noble deeds in the past. Thousands of Americans, white as well as black, traveled from across the United States to participate. That struggle for civil rights, for all mankind, must proceed to victory whatever the odds.

Among the leaders of the struggle who attended the ceremonies in Selma, were two prominent political leaders of today. One is Amelia Boynton Robinson, the woman nearly beaten to death at the Edmund Pettus Bridge, now vice-chairman of the Schiller Institute founded by Helga Zepp-LaRouche; the other was Dr. King's aide Rev. James Bevel, who was Lyndon LaRouche's vice-presidential running mate in 1992. Both have recently been inducted into the National Voting Rights Museum and Institute. This is especially appropriate, because the movement built by LaRouche embodies today that same moral determination for justice represented by the civil rights movement led by Martin Luther King.

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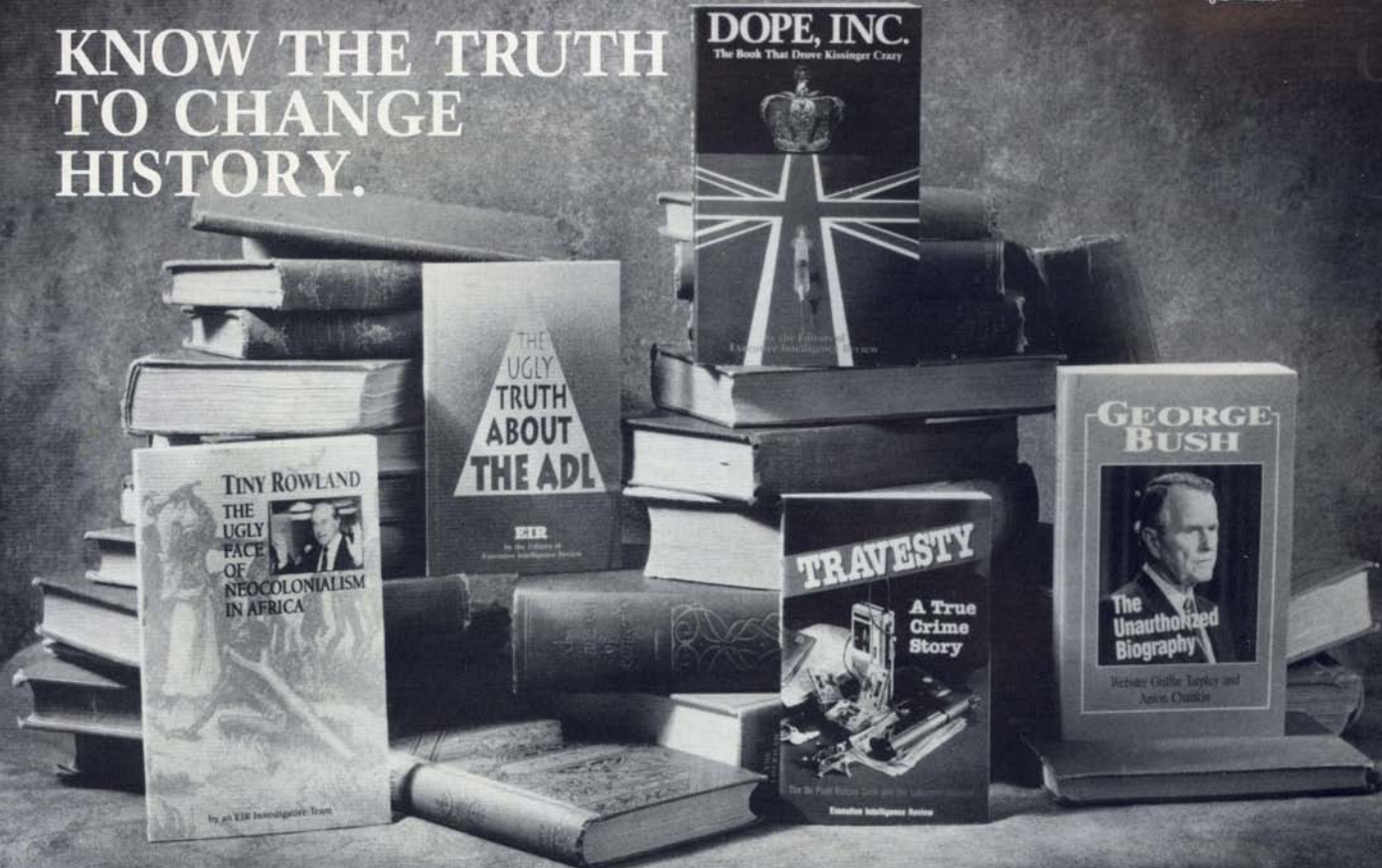
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