

# EIR

Executive Intelligence Review

May 12, 1995 • Vol. 22 No. 20

\$10.00

After Barings, Lloyds heads into the barrel  
New stage in war on Ibero-American military  
Rehnquist Court joins 'Conservative Revolution'

**Britain's Pacific warfare  
against the United States**



*The book that will unleash a musical revolution—*

# A Manual on the Rudiments of *Tuning and Registration*

## BOOK I: *Introduction and Human Singing Voice*

From Tiananmen Square to Berlin, Beethoven's Ninth Symphony was chosen as the "theme song" of the revolution for human dignity, because Beethoven's work is the highest expression of Classical beauty. Now, for the first time, a Schiller Institute team of musicians and scientists, headed by statesman and philosopher Lyndon H. LaRouche, Jr., presents a manual to teach the universal principles which underlie the creation of great works of Classical musical art.

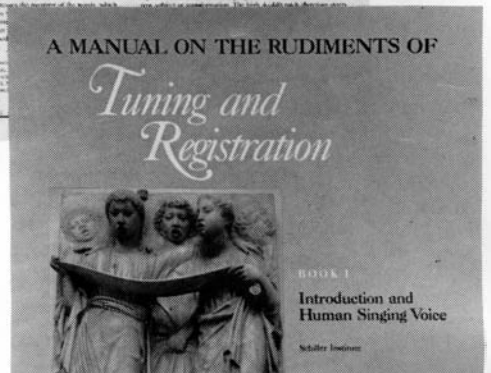
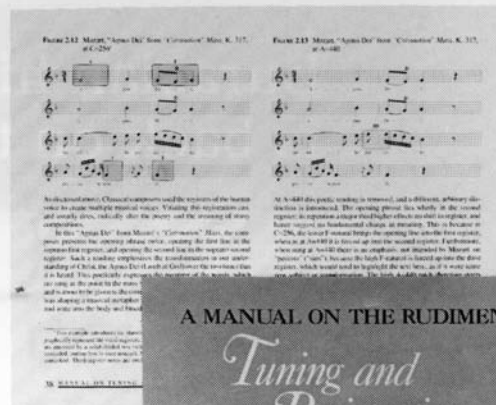
Book I focuses on the principles of natural beauty which any work of art must satisfy in order to be beautiful. First and foremost is the bel canto vocalization of polyphony, sung at the "natural" or "scientific" tuning which sets middle C at approximately 256 cycles per second. Copious musical examples are drawn from the Classical musical literature to show how the natural registration of each species of singing voice, along with natural tuning, is the composer's indispensable "raw material" for the rigorous creation of poetic ironies without which no work of art can rightly be called "Classical."

"This Manual is an indispensable contribution to the true history of music and a guide to the interpretation of music, particularly regarding the tone production of singers and string players alike. . . . I fully endorse this book and congratulate Lyndon LaRouche on his initiative."

—Norbert Brainin, founder and first violinist,  
Amadeus Quartet

"... without any doubt an excellent initiative. It is particularly important to raise the question of tuning in connection with bel canto technique, since today's high tuning misplaces all register shifts, and makes it very difficult for a singer to have the sound float above the breath. . . . What is true for the voice, is also true for instruments."

—Carlo Bergonzi



**\$30** plus \$4.50 shipping and handling  
Foreign postage:

Canada: \$7.00; for each additional book add \$1.50

Mexico: \$10.00; for each additional book add \$3.00

South America: \$11.75; for each additional book add \$5.00

Australia & New Zealand: \$12.00; for each additional book add \$4.00

Other countries: \$10.50; for each additional book add \$4.50

**Schiller Institute, Inc.**

P.O. Box 66082, Washington, D.C. 20035-6082  
(202) 544-7018

or call **Ben Franklin Booksellers**, 107 S. King St.,  
Leesburg, VA 22075. Phone (703) 777-3661;  
fax (703) 771-8287; toll free (800) 453-4108

Visa and MasterCard accepted. Virginia residents please add  
4.5% sales tax.

# EIR

Founder and Contributing Editor:

*Lyndon H. LaRouche, Jr.*

Editor: *Nora Hamerman*

Associate Editor: *Susan Welsh*

Managing Editors: *John Sigerson,*  
*Ronald Kokinda*

Editorial Board: *Melvin Klenetsky, Antony*  
*Papert, Gerald Rose, Edward Spannaus, Nancy*  
*Spannaus, Webster Tarpley, Carol White,*  
*Christopher White*

Science and Technology: *Carol White*

Special Projects: *Mark Burdman*

Book Editor: *Katherine Notley*

Advertising Director: *Marsha Freeman*

Circulation Manager: *Stanley Ezrol*

INTELLIGENCE DIRECTORS:

Agriculture: *Marcia Merry*

Asia and Africa: *Linda de Hoyos*

Counterintelligence: *Jeffrey Steinberg,*

*Paul Goldstein*

Economics: *Christopher White*

European Economics: *William Engdahl*

Ibero-America: *Robyn Quijano, Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:

*Rachel Douglas, Konstantin George*

United States: *Kathleen Klenetsky*

INTERNATIONAL BUREAUS:

Bangkok: *Pakdee Tanapura, Sophie Tanapura*

Bogotá: *José Restrepo*

Bonn: *George Gregory, Rainer Apel*

Buenos Aires: *Gerardo Terán*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlander*

Lima: *Sara Madueño*

Mexico City: *Hugo López Ochoa*

Milan: *Leonardo Servadio*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Stockholm: *Michael Ericson*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

*EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451.*

**European Headquarters:** Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, D-65013 Wiesbaden, Otto von Guericke Ring 3, D-65205 Wiesbaden, Federal Republic of Germany Tel: (6122) 9160. Executive Directors: Anno Hellenbroich, Michael Liebig

**In Denmark:** EIR, Post Box 2613, 2100 Copenhagen ØE. Tel. 35-43 60 40

**In Mexico:** EIR, Francisco Díaz Covarrubias 54 A-3 Colonia San Rafael, Mexico DF. Tel: 705-1295.

**Japan subscription sales:** O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 3208-7821.

Copyright © 1995 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Second-class postage paid at Washington D.C., and at an additional mailing offices.

Domestic subscriptions: 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10

**Postmaster:** Send all address changes to EIR, P.O. Box 17390, Washington, D.C. 20041-0390.

## From the Associate Editor

What does the bitter conflict between the two men on our cover have to do with the recent terrorism in Tokyo and Oklahoma City? Quite a bit, as you will learn in the *Special Report* in this week's expanded issue.

At a mid-Atlantic wartime conference in 1941, Franklin D. Roosevelt told the glowering Winston Churchill, with reference to British imperial rule in India: "I can't believe that we can fight a war against fascist slavery, and the same time not work to free people all over the world from a backward colonial policy." That dispute remains at the heart of the global strategic situation to this day.

The articles assembled here provide an example of what Lyndon LaRouche means, when he says that you cannot study "current affairs" to understand what is going on in the world. You must proceed from "current history"—how the events making headlines today flow out of the history and culture of nations. For Americans in particular, who tend to have short memories and a lack of interest in what goes on "over there," this is an indispensable lesson.

Among the many surprises in this issue:

- Commodore Perry sailed into Tokyo Bay in 1853, against the British fleet, to open up relations with Japan and upset the British control of Asia. In the half-century that followed, U.S. operatives introduced the American System of political-economy to Japan, to the fury of the free-traders of the City of London.

- From the early 1920s until about 1938, the United States had a plan for war against the British Empire, known as War Plan Red. The relevant documents are discussed in detail and quoted from here for the first time since they were declassified in 1974.

- During World War II, Britain deployed Japan against the United States, ordering Australia to give up *almost all* of its territory to Japan. Gen. Douglas MacArthur and Roosevelt wrecked this plan. The British also backed the communists in China against Chiang Kai-shek, with the aim of destroying China as a power.

In sum, the British monarchy has been the mortal enemy of the United States since the founding of this Republic. And that has everything to do with the terrorism in Tokyo and Oklahoma City.

*Susan Welsh*

# EIR Contents

## Book Reviews

### 47 Britain and America cross swords over postwar policy toward China

*Recasting the Imperial Far East: Britain and America in China, 1945-1950*, by Lanxin Xiang.

## Departments

### 7 Report from Bonn

Eurasian landbridge is taking shape.

### 8 Report from Rio

The privatization of Eletrobras.

### 9 Andean Report

Venezuela's Gordian knot.

### 88 Editorial

Cynical journalism in service of the British.

**Photo and graphic credits:** Cover, pages 13 (Churchill), 27, 39, 41, 51, Library of Congress/Prints and Photographs Division. Pages 13 (Prince Philip), 62, 65, EIRNS/Stuart K. Lewis. Page 13 (Kissinger), EIRNS/Stanley Ezrol. Pages 32, 33, 38, EIRNS/John Sigerson. Page 37, U.S. Navy. Pages 54, 56, 59, Government of India.

## Economics

### 4 Hoary old Lloyds of London heads into insolvency

The world's oldest and largest insurance market is in a scramble to raise something like \$4.8 billion in cash by August; if it fails, it will be barred by law from accepting any new business.

### 6 Currency Rates

### 10 Business Briefs

## Special Report



President Franklin D. Roosevelt and Prime Minister Winston Churchill at Yalta, February 1945.

### 12 London launches international terrorism

Lyndon H. LaRouche, Jr. introduces a study of Britain's Pacific warfare against the United States, by analyzing those key conceptions which are crucial to understanding the motives and methods of the British monarchy's deployment of the present wave of international terrorism.

### 20 EIR versus the Windsors

### 21 The United States fights Britain's Pacific Empire, 1820-1900

The U.S. intervention to open up friendly relations with Japan: Commodore Matthew Perry, Abraham Lincoln, Henry Carey, and E. Peshine Smith.

### 26 Britain's Pacific plot against the United States, and War Plan Red

From the World War I-era Anglo-American rivalry for world naval domination, to the U.S. plan for war against Britain, to World War II, Korea, and Vietnam.

### 28 Sims vs. Benson: U.S. admirals in policy clash

**44 Sir Robert Thompson and the U.S. defeat in Vietnam**

**47 Britain and America cross swords over postwar policy toward China**

**53 U.S policy toward India, 1940-50: an Indian viewpoint**

The Indian struggle for independence from Great Britain was the subject of bitter clashes between Roosevelt and Churchill, as well as of U.S. policy blunders that earned Washington the wrath of the Indian leaders.

**61 Anatomy of the British war against President Clinton in Korea**

**63 Great Britain's six-year destabilization of Japan**  
**Documentation:** A chronology of the scandals, murders, and financial manipulations wielded against the ruling institutions and political figures of Japan.

## International

**70 Britain's Baroness Chalker defends massacres in Rwanda**

**72 Assault on Ibero-American militaries enters new stage**  
**Documentation:** "Just war" versus a "dirty war."

**75 Legal assault planned on Ibero-American armed forces**

**76 As crisis deepens, rare truths are spoken of in Britain**

The consensus around crucial historical, strategic, and philosophical questions that has prevailed inside the establishment over a significant period of time, shows signs of cracking.

**78 Stalemate on a shifting front**

The renewed Croatian military moves could end up being just another of President Tudjman's diversions; but there are some unpredictable factors that could take on greater importance.

**79 Trilaterals having trouble 'staying relevant'**

**80 International Intelligence**

## National

**82 The Rehnquist Court joins the Conservative Revolution**

In the case of *U.S. v. Lopez*, the Supreme Court invalidated a law passed by Congress in 1990, which made it a federal crime for anyone to possess a firearm within 1,000 feet of a school.

**Documentation:** Excerpts from the Supreme Court opinion.

**85 Oklahoma bomb probe points to conspiracy**

**86 National News**

## Hoary old Lloyds of London heads into insolvency

by William Engdahl

A major cash crisis faces the world's oldest and largest insurance market, the 308-year-old Lloyds of London. According to analysts in the international insurance market in London and Switzerland with whom *EIR* has spoken in recent days, if Lloyds is not able to come up with as much as perhaps \$4.8 billion in new cash by the deadline of their annual asset review by Britain's Department of Trade and Industry in three months, the group could be forced to declare bankruptcy, a shock wave some believe would rock the very foundations of the entire City of London financial center, and reverberate around the globe. At present, Lloyds is responsible for a staggering 48% of all international reinsurance volume done in the London market, itself one of the world's largest insurance markets. Lloyds alone takes in premium income of \$16 billion annually. Almost two-thirds of Lloyds's business is in North American insurance underwriting.

If the needed cash is not raised by the August audit, Lloyds by law will be barred from writing new business, the entire business will be closed, and some 60,000 employees linked to Lloyds will be out of work. Coming in the wake of the spectacular Barings Bank collapse in March, and problems with S.G. Warburg, one of the leading merchant banks of the City of London, the effect on the credibility of the City of London as a world financial center would be devastating.

Lloyds is one of the core institutions of the City of London financial center, the heart of what has been termed the Club of the Isles, the immensely influential pooling of political and financial power of the circles around the House of Windsor and their financial and industrial allies. Like the City of London banking and other financial domains, Lloyds and the insurance sector are also largely unregulated. This is in stark contrast to Swiss, German, and other conservative continental European financial markets. Margaret Thatcher's political

base during her 12 years in office was the power of this City of London establishment, and their generous financial contributions financed her Tory Party campaigns.

Whether or not an emergency behind-the-scenes rescue from the Bank of England and U.K. banks can forestall bankruptcy a while longer, one of the world's major financial groups, and the one with the most intimate ties to the highest levels of the British and European aristocratic families, is in a life-and-death struggle.

### The solvency test

Under British law, U.K. insurance companies must be audited each year by the British Department of Trade and Industry (DTI) to determine if they have the assets to continue writing insurance. In August, Lloyds will face its annual audit. Last year, Lloyds admits, it "just barely passed the test." This year, according to the London *Independent on Sunday*, one senior DTI civil servant has acknowledged, in a letter to a Lloyds "Name," his personal doubt that it will pass.

The DTI test involves two categories. The first is considered little problem. It takes the aggregate assets of all 33,000 Lloyds "Names," the wealthy individuals who make up Lloyds's unique capital base, and balances them against aggregate liabilities. These Names, as they are known in Lloyds's unique parlance, include some of the world's wealthiest persons, most notably from among the highest levels of the British aristocracy and royalty: for example, Prince and Princess Michael of Kent, the Duke of Norfolk, Lord Alexander, Henry Kissinger's intimate friend Lord Weidenfeld, and Rupert Hambro of the old City banking family. It is believed there are still enough highly wealthy Names to give the aggregate asset-liability account a positive balance.

The problem for Lloyds falls in the domain of the second



solvency test. Here, each of the 33,000 Names, who are incorporated as 33,000 separate legal entities, must show their own solvency. If any single Name is insolvent, the Central Fund of Lloyds of London must show that it is able to cover that Name's liabilities in full. Here is where problems come in for Lloyds.

On May 1, the chairman of the Council of Lloyds of London, David Rowland, revealed that the vital Reserve Fund, which must cover losses of individual Names in its syndicates, was unable to cover a \$1.7 billion deficit, as of Dec. 31, 1994. Five years of previous forced payouts had depleted its resources. The deficit of \$1.7 billion reportedly came from some 9,000 of the 33,000 Names worldwide, who have either refused or were financially unable to honor their commitments to Lloyds. Either Lloyds comes up with those funds by August, or the company fails the DTI test and is no longer able to write insurance. Knowledgeable insurance persons have told *EIR* that the most likely recourse for Lloyds to get the cash by August will be a new levy on active Names. But those Names have the right of veto, and many are likely to reject further levies. Some believe a Bank of England bailout may be the only recourse to avoid bankruptcy.

### **The Lloyds 'Names' system**

Lloyds, perhaps the best-known insurance company in the world, is noted for its willingness to insure almost anything for a price. This includes a highly lucrative business insuring Ibero-American wealthy businessmen from kidnapping, a part of Lloyds's so-called "non-Marine" liabilities. According to a spokesman for Lloyds, such kidnap insurance in the past two years has been "one of the healthy growth areas of Lloyds syndicates in terms of premium income," with estimates of premium income in 1993 from this alone at some \$1 billion or more.

Lloyds also insures ships and ship cargoes from loss-at-sea, its original business three centuries back. It has also moved to insure North Sea and other oil platforms, and office buildings against earthquake and hurricane damage, in addition to the normal risks of fire and accident insurance.

What makes Lloyds different is its relation to the Names. Lloyds is not an "insurance company," but rather an insurance market, something akin to a Chicago Mercantile Exchange of international insurance, with the Lloyds corporation acting as the "exchange" guarantor for member traders, the syndicates.

Originally, groups of very wealthy merchants met at Lloyds Coffee House in London beginning in 1687, and decided to pool their assets to cover risks to any English ship cargo at sea, adding their "name" to the group sharing the risk. Through this system, British merchant traders prospered and grew to dominate their continental European rivals in the 18th and 19th centuries. The system was only little modified over the years.

Today, any person who applies, if accepted by Lloyds,

can become a Name, and join one of the hundreds of Names syndicates. Those syndicates have professional underwriters who have offices in the huge Lloyds headquarters on Lime Street in the City of London. The syndicate underwriter meets daily with dozens of Lloyds licensed "brokers" who ask the underwriter to insure a specific client risk somewhere in the world. The underwriter is the heart of the insurance and reinsurance market called Lloyds of London. His judgment is key to winning or losing. For two decades, until the end of the 1980s, Lloyds Names were not disappointed with most underwriters, because they got annual dividends in a kind of profit-sharing scheme from the underwriters of often 30-40% annually on invested capital.

But in the last five years, the entire system has begun to collapse. According to a member of a leading Zurich insurance group interviewed by *EIR*, "In recent years, Lloyds, in order to increase capital available, began to allow people to become Names who have no business taking this kind of personal risk." The previous very high wealth requirement to be eligible as a Name was lowered beginning in the early 1970s, in a desperate bid to raise new capital in face of big damage claims and growing competition from American, German, and Swiss insurance rivals. Today, anyone showing a total net worth of \$160,000 can become a Name.

But, when an individual signs the contract to become a Name, he also signs a legally binding agreement to unlimited liability for claims that might be made against his syndicate. He is obliged to pledge his entire assets, including home, jewelry, furniture, stocks, bonds, and bank account, if needed, to back any new levy by his syndicate. Many new Names were lured in the 1980s by the prestige of being a "Lloyds Name," along with the elite titled aristocracy and such. They were often told it was a "sure win" deal, leading them to forget the fine print.

### **The beginning of the end**

That began to change when legal claims against companies producing asbestos in the United States, by individuals and trade union groups alleging asbestosis lung disease, brought huge, unexpected claims against certain Lloyds syndicates. "Lloyds did something in its eagerness to get the fat premium payments from underwriting asbestosis risk in the United States during the 1970s and 1980s that no large continental European or U.S. insurer would have done," one source said. "They did the underwriting from their offices in Lloyds's London headquarters, with no direct on-the-ground presence inside the United States insurance market, with no one knowledgeable about U.S. court liability law and its complexities." In effect, Lloyds syndicates gambled heavily and lost.

One group of syndicates, run by Dick Outhwaite, was taken to British court in 1991 by 1,600 of its Names. Lloyds had written so-called "long-tail policies," in which its liability for future claims never dies. U.S. courts, beginning in

1985, began to make huge awards to victims of asbestosis. And under old policies, some going back to the 1940s, Lloyds syndicates had to pay most of those reinsurance bills for the asbestos manufacturers such as the now-bankrupt Johns Manville Co. As publicity of the huge court asbestos awards spread, more suits were filed, leading to snowballing claims, threatening the exposed Lloyds syndicates, and their Names, into the next century. By 1991, potential losses to the Outhwaite syndicates were believed to be as high as \$2 billion, a potential average loss of \$1.2 million for each of 1,600 Names in the syndicate. Because no fixed cap on liability could be made, no insurance company in the world would agree to cover it in the reinsurance market, leaving an open liability of the Name syndicates.

This was compounded by similar foolish and, in some cases fraudulent, insurance forays by individual Lloyds underwriters. Then, a series of unprecedented catastrophes hit the Lloyds market beginning in 1988, with Hurricane Andrew, the *Exxon Valdez*, the San Francisco earthquake, the North Sea Piper Alpha oil rig fire, and, most recently, the Kobe earthquake, which will cost Lloyds Names an estimated \$2.4 billion in claim payouts alone.

Lloyds has an archaic system of settling three years back. Thus, final results presented on May 30 will be for the insured year 1992. By then, cumulative losses by the 33,000 Names will likely total a staggering \$14 billion or more, according to Lloyds specialist analysts, Chatset. As claims on Names began to snowball after 1988, for an unprecedented five years running, Names began to face bankruptcy, and several reportedly committed suicide amid personal financial ruin. Today an estimated 9,000 Names are financially insolvent, partly reflecting the lowered wealth standard of recent years. Their arrears total alone more than \$2 billion.

But even the figure of \$14 billion in total losses likely understates the amount. According to estimates by one former Lloyds broker, David Springbrett, the real losses as of the Lloyds year 1991 were already above \$20 billion, even before the expected \$2.4 billion losses for 1992, which are expected to be announced at the May 30 Lloyds annual meeting.

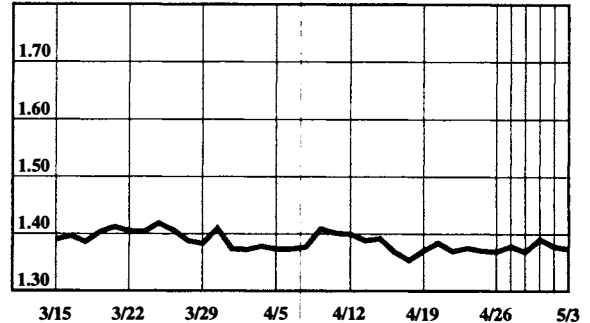
Thousands more Names, including many in the United States who, like Supreme Court Justice Stephen Breyer, were lured into becoming a Name without full awareness of potential liability, have stopped paying their syndicate, and instead are suing in U.S. or U.K. courts. Many of these are recent Names who claim they were deliberately steered to the most high-risk syndicates, to give needed capital, such as Outhwaite's, leaving the old established "wealthy Names" mostly safe in more conservative syndicates.

Because of the three-year lag on reporting results, the added losses to Lloyds owing to exposure to financial derivatives speculation, foreign currency losses, and such over the period beginning early 1994 during the shocks to world financial markets, can only be imagined.

## Currency Rates

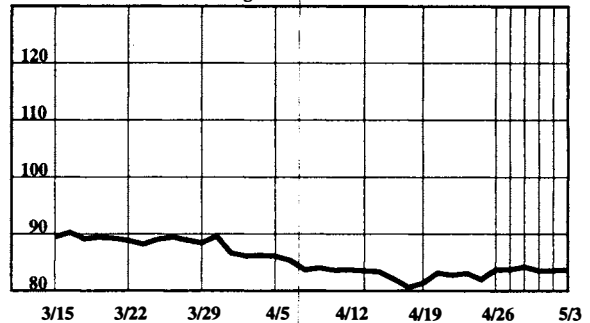
### The dollar in deutschemarks

New York late afternoon fixing



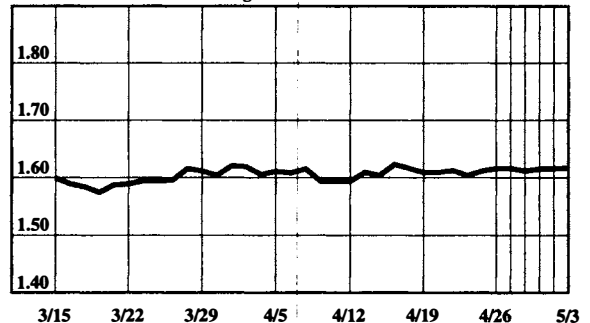
### The dollar in yen

New York late afternoon fixing



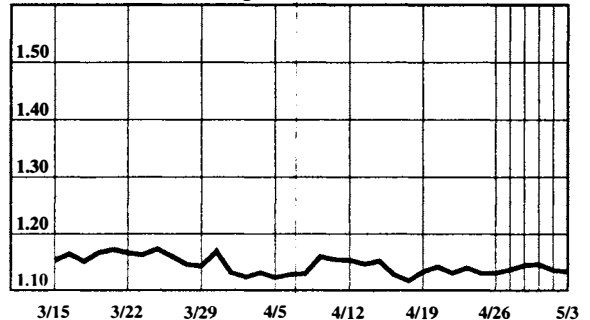
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing





## **Eurasian landbridge is taking shape**

*Three crucial transport infrastructure projects have received the official go-ahead.*

Usually, even "accelerated" infrastructure projects in Europe make very slow progress. The bureaucrats in the European Commission and in the national member governments interpret "priority" differently than the public. Many bureaucrats believe that a project is "real" only if preceded by years of painstaking debate.

The important transcontinental transport corridor project from Berlin to Moscow via Warsaw has suffered much unnecessary delay. After four years of fruitless debate, the mid-December 1994 summit of the European Union in Essen finally put it on its list of mid-term priority projects, and in late February 1995, the transport ministers of Germany, Poland, Belarus, and Russia signed a declaration of intent in Berlin.

In Warsaw on April 24, the state railway companies of the four nations signed the "Agreement on Cooperation for the Modernization, Reconstruction, and Development of the Railway Corridor Berlin-Warsaw-Minsk-Moscow," making the Berlin statement more concrete. It defines a timetable for completion of the project, and states that the aim is to cut, within five years, Berlin-Moscow rail travel time to approximately 24 hours.

The agreement defines "the historically shaped railway corridor E20 Berlin-Warsaw-Minsk-Moscow" as "a natural prolongation of the western European net, the railway corridor Paris (London)-Brussels-Berlin." It also addresses the Eurasian perspective: "In respect to the geographic location of Russia, the transport corridor Berlin-Moscow, together with the Russian railways and especially the

Trans-Siberian railway corridor, represents a reliable link between Europe and Asia."

The project outline envisions that, by 2010, Berlin-Moscow travel time will be shortened to 17 hours.

The Chinese also have an intense interest in a Eurasian landbridge for high-speed rail transport. At about the same time that the Warsaw agreement was signed, senior officials of the People's Republic of China were emphasizing the importance of the route along the old "Silk Road" from Asia to Europe and the western parts of Russia. In Germany, Bavarian state governor Edmund Stoiber reported on his return from Beijing and the Bavarian sister-state partner region of Chandong on April 25, that the Chinese have made the new Silk Road a priority in their national infrastructure program.

The first phase of the Chinese program envisions the construction of 20,000 kilometers of new railway tracks, plus 100,000 km of highways, over the next 5-10 years. The projects will start from the urban industrial centers on the Chinese coast and extend into the underdeveloped inland, early next century. The Silk Road connection to Russia and western Europe will be crucial for the economic development of the largely unpopulated, western regions of China. Stoiber said that his Chinese discussion partners, who are watching the development around the Berlin-Moscow corridor project closely, welcomed a leading role for German industry, with its know-how in modern transport technology, in their national infrastructure program.

But the projects are not only mak-

ing progress toward the East: On April 20, the Dutch cabinet okayed increased funding for the rail link between the port of Rotterdam on the North Sea, and the German high-speed grid. The project, the 130 km "Betuwelijn," which will cost about DM 7.5 billion (\$4.6 billion), is designed for containerized transport on high-speed trains from Rotterdam (Europe's largest seaport) to Emmerich on the Dutch-German border, and on to the rest of the continent.

With the projected completion of the national German high-speed grid by the year 2000, and with the improvement in transit from Berlin to Moscow by the year 2000 which is envisioned in the Warsaw agreement, it will be possible to transport goods by rail from Rotterdam to Moscow in no more than 30 hours by the year 2004, when the "Betuwelijn" will be completed, according to Dutch plans. And by 2010, when the Belarussian and Russian sections of the corridor are completed, the transit from Rotterdam to Moscow will be less than 24 hours.

The corridor, and its extension to Rotterdam, also is of immense importance for the underdeveloped regions directly bordering on the Baltic Sea. This aspect was addressed by Ottokar Hahn, a senior official of the EU Commission's department on transport policy, at a conference in Berlin on April 24. Hahn said that the integration of the three Baltic states of Lithuania, Latvia, and Estonia into western Europe will work best through spinoff effects of the Berlin-Warsaw-Moscow corridor.

The EU made yet-another step for the improvement of infrastructure in the Baltic coastal regions when, on April 27, it gave its official go-ahead for the A-20 highway project between the German port of Lübeck and the Polish port of Szczecin.

## **The privatization of Eletrobras**

*President Cardoso meekly carries out a coup instigated by Henry Kissinger and the international bankers.*

**I**mmediately upon his return from his trip to the United States, for a visit steered by British agent of influence Henry Kissinger, President Fernando Henrique Cardoso unexpectedly ordered the privatization of the electrical energy generating sector of the country, considered one of the crown jewels of the national economy, and which by itself represents more than half the installed electrical energy of the whole of Ibero-America.

In submitting the privatization scheme to the principal four regional subsidiaries of the state-owned company as well as to national Eletrobras as such, which make up almost the entire electricity sector, with liquid assets of \$60 billion, President Cardoso showed his eagerness to obey the demands of the bankers and their mouthpiece Henry Kissinger—with whom he met during his state visit. They are demanding the real assets of the economy in exchange for the illusion of maintaining Brazil as a haven of tranquility safe from the “Mexican hurricane.”

Ever since the Mexican debt crisis broke out last December, the Brazilian government had vacillated on its privatization program, and it seems to have only become convinced to go ahead with it after Kissinger, as the representative of the Anglo-American financial elite, showed up offering them a hemispheric condominium deal.

The President and his team are desperate over the erosion of power which his government has suffered in only 100 days. Part of this is the oppo-

sition which the government is facing in the National Congress, which has resisted approving a series of constitutional reforms, especially those which loosen state control over strategic enterprises like Petrobras, the electricity sector, and telecommunications. Cardoso feels that his entire “Real” monetary program is teetering on the brink, and so now he is resorting to any and all means to hold it together.

For example, two months ago Cardoso held a meeting with the directors of the public companies, and told them he would not tolerate actions by opponents to the government’s programs. To keep his threat, just two days after the scheme for privatizing the electricity sector was announced, the managing director of the oil company Petrobras was suddenly fired, just because he wrote an article opposing the privatization plan for that company, calling it “crimes of injury to the fatherland, frivolous, criminal, and mainly illegal.” The ouster caused so much scandal in Brasilia that even a left-wing parliamentarian commented that not even the military governments had committed such arbitrary violations of elementary civil rights.

International pressure to privatize has been coming down on Brazil for some time. For example, this past January, the British vice-minister for foreign relations with Latin America, David Davis, descended on Brazil, indicating that there are groups of investors in his country who wanted to participate in the program of privatization, especially in the electrical,

chemical, pharmaceutical, and telecommunications sectors. He also announced that in the next week, Lord Prior, chairman of the General Electric Company, would arrive in Brazil to explore investment opportunities.

Davis also put out the word that this year at least four British ministers would be passing through the country. The high point of his visit was the invitation he brought to President Cardoso to take part in the May 6-7 celebrations in England of the 50th anniversary of the victory in World War II, making him the only chief of state in Ibero-America invited to the festivities. The Brazilian President has already confirmed his presence.

Before the announcement of the privatization of Eletrobras, various English banks, like Warburgs and the bankrupt Barings, as well as Wall Street’s Bear Stearns investment house, had recommended in voluminous studies on the Brazilian electrical sector—albeit discreetly—the purchase of stocks in the electrical energy companies of the Brazilian states, anticipating that there could also be regional-level privatizations. This possibility is now quite near.

Meanwhile, before the trip which President Cardoso took to the United States, his Secretary for Strategic Affairs (SAE, the country’s intelligence service), diplomat Ronaldo Sardenberg, a faithful spokesman for the one-world diplomacy of the Brazilian Foreign Ministry, was charged with carrying out various measures to open up the economy. According to his own statements, he traveled to the United States for discussions with businessmen in the sectors of basic sanitation, transportation, and electrical energy who are interested in privatization. After his return, the SAE held a pompous seminar in Brasilia on the law which regulates public service concessions.

## Venezuela's Gordian knot

*President Caldera's only viable option to control inflation is to issue low-interest credit for production.*

Shortly after he became finance minister of Venezuela earlier this year, Luis Raúl Matos Azocar met with the executive committee of the Venezuelan Workers' Confederation (CTV). One of the labor leaders pointedly asked the minister: "The Central Bank has printed more than a trillion bolivars [roughly \$6 billion] to bail out the banks which the financial mafia—the same one denounced by President Rafael Caldera—pushed into bankruptcy after having looted their funds and turned them into dollars to take them out of the country. Why can't the government at least issue a tenth of that amount and lend it at low interest rates for investment in industry, agriculture, wages, public services—in short, in creating new jobs? We don't want any more agreements that aren't kept, we just want to work."

After hesitating for a moment, the minister stated, "Interest rates can't be lowered any further because of inflation." He then repeated that the government's economic team is focusing all of its efforts on fighting inflation, and that this is why the government has called for creating an Anti-Inflationary Pact among government, business, labor, and the central bank.

But the so-called pact has become a Gordian knot for the government. Following the fallacious criteria offered by the likes of Milton Friedman and adopted officially by the International Monetary Fund (IMF), the agreement stems from the thesis that the government must restrict public expenditures until the fiscal deficit disappears; workers have to restrict their wage demands, businessmen

must freeze prices, and the central bank must restrict monetary circulation.

This is bad policy, based on bad economic theory.

The pact will fail, because it is based exactly on what all governments in the world subject to IMF conditionalities have been doing, and failing as a result, to contain inflation. The irony is that the measures decreed by President Caldera on June 27, 1994, based on his own common sense as a nationalist statesman in opposition to IMF doctrine, are what have saved Venezuela so far from the avalanche triggered by the Mexican peso devaluation and the collapse of the dollar.

Last year, Caldera's government halted the disintegration of the Venezuelan banking system by intervening in eight banks and taking over another four while imposing exchange controls to stop capital flight. These measures reaffirmed the state's fundamental right to direct the economy. But Caldera didn't go further to kill the cancer of financial speculation. Nor did he replace this system with a new one based on the productive economy. Interest rates didn't drop, no new credit was generated, and, despite exchange controls, inflation continued because monetary and financial speculation continued to predominate over productive investment.

The money printed by the central bank, which the labor leader referred to, did not go to the millions of depositors robbed by the now-fugitive bankers, as the story goes. Rather, it went to the large "institutional investors," the large speculative funds which

caused half the foreign reserves to flee the country in 1994. The owners of these funds are the same fugitive bankers.

The truth is that one year after the bank intervention, banks are only operating as a "petty cash fund." This is seen most clearly in the flow of funds from commercial banks during 1994. According to economist José Grasso Vecchio, last year, banks handled 1.2 trillion bolivars (approximately \$7.3 billion). Of this, 61% was invested in central bank and government securities. Only 10% was channeled into loans.

Moreover, starting in the second half of 1994, real estate speculation zoomed. Currently, the price per square meter in residential areas of Caracas is above \$1,000, which has caused rents to rise to unprecedented levels. At the same time, with the encouragement of business leaders, a black market has grown up in which the dollar is negotiated at 230 bolivars—35% more than the 170 bolivars to the dollar in the controlled market.

Without credit, production has been shrinking since 1994 at a constant rate of 3-4% annually. The informal economy, or hidden unemployment, now occupies 50% of the labor force. It is the fall in productive investment and employment which generate tangible goods rather than "services," that is the primary cause of inflation.

In his May Day message, President Caldera warned that the same people who insist on cutting public expenditures are the ones who yell the loudest in demanding public funds for themselves. The labor leader who questioned Matos Azocar is waiting for the President to respond with his good sense as a statesman: issue credit for production and kill the speculative cancer.

# Business Briefs

## Banking

### Large Japanese bank reported in trouble

The Kobe, Japan-based Hyogo Bank, with assets of \$50 billion, is in enough trouble to require a \$2 billion-plus government bailout, according to the April 25 Tokyo newspaper *Nihon Keizai*. Hyogo Bank is reported to have up to \$2 billion in bad real estate loans, in significant part loans which went bad after the Kobe earthquake.

Japanese Finance Minister Masayoshi Takemura and Bank of Japan Governor Yasuo Matsushita admitted in their Washington press conference on April 25 that the bank is in trouble, but denied that any government bailout has been formulated, leaving open the option that they might formulate one at any moment. "I am certainly aware that the Hyogo Bank has been faced with difficulties, but the sort of response as reported is not being considered at present," Takemura said. "Please understand that I am not in a position to respond with regard to what sort of measure the Bank of Japan will take vis-à-vis the Hyogo Bank case," Matsushita added.

## Middle East

### Israeli minister urges loans to Palestinians

Israeli Police Minister Moshe Shahal called on the Israeli ministerial cabinet meeting on April 26 to provide a \$300 million long-term, low-interest loan to the Palestinian Authority, the London-based newspaper *Al-Hayat* reported.

Shahal, who was assigned the task of designing a plan for the separation of the West Bank, Gaza Strip, and Israel, said that it is Israel's duty to help the Palestinian Authority out of its severe economic conditions caused by the up to 50% increase in unemployment due to the measures taken by Israel, including preventing Palestinian workers from going to their jobs inside Israel. Shahal explained that his proposal was designed to compensate those Palestinian workers whose income from working in Israel is about \$300 million annually.

Meanwhile, the Palestinian Authority, Israel, and donors signed a three-way plan on April 27 designed to meet the shortfall in start-up costs for Palestinian self-rule and to boost Palestinian economic development, Reuters reported. According to Jan Egeland, chairman of the meeting, the donors agreed to provide an extra \$60 million to meet the Palestinian budget shortfall of \$136 million this year. He expected more money would be forthcoming to fill the gap.

Nabil Shaath of the Palestinian delegation told reporters that donors had agreed in principle to earmark 25% of the \$1 billion aid they had pledged for 1994 and this year to meet start-up costs of the new Palestinian Authority. "This will give us peace of mind and reduce uncertainties. We have been running from crisis to crisis," he said. The Palestinian Authority had a shortfall of \$228 million, including \$92 million in arrears from last year, he added.

## Medicine

### Use of artificial heart may cut down transplants

For the first time, a sick heart has been healed through the temporary use of an artificial heart, the German daily *Die Welt* reported on April 19. The pioneering work of Professor Hetzer, director of the German Heart Center in Berlin, could in the future render many heart transplants unnecessary.

In 1990, a now 38-year-old patient came down with a bad cold, from which he could not recover. As a result, he developed an incurable heart muscle disease (cardiomyopathy). His condition became worse rapidly. By late September 1994, he was hospitalized in emergency care with acute heart failure, in the Heart Center in Berlin. Only a transplant could help this life-threatening condition, but there was no donor heart available. Hetzer therefore implanted the artificial heart, which unburdened the sick heart. The condition of the patient got much better; he was even able to watch a sports event outside the hospital.

The artificial heart was working for five months, until the patient developed a brain embolism—a typical complication in patients with artificial hearts. Hetzer reduced the work

of the artificial heart, and the patient's own heart slowly got back to work. Hetzer found that the heart had totally recovered in the meantime, and the artificial heart could be removed. For more than five weeks, the patient has been healthy. He can eat normally and move. His heart shows no complications.

To date, artificial hearts were only used to bridge the time until a donor heart for a transplant was found. But it was Hetzer's theory, that some forms of cardiomyopathy might be cured by a temporary unburdening of the sick heart.

## Agriculture

### Scientists announce breakthrough in rice

Scientists at the Central Rice Research Institute (CRRI) in India have achieved a major breakthrough in developing the first variety of super-rice in the world, United News of India reported on April 11.

After conducting field tests on the new variety, named "Lunishree" by the CRRI scientists, the first commercial cultivation of the super-rice crop has been accomplished in coastal Orissa, recording a substantial increase in production levels, which rose to eight tons per hectare.

The institute's Dr. B. Venketaswarlu said on April 8 that "Lunishree" has a high-yield potential of 28-30% more than the latest high-breed variety of paddy rice, and that it could yield up to 15 tons per hectare.

## Japan

### British-led ops against plutonium program grow

As part of the pattern of British terrorism and financial warfare against Japan, ongoing London operations against the Japanese nuclear power breeder reactor program are intensifying. Morio Kimura, the new governor of Aomori Prefecture, refused docking permission in Japan on April 25 to the *Pacific Pintail*,

## Briefly

the ship containing Japan's latest breeder reactor fuel shipment, after it made its way around the globe against opposition from the Chilean Navy, Greenpeace, and other British irregular warfare assets.

Kimura, a member of the Japan New Party (Shinshinto) founded recently by British agent Ichiro Ozawa, sided with several hundred Greenpeace activists conducting a sit-in to try to block the Aomori port of Mutsu Ogawara, on the north coast of Honshu. He said that the Tokyo government had failed to demonstrate that the cooling facility at nearby Rokkasho was safe. "We fully support this wise decision by the governor," a spokesman for Greenpeace said. Kimura relented after the ship was forced offshore for 24 hours, and allowed it to dock.

Without energy independence, Japan is in no position to push for world monetary reform or other global issues. Kimura told the press that the Tokyo Science and Technology Agency had given him a written statement promising not to seek permanent burial of the toxic waste in Aomori, an agricultural area.

Japan's 46 nuclear reactors provide 30% of its electricity, and the Monju breeder reactor program is one of the few such reactors functioning in the world.

### ***Nuclear Energy***

#### **Peaceful use said to be an 'inalienable right'**

Peaceful use of nuclear technology is an "inalienable right" of all nations, and there are developing countries which feel that this right is not being "freely exercised," Jayantha Dhanapala, Sri Lankan ambassador to the United States and president of the Conference to Review and Extend the Non-Proliferation Treaty, said in answer to a question from *21st Century Science & Technology* magazine in a teleconference with reporters on April 27. Dhanapala was in New York for a meeting of the conference.

When asked about complaints from Egypt, Pakistan, and other nations on the withholding of nuclear technology, Dhanapala said that developing countries do feel that the existence of "suppliers groups and cartels" ham-

pers their access to nuclear technology and materials. These cartels "impose restrictions on dual-use technologies for reasons not entirely connected with the treaty." However, he defended the restrictions the treaty imposes. "This is one of the tensions in the treaty which has to be resolved," he said.

Under Article 4, he continued, "there is a provision which requires parties who have the capacity to assist those developing countries in the peaceful uses of nuclear energy. There are many developing countries who feel that the amount of assistance they have gotten in this respect has been niggardly."

### ***Eurasia***

#### **Work on optic fiber grid is under way**

The sixth session of the Eurasian management committee on the optic fiber cable known as "Silk Road for the year 2000," started its work in Teheran on April 24. Iranian Minister of Post, Telegraph, and Telephone Mohammed Gharrazi said in the opening speech that the plan, which would link Asia and Europe to a common telecommunications network, will extend for 17,000 kilometers and provide communications facilities for nearly 2 billion people, the Iranian daily *Ettelaat* reported.

The session unanimously elected Iranian Deputy Post and Telegraph Minister for Foreign Affairs Mohammed Karim Nasir-Sarraf as the new chairman for the next three months. Nasir-Sarraf mentioned those nations that have asked for membership in the committee, including Belarus, Pakistan, Romania, Hungary, and Austria. On the feasibility of the optic fiber cable project from Shanghai on China's eastern coast, to Frankfurt, Germany, Sarraf said that "the design of the plan is such that it could meet the telecommunications needs of Asia and Europe. The plan would turn Iran into a bridge between the East and the West and the North with the South."

Current members of the committee are Iran, China, Germany, Poland, Turkey, Turkmenistan, Azerbaijan, Georgia, Kazakhstan, Uzbekistan, and Ukraine.

● **THE PRIME MINISTERS** of Kazakhstan, Kyrgyzstan, and Uzbekistan, who were meeting in the Kyrgyz capital of Bishkek (Frunze), approved a five-year economic integration program, OMRI reported on April 25. Priority is given to cooperative production of small electrical engines, gas meters, medicines, and fertilizers.

● **IRAQI PRESIDENT** Saddam Hussein has offered Russia the chance to develop two giant oilfields in southern Iraq, once the U.N. embargo is lifted, Oil Minister Safa Hadi Jawad told the Parliament on April 25, Reuters reported.

● **IRAN** has devalued its currency, the rial, by almost 50%, Reuters reported based on reports in the April 26 Iranian press. The aim reportedly is to encourage exporters to return savings home, but it is bound to have a devastating effect on the already sluggish economy.

● **QUANTUM** North American Realty Fund, controlled by George Soros and Paul Reichmann, is seeking to sell its real estate holdings in the United States, currently valued at \$600 million, the April 28 *Wall Street Journal* reported.

● **JAPANESE** employment in the machine tool industry is down 30% from 1992, the April 25 *Wall Street Journal* reported. In 1994, domestic orders fell 2%, while orders from overseas leaped 23%. Masayuki Mochizuki, an analyst with Morgan Stanley Japan Ltd., said, "The problem is that less profitable foreign orders are increasing. The industry is getting busy, but can't make money."

● **FORMER BRITISH** Prime Minister Margaret Thatcher's man for privatizing the British National Health Service, Dr. Clive Froggatt, "was given a one-year suspended jail sentence after admitting drug offenses involving heroin," the April 29 London *Daily Telegraph* reported. He denied that his addiction affected his work, the paper said.

## London launches international terrorism

by Lyndon H. LaRouche, Jr.

On May 10, 1982, former U.S. Secretary of State Henry A. Kissinger delivered a keynote address at London's Chatham House, on the occasion of the 200th anniversary of Jeremy Bentham's 1782 founding of the British Foreign Service.<sup>1</sup> The most notable feature of that Kissinger address was *not* his bragging that he had been a British spy<sup>2</sup> working behind the backs of U.S. Presidents Richard Nixon and Gerald Ford; most notable was the way in which Kissinger defined a continuing, fundamental, strategic conflict between President Franklin Roosevelt's United States of America and Prime Minister Winston Churchill's British Empire. What Kissinger referenced thus, were the issues of a chronically mortal, strategic conflict between the United States and London over the period 1776-1901.<sup>3</sup> U.S. Presi-

1. For the text of Kissinger's May 10, 1982 address at Chatham House, see Henry A. Kissinger, "Reflections on a Partnership: British and American Attitudes to Postwar Foreign Policy," speech delivered at the Royal Institute of International Affairs, Chatham House, London, May 10, 1982 (unpublished, available from the Center for Strategic and International Studies, Washington, D.C.). Chatham House is the given name of the premises serving as international headquarters for the branch of the British foreign-intelligence services known as the Royal Institute for International Affairs (RIIA). Kissinger was brought into the service of RIIA, under RIIA representative Professor William Yandell Elliott, at Harvard University's "Wilton Park" unit, during the early 1950s. Kissinger was later trained in British intelligence methods at the London Tavistock Institute, and wound up during the late 1950s and 1960s as an activist in a section of British intelligence which had been set up by Bertrand Russell and Russell's key agent Dr. Leo Szilard, the Pugwash Conference organization.

2. The technical term adopted by the British Foreign Service to identify British agents of Kissinger's type, is "agent of British influence." According to the available record, this term was first used, during a parliamentary address by William Pitt the Younger (Chatham). On that occasion, the term referenced a British imperial asset otherwise known as the Sultan of Zanzibar.

3. The assassination of the patriotic U.S. President William McKinley enabled London to put its agent of influence, President Theodore Roosevelt, into what Roosevelt first named "the White House." Rabidly anglophile U.S. Presidents such as Teddy Roosevelt and Woodrow Wilson were virtual British agents first, and U.S. Presidents as a matter of London's convenience. President George Bush (1989-





Left to right: Winston Churchill, Prince Philip, Henry Kissinger. Writes LaRouche: "An understanding of the evil motivations of British strategists, such as Kissinger, provides the reader with background indispensable for understanding the worldwide, new wave of international terrorism now spilling into the territory of the United States itself."

dents may be changed; but, the conflicting, vital, historically determined interests of the United States and the British monarchy have not changed, from our 1776-83 War of Independence, until today. Even after the 1901 assassination of President McKinley, the case of the U.S. Twentieth-Century military plan for winning a war against Britain, "War Plan Red," illustrates the point,<sup>4</sup> a threat of war, or virtual war between London and Washington, erupted at several points during the present century. The traditionally anti-American policy of Britain, as uttered by Kissinger back in 1982, is still, today, the basis for the new eruption of irregular warfare which one leading British imperial faction has been conducting openly against the United States since the close of 1994.

The most visible of the highly representative forces now conducting this latest British attack upon the United States, are typified by the former editor of the London oligarchy's flagship foreign-policy voice, the London *Times*'s Lord William Rees-Mogg. Together with the neo-conservative Rees-Mogg, there is a rather long list of British, Canadian, and related notables. This list of culprits includes Conrad Black's Hollinger Corporation press-empire, British intelligence services' International Institute for Strategic Studies (IISS), Baroness Margaret Thatcher, Prime Minister John Major,

and many others, not excluding the notorious Chatham House property, the consummately peripatetic Iago of U.S. political life, Henry Kissinger himself. From the content of Kissinger's current utterances, from his most recent Chatham House address, of March 29, 1995 on, there is no doubt that Kissinger is today the same type of British spy, working against the United States, which he described himself to be in his 1982 Chatham House address.

This *EIR Special Report* focuses upon the crucial points of congruence between Churchill's Pacific strategy for weakening the United States, of 1940-45, and a virtually identical strategic operation by London, in the Pacific, against both China and the United States, today. An understanding of the evil motivations of British strategists, such as Kissinger, provides the reader with background indispensable for understanding the worldwide, new wave of international terrorism now spilling into the territory of the United States itself.

In this introductory sector of the *Special Report* as a whole, we present several crucial conceptions which, taken together, are key to understanding the motives and methods of the British monarchy's deployment and coordination of that present wave of international terrorism. Those concepts are the following:

- 1) The "genetic" nature of the fundamental strategic conflict, as identified by Kissinger's May 1982 Chatham House address, between the United States and the British monarchy, 1776-1995.
- 2) The role of international terrorism, as a surrogate form

93) was, as Baroness Margaret Thatcher recalls in her memoirs of her 10 Downing Street years, her conveniently manipulable, anglophile "patsy."

4. See Webster G. Tarpley, "Britain's Pacific Plot against the United States and War Plan Red," p. 26, this issue.

of general warfare among states, under the special conditions of modern nuclear and related weaponry based upon "new physical principles."<sup>5</sup>

- 3) The importance of recognizing the British monarchy, properly defined, as what Kissinger's 1982 address defined as a U.S.A. strategic adversary. How the post-1965 form of the British monarchy differs in some significant, and relevant respects from that of King George III's time.<sup>6</sup>
- 4) The role of "one-world" utopianism in shaping the form of international terrorism, and other forms of irregular warfare being deployed by the London oligarchy today.
- 5) Why the popular arguments against "conspiracy theories" expose those who make those arguments to be either liars, or only silly parrots of nonsense they have been told to repeat mindlessly.

### The 'genetic issue'

As *EIR* has emphasized in earlier *Special Reports*,<sup>7</sup> until the middle of Europe's Fifteenth Century, throughout all human existence, pre-A.D. 1400 cultures were characterized by the degradation of more than 95% of the population to the brutalized conditions of serfs, slaves, or, as under the brutish Aztecs, worse. In the upper strata, of 5% or less, a tiny portion of the total population was composed of an oligarchical array of "ruling families"; the remainder of that upper strata was composed of sundry varieties of lackeys of those "families." The A.D. 1439-40 Council of Florence, and the related, subsequent establishment of King Louis XI's

---

5. Ironically, the term "new physical principles" was introduced into the lexicon of diplomacy by Henry A. Kissinger's Soviet discussion-partners, in negotiations of the 1972 "Anti-Ballistic Missile" (ABM) agreements, signed into law in September of that year. The negotiated codicil, referencing "new physical principles," excluded from the general restrictions of the treaty the study and development of those methods of "strategic ballistic-missile defense" which were based on "new physical principles," such as lasers. Strictly speaking, modern thermonuclear weaponry of ballistic-missile defense falls technologically into the category of "new physical principles." The latter includes such enhanced-radiation effects technology as a nuclear-pumped X-ray laser. In defining the bounding conditions of general warfare shaping the use of irregular-warfare means, such as international terrorism, the class of military technologies based upon "new physical principles" must be taken into account. Thus, for that purpose, the axiomatics of military science demand that nuclear weapons must be included under "new physical principles."

6. There never was a sillier myth, more exactly defined for the credulities of little children, than the fairy-tale view of the modern British monarchy as merely a living museum-piece. One must define the British monarchy, as it became during Queen Victoria's prolonged dotage, under the Prince Albert Edward who became King Edward VII. Together with the thousands of international notables who are the monarchy's immediate social basis, the British monarchy today is an Anglo-Dutch, worldwide oligarchical potency modelled upon the Venice of Paolo Sarpi's Sixteenth and Seventeenth Centuries.

7. See "The Coming Fall of the House of Windsor," *EIR*, Oct. 28, 1994.

France as the first modern nation-state, represented a revolutionary change in the condition of mankind, of which the American War of Independence, and the 1787-89 establishment of the U.S.A. as a Federal constitutional republic, are exemplary.

From the crucial decisions of the Council of Florence (A.D. 1440) and the accession of France's Louis XI, Europe, and, later, the world as a whole, were divided into two great, opposing factions; these were, respectively, the republican heritage of the Council of Florence and Louis XI's "commonwealth" France, against the oligarchical tradition then centered in Venice. Since the establishment of the U.S. Federal Republic in 1789, and most emphatically since Lord Palmerston's undermining of the rival European potency, Metternich's Holy Alliance, the world has been divided by a conflict for which the oligarchical British monarchy and the republican U.S.A. have been the opposing paradigms.

This role of the Anglo-Dutch monarchy, as a Venice-modelled oligarchy of financier nobility, came about in the following manner.

Following the collapse of the League of Cambrai, the Venice of Gasparo Contarini's time divided Sixteenth-Century Europe, to Venice's strategic advantage, between a southern, nominally Catholic Counter-Reformation, and a northern Reformation. The later, 1582 factional victory of the Venice faction led by Paolo Sarpi, began the establishment of a neo-Venetian, Anglo-Dutch monarchical oligarchy, as a Venice-modelled successor to Venice's earlier supremacy as a Mediterranean maritime-financier power over Europe. The Eighteenth-Century process of formation of the British monarchy (1688-1714) established the oligarchical, maritime-financier supremacy of the British monarchy, over its Dutch rival, as Venice's successor. The American Revolution, erupting in the English colonies in North America, established the young, 1789 Federal Republic of the United States as the paradigmatic republican adversary, globally, to the Venetian oligarchical tradition embodied in the Sarpi followers of the Anglo-Dutch British monarchy.

The typical issues which set the American republican model into "genetic" opposition to the British oligarchical model, are: 1) Emphasis upon universal, Classical forms of secondary education as the objective to be realized for all future citizens of the republic, versus the oligarchical tradition of the British monarchy; 2) American emphasis, as by U.S. Treasury Secretary Alexander Hamilton, upon fostering of increase of the productive powers of labor through scientific and technological progress; 3) The role of the republican state controlling currency, credit, and foreign and interstate trade, and in providing the dominant economic role of construction and maintenance of essential economic infrastructure.

These were the issues of the 1776-83 U.S. War of Independence, of the War of 1812, and the U.S. defeat of Britain's treasonous puppet, the slave-owners' Confederate

States of America. These were the issues of President Abraham Lincoln's post-Civil-War intent to conquer the British strategic base in Canada, and to destroy the power of Britain itself through steel battleships blockading the ports of our chronic arch-adversary Britain. These were the issues of the McKinley Tariff, and of the leading Twentieth-Century U.S.A. war-plan (until 1938) for the defeat of our principal strategic adversary Britain, "War Plan Red."

When President Franklin Roosevelt opposed the evil Prime Minister Winston Churchill during World War II, on related strategic issues, President Roosevelt was expressing the "genetic" contempt of the United States for the hateful, feudalistic tradition of the British monarchy. Had Henry A. Kissinger been an honest man, he would have renounced his U.S. citizenship, by the early 1950s, to become a British subject; instead, he chose to become, by his own bragging admission of May 1982, a U.S. traitor, and British spy. Clearly, Kissinger has enjoyed far greater international prestige, and ill-gotten personal wealth, as a spy, than would have been possible for him, had he chosen to become honestly a British subject. The British policies to which Kissinger has repeatedly avowed his adherence, as at Chatham House on May 10, 1982, or, again, March 29, 1995, are the issues which pit the British monarchy and its spy, Henry A. Kissinger, against the United States, today.

So far, no matter how many Presidents of the United States have become virtual traitors or kindred varieties of scoundrels, such as Martin van Buren, Franklin Pierce, James Buchanan, Andrew Johnson, Theodore Roosevelt, Woodrow Wilson, or George Bush, a certain, metaphorically "genetic" quality of commitment to the republican heritage of the Florence Council and King Louis XI's "commonwealth" has persisted in the U.S. population and our constitutional traditions. Despite the temporary electoral successes of traitors and scoundrels in the U.S. Presidency, this "genetic" quality of patriotic tradition has reasserted itself repeatedly, as it reemerged after the reign of anglophile scoundrel George Bush, under the Presidency of Bill Clinton.

Conversely, the moral depravities of London, in 1603, 1688-89, and 1714 have persisted in the oligarchical tradition of the British monarchy, despite the relative personal virtues or depravity of individual monarchs and other British notables. In Britain, depravity is an axiom permeating the institution of the monarchy, a monarchy which has served, since 1714, as a Venice-style parody of a constitutional institution.

The essential issue of strategic conflict between the U.S.A. and Britain today, is not some accidental effect of either President Clinton's election, or the personal idiosyncrasies of Queen Elizabeth II; it is a reflection of an irrepressible, chronically mortal conflict between the leading global institutions of two cultural paradigms, a conflict inhering "genetically" in the opposing qualities and vital self-interests of the two conflicting systems of government. The differences between the respective constitutions of the U.S.A.

and the British monarchy, are more fundamental than those distinguishing the (e.g., American) placental from (e.g., British) marsupial mammals; the two opposing orders of species, republican versus oligarchical, could not peacefully populate the same planet indefinitely. One or the other must soon prevail, absolutely, or both would be destroyed in the common holocaust of a centuries-long "new dark age" throughout this planet.

### **Terrorism as surrogate warfare**

The "world government" faction, as typified by Bertrand Russell,<sup>8</sup> pushed for the development and unnecessary use of nuclear weapons, in order to create and display a weapon so terrible that governments would submit to world-government arbitration of war-like issues, rather than risk the horror of a war fought with such weapons.<sup>9</sup> Despite the official lie, which asserted that 1 million U.S. lives were saved by dropping nuclear bombs on Hiroshima and Nagasaki, there was no military issue of World War II which prompted the dropping of those weapons. The action was taken solely on behalf of Russell's attempt to establish the United Nations Organization as a "world-government." The development and deployment of strategic nuclear arsenals, is key to understanding the phenomena of modern international terrorism, and also of related forms of so-called "irregular warfare."<sup>10</sup>

The function of post-Hiroshima "irregular warfare" among states, is to manipulate diplomacy by forceful, horrifyingly aversive measures taken at levels of intensity below the estimated threshold for nuclear warfare. This sort of irregular warfare was conducted at one level during the 1951-89 interval, while the Soviet Union existed as a major nuclear power, and is being conducted presently at a much higher level of intensity, now that the level of nuclear threat between major strategic powers is believed, rightly or wrongly, to have been virtually eliminated.

Examples of post-1989 conflict made possible by the collapse of the Warsaw Pact alliance, include rabidly anglophile President George Bush's crushing of the Republic of Panama and the 1990-91 Gulf War. They include, most prominently, the new, geopolitical, Balkan war launched by Prime Minister Thatcher's government, with the complicity of Britain's "political catamite" factions of Georges Clemenceau, et al., within France. They include Britain's campaign of genocide in East Africa, using the mass-murderous, British Overseas Development Ministry puppet, Musaveni of Uganda. They include the recent terrorist incidents in Japan subway systems, and the efforts of Britain's Lord Wil-

8. See Lyndon H. LaRouche, Jr., "How Bertrand Russell Became an Evil Man," *Fidelio*, Fall 1994.

9. Ibid. See, also, Bertrand Russell, *The Bulletin of the Atomic Scientists*, Nos. 5 and 6, Sept. 1, 1946, p. 19.

10. See Friedrich von der Heydte, *Modern Irregular Warfare* (New York: New Benjamin Franklin House, 1986).

liam Rees-Mogg and his anti-Clinton, “neo-conservative” confederates, to organize terrorist conflicts within the United States.

### What is the ‘British monarchy’?

There could be few sillier teachings of Madame de Staël’s concocted Romantic cult of “political science,”<sup>11</sup> than the popularized presumption, that the actions of the British oligarchy are motivated by concern for the well-being of, either, the populations of the British Isles, or the components of the former Empire or present Commonwealth. To correct such popular presumption, one had but to examine the downward 1964-95 trends in welfare of the average Briton since the Profumo scandals which downed the government of Prime Minister Harold Macmillan. The British Empire was never a regime by or for the British people; the role of that population itself was, as Field Marshal Douglas Haig once demonstrated so lavishly, to provide “cannon-fodder” when need be. Britain itself, like Australia or Canada today, is essentially a colony of that global financier oligarchy which, typified by Royal Dutch Shell, rallies itself around the modern “Doge of Venice,” the Anglo-Dutch monarchy of such consorts as H.R.H. Prince Philip Mountbatten, the “Doge” of Edinburgh, and Prince Bernhard of the Netherlands. Britain is less a nation than a “feudal estate”; it is not an estate of a “landed aristocracy,” but, rather, an estate ruled by a Venetian-style, “Lombard” financier nobility and its lackeys.

The British people and their interests, have but little more control over their institutions and conditions, even their own opinions, than do the exhibits in a badly-managed zoo. Please have the kindness not to attribute to the British people their own opinions; even their own, private opinions are supplied to them through sundry mechanisms of social control, including so-called “traditions,” and, as in the U.S.A. itself, the barely distinguishable mass entertainment and “news” media. For a fair comparison, consider the relationship to the overlords of the proverbial “95%” of the poor subjects of a medieval feudal domain. Those poor feudal subjects also had what they may have regarded as “my own opinion” on sundry matters, an opinion which conformed with curious congruence to the beliefs which were required of the people by the class of their overlords.

Once that point is clarified, one can then more readily grasp the nature of the present-day incarnation of the world-

wide British Empire.

Consider any relatively arbitrary selection from among the nations of the world today. What is the controlling consideration in shaping those governmental policies which affect the conditions of life of the people to the greatest degree? Throughout the world today, that consideration is International Monetary Fund, or World Bank “conditionalities.” The concerted action of major financial markets, such as the City of London, in collusion with the IMF and World Bank, to manipulate the prices of currencies, and the internal financial, economic, and social policies of formerly sovereign nations, is the dominant feature of life in every nation of the world today, including the United States.

Who stands behind the IMF? It is the international oligarchy centered around the British monarchy’s role as present-day, Venetian-style “Doge” of the international financier “nobility.” The distinction between a feudalist landowner aristocracy and a Venetian-style financier nobility, was crucial for understanding why the Holy Alliance, once it had served its mission, was overthrown by the Mazzinian revolution which Britain’s Palmerston’s unleashed against the continent of Europe: London’s oligarchy represents the tradition of its founder, Venice’s Paolo Sarpi. London’s ruling interest was predominately an Anglo-Dutch replication of the Venice financier nobility; the Holy Alliance, although a tool of that same interest, was, sociologically, rooted in a feudal landowner tradition, the latter akin to the anglophile Fronde heritage of Physiocrats such as France’s Dr. François Quesnay. That social-political-economic distinction is crucial for understanding every vital strategic issue of the planet today. It is this concert of central bankers and their financial-community constituencies, not the British Isles, or British people, which is represented collectively by the IMF and World Bank. The world center of that financier nobility as a social institution, is the Anglo-Dutch monarchy, dominated, since the early Eighteenth Century, by imperial London. It is that social arrangement, not the British people, which defines the function and organic self-interest of the British monarchy today: It is the function and interest of that monarchy to serve as de facto Venetian-style “Doge” for an international, financier-nobility-dominated oligarchy.

That is the basis for the continuing conflict which Kissinger has repeatedly identified as the opposition between the British monarchy’s imperial tradition, and that monarchy’s hereditary adversary, the United States’ constitutional heritage. Kissinger expresses a conflict between two global titans, a conflict between the two principal social systems of the world today: the republican, typified by the U.S.A.’s constitutional heritage, versus the financier-nobility sort of oligarchical heritage, represented by the British monarchy still today.

During his Welf mother’s early and prolonged dotage, her Palmerston-trained heir, Albert Edward of Saxe-Cobourg-Gotha, introduced alarming changes in the constitution

11. The pseudo-science known today as “political science,” was founded by the notorious courtesan, the Madame de Staël, in concert with the famous Saint-Simon, in 1801. See, Michael Minnicino, “The New Dark Age: The Frankfurt School and ‘Political Correctness,’” *Fidelio*, Winter 1992. It is notable that all of the more popular academic pseudo-sciences of today—the cults of ethnology/anthropology, sociology, and what the London Tavistock Institute defines as “psychology”—were also produced by the French Saint-Simonians who ransacked and ruined France’s Ecole Polytechnique under the French *comprador* regime, called the “Restoration,” installed by Lord Castlereagh’s and Prince Metternich’s 1814-15 Congress of Vienna.

of Britain, first as de facto monarch, while still Prince of Wales, and, later, from 1901, as crowned King Edward VII. The rising, corrosive influence of the Fabian Society typifies the process of transition of Britain itself, to a fully Venetian model: the new Venice-style, global maritime-financier power centered in the City of London. Albert Edward's pre-orchestration of World War I, beginning Britain's early 1890s first steps toward arranging a world war on the continent of Europe,<sup>12</sup> led into the post-war Versailles Treaty, out of which the new institutions dominating the Twentieth-Century world, to the present day, were established. Versailles became the first step toward establishing world government and the elimination of the institution of the modern nation-state.

Whatever consoling delusions the British man-in-the-street might propose to the contrary, the present-day interest of the British monarchy lies not in the British nation-state, but rather in its oligarchical interest in establishing the London-centered financier oligarchy's perpetual world government over the planet as a whole.

### **Terrorism in the nuclear age**

The strategic policies of the nuclear age came into existence before nuclear weapons, during the onset of Prime Minister Winston Churchill's wartime conflict with U.S. President Franklin Roosevelt over policy in East Asia and the Pacific region generally. As noted within this report, it was Britain's intention to use civil war and related forms of conflict as a way of preventing China's consolidation as a united power in the Pacific region. President Roosevelt, who understood, and therefore abhorred Churchill and "Dickie" Mountbatten,<sup>13</sup> wished a unified and strong China. Then, Britain sponsored the Communist Party in China, not for love of communism, but for love of civil war in China; today, the same Britain sponsors civil war for what London terms "the post-Deng China," against a communists' government, for the same reason it has fostered a doctrine of two, three, many Chinas ever since the days of Britain's Nineteenth-Century Opium Wars. In order to destroy vital U.S.A. interests in the Pacific region, Winston Churchill's Britain was committed to turning over to Japan (for about 15 years, if necessary), not only its Singapore base (with its hapless and betrayed complement of Sikh and Australian soldiers), but also most of Australia, too. The purpose was not to assist the establishment of a Japanese empire over the western Pacific, but to tie the United States down in a continuing Pacific war to last throughout the 1942-55 interval.

Through the collaboration of the greatest Allied commander of World War II, Gen. Douglas MacArthur, with his

12. See Webster G. Tarpley, et al., "London Sets the Stage for a New Triple Entente," *EIR*, March 24, 1995.

13. See Elliott Roosevelt, *As He Saw It* (New York: Duell, Sloan and Pearce, 1946).

commander-in-chief, President Franklin Roosevelt, Churchill's plan for weakening the postwar United States through a prolonged Pacific war, was prevented. MacArthur successfully engaged the patriots of Australia—over London's contrary instructions—to defend their continent. The Battle of the Coral Sea, the slugging on the Solomon Islands, and the gruelling fight by the Australians (especially) in New Guinea, settled in advance the virtually assured defeat of Japan by the end of 1945.<sup>14</sup>

Undeterred by this setback to its 1942-55 Pacific War-plot against the U.S.A., London set off the Korean War. When MacArthur's leadership had organized a brilliant victory, British influence nudged China into Korea. The British, using their established control over the opinion of President Harry Truman, rid themselves of MacArthur. After that, the continued war in Korea was conducted in the morally disgusting fashion of a British Eighteenth-Century "cabinet warfare" encounter, under U.N.O. mandate. The post-MacArthur War in Korea had all of the rotten features of the later war in Indo-China, including the logic of "body-count warfare." With that early 1950s development, even before the 1958 Quebec meeting of the Pugwash Conference, the military utopian's mode of "cabinet warfare" in the age of nuclear weapons was established doctrine of practice.

Terrorism in general, and recently-deployed, British-designed chemical-nuclear terrorism in particular, are extensions of that same utopian conception of "cabinet warfare" modes of diplomacy in a U.N.O.-regulated age of nuclear weaponry. Warfare is used, not for victory, but for diplomatic and related blackmail. The end-game in each relevant incident of terrorism or other "cabinet warfare," is increased regulatory power surrendered by nation-states to "international regulatory agencies." The objective of the end-game, is the elimination of the institution of the sovereign nation-state, in favor of world rule by a U.N.O. itself serving as an instrument of the London-centered financier oligarchy.

### **Some people abhor 'conspiracy theories'**

The secret of history, and, therefore, of politics and terrorism, is that it is in the nature of human beings to conspire.

Unlike the apes, the empiricists, or other beasts, which

14. See Tarpley, below. There was never a need for dropping nuclear weapons on Japan; the legend of the "1 million American lives saved," was an outright lie from the beginning. With the complete naval and maritime defeat of Japan, virtually not a fish could swim in or out of Japan waters without permission from the U.S. Navy. Meanwhile, the Emperor of Japan was already negotiating surrender, through the Vatican's Secretary of State (later Pope Paul VI), and the U.S.A.'s OSS command inside Italy, long before August 1945. No Allied invasion of Japan need ever have occurred. The bombs were dropped, principally, to inaugurate the nuclear-weapons age, and advance the cause of "world government" under the U.N.O. It was not overlooked by Churchill's friends inside the U.S. government, that this bombing of Japan had the additional advantage of robbing the politically potent General Douglas MacArthur of the laurels of victory.

Britain's Prince Philip and some other British opinion-setters often profess themselves to be, real men and women are not animals, but creatures made in the image of God. To put the point more precisely, the individual person has an inborn potential for creative reason, a quality absent in the beasts, and, ostensibly, in the empiricists, too. Should someone enquire of us, "What physical proof of this do you claim?," our response is that, were man the ape the British Royal Consort makes himself out to be, the living human population of this planet would never have exceeded that possible for a species of higher ape, no greater than the imputable aboriginal level of several millions.

The increase of the human population, far, far above such an imputable aboriginal level, is attributable entirely to successful voluntary changes in the individual and collective behavior of cultures. These increases in the potential relative population-density of cultures are centered around various kinds of increases of the productive powers of labor, as measured per capita for the labor-force, for households, and per square kilometer of land employed. The leading features of such progress in productive powers of labor, are associated with the term "technological progress." More broadly, this progress is driven by a succession of changes in culture of a more axiomatic nature than merely pragmatic technological innovations, such as those attributed by the notorious Frederick Engels to his own notoriously opposable thumb.

The deeper, axiomatic quality of progress is typified by what we rightly call "original, fundamental scientific discoveries." By "fundamental discoveries," we should signify those types of discoveries of principle which demand an overturn of some of the underlying axioms of previously hegemonic university-classroom mathematical physics. That is, there is no possibility of deriving such a discovery syllogistically from presently accepted mathematical physics. After we have made, and demonstrated the necessary changes in axioms, we are able to incorporate the valid aspects of the old mathematical physics, in a suitably altered form, into the new. Backwards, we can apply formalistic mathematics, but not forwards. Deductive/inductive methods may expand the number of proven propositions in an existing mathematical physics, but can not generate a needed higher form. That faculty which enables mankind to move successfully to valid discovery of efficient higher principle, typifies the creative power of human intellect which shows man as made in the image of God.

Neither this creative faculty, nor its benefit for increased productive powers of labor, are limited to the domain of mathematical natural science. The nature of all Classical forms of fine arts—Classical forms of poetry, of tragedy, of music, and of plastic art-forms—is defined by a special role of metaphor, a role of metaphor which is an identical quality of mental process to that which produces valid generation of superior notions of principle within the so-called natural sciences.

This efficient connection among ideas, in ordering the continued existence of the human species, is the only scientifically tolerable definition of "human nature," contrary to all empiricist doctrinal presumptions. Mankind is a creature of ideas; mankind's nature is not bestial instinct blended with quantification of relative intensities of pleasure and pain. The coherence of human action is derived from a corresponding, generating coherence in ideas: the literate person's use of the verb "to conspire."

This quality of coherence is not contained within exact propositions, although it may often appear, for the moment, to lie there. It lies in the axiomatics underlying a coherent set of articulatable propositions, just as the theorems of Euclid's geometry are governed by the fixed set of axioms and postulates which permeates, "hereditarily," every possible theorem which might exist within that geometry.

To make tangible the point just stated: Consider briefly, the kinds of differences in axioms which distinguish four distinct types of modern political-economy absolutely from one another: 1) The feudalism of the Physiocrats, 2) Adam Smith's rentier economy under the rule of the British financier nobility, 3) The modified version of Adam Smith's dogma which Karl Marx employed to define a society based upon "a dictatorship of the proletariat," and 4) The kind of economy defined by Gottfried Leibniz and the U.S.A.'s "American System of political-economy."

The central feature of every consistent doctrine of modern political-economy, including these four listed, is the axiomatic assumptions each employs respecting the assumed origins of that phenomenon which is often termed "profit," or, for Marx, "surplus value." Let us define that term summarily, and then examine the manner in which each of the four listed kinds of political-economy define that magnitude differently.

To define the rate of profit in what the modern university classroom terms a "macro-economy," we must define the level of inputs to the society needed to maintain that size of population, in that land-area, with the same or improved demographic characteristics, with the same or better average productivity, without foreseeable attrition. This is an estimatable magnitude of input to households, infrastructure, production, and necessary overhead, in terms of such physical content as water, power, transport, produced goods, and so on, each and all measured per capita of labor-force, per household, and per square kilometer of land-area employed. The "market baskets" of required inputs (consumption) by persons, infrastructure, production, and so forth, typify what crude thermodynamics would term simply as "energy of the system." Usable production-output in excess of that "energy of the system," we would term, for consistency, as "free energy." The ratio of "free energy" to "energy of the system," represents a fair estimate of "the rate of profit."

The French physiocrats were the anglophile, rural landed aristocracy of France, known during the Seventeenth Century as France's chronically treasonous *Fronde*. During the



middle of the Seventeenth Century one of the leading spokesmen for the political tradition of the Fronde was a French court physician known as Dr. François Quesnay, an associate of the chief Venice intelligence agent operating in France during that period, Abbot Antonio Conti.<sup>15</sup> Quesnay developed both the teaching known as the Physiocrat doctrine, and the related doctrine of *laissez-faire*, later known in English usage as “free trade.” The characteristic—i.e., axiomatic—feature of Quesnay’s pro-feudalist doctrine of political-economy, is the attribution of profit (e.g., “free energy”) to the “Bounty of Nature.”

The Physiocrats reasoned, that farm labor had no right to a share of this profit. Feudal farm-labor was, for them, human cattle, which might claim the implicit right of farm animals, to be fed, housed, and so on, but no more. Nor did the Physiocrats make a serious effort to claim that the landlords’ labor had contributed to the profit; for them, it was as “manna from Heaven”: “the Bounty of Nature.” Rather, they claimed, since their feudal property-title was a God-given right, that God clearly intended that they, and their class should be the recipient of this bounty. Hence, the Physiocrats defined profit as an “epiphenomenon” of feudal land-ownership.

Hence, the Physiocrats of the Fronde heritage conspired to establish their class of landed rural feudal aristocrats as a virtual dictatorship, in defiance of claims of king, merchant, banker, or peasant. The doctrine of *laissez-faire* was intended by them as an anarchist’s political bomb intended to destroy the intrusions of the national government or urban classes into the sacred province of the rural baron’s capricious sense of personal pleasure.

The British East India Company propagandist plagiarized the work of Quesnay extensively, including *laissez-faire* renamed “free trade.” There was but one notable, axiomatic difference. Smith’s located the expression of the “Bounty of Nature” in the activities of the London-style financier and his merchant-trader appendages. Smith assimilated the landed aristocrat into a participating position within the Venice-style “financier nobility” of London, Geneva-Lausanne, and the Netherlands. It was the “free trade” administered by this “financier-nobility” class, rather than the landed aristocrat, to which Smith ordained the enjoyment of the “Bounty of Trade.” Hence, Smith defined profit as an “epiphenomenon” of merchant-finance.

London’s Karl Marx followed the British East India Company’s Haileybury school (of Adam Smith, Jeremy Bentham, David Ricardo, et al.) in the fashion Smith had plagiarized Quesnay. Marx introduced a change in axiom. In place of the Physiocrat’s “Bounty of Nature,” and Smith’s “Bounty of Trade,” Marx defined profit as an “epiphenomenon” of

proletarian labor. Frederick Engels went so far as to define technological progress as an “epiphenomenon” of the “opposable thumb.”

Hence, Marx’s “dictatorship of the proletariat.”

In opposition to all three of these irrationalist dogmas just listed, the Mosaic tradition of Christianity defines profit, implicitly, as the fruit of the individual person’s divine gift of creative intellect, a talent which must not be buried or wasted, but developed and employed to make the Earth more bountifully fruitful for mankind. This Mosaic tradition of Christianity is translated into economic science by Gottfried Leibniz’s science of physical economy, and into political practice by Leibniz’s heirs of the U.S. Federal Republic, the latter the “American System of political-economy.”

The axiomatic difference between the American System and its adversary, the British monarchy’s neo-Venetian system, is that the American political system rejects any toleration for distinctions in political or property rights according to class. As was implicit in King Louis XI’s founding of the first modern nation-state, beginning 1461, the key difference in character between the modern nation-state and its feudalistic and financier-nobility adversaries, is the former’s emphasis upon the use of education and opportunity to foster the universal realization of the creative powers of the individual intellect.

The modern nation-state is thus obliged, by its own axiomatically defined self-interest, to emphasize four categories of economic and social policy: 1) Not only universal education guaranteed by the state to all children and youth, but, also, a quality of that education which emphasizes the “creative” within the notion of nurturing every individual person’s potential creative-intellectual powers for replicating the experience of old original discoveries, and thus fostering the student’s powers to develop valid original discoveries of his or her own; 2) The state’s unique responsibility for the development of the basic economic infrastructure of society; 3) The state’s unique obligation to provide a well-managed currency, systems of credit, and regulation of foreign trade, to the purpose that growth and scientific progress are fostered; 4) The state’s obligation to intervene directly to foster scientific and technological progress, and to foster related support for those Classical art-forms which embody the equivalent of valid scientific discovery of principle, in the form of metaphor.

The relevant kinds of differences in axiomatic assumptions underlying belief, are typified by these cases from political-economy. It is the exploitation and the spread of induced changes within those axiomatic assumptions of belief, which constitute the efficient principles of conspiracy. For example, as long as today’s policy-shapers of a nation continue to believe in the absurd doctrine of “free trade,” or that the IMF policy-shaping must be regarded as an authority not to be challenged, that nation is self-doomed. Or, as long as nations assume that the British monarchy is an insignificant problem,

15. See Lyndon H. LaRouche, Jr., “How Bertrand Russell Became An Evil Man,” *Fidelio*, Fall 1994, and “The Coming Fall of the House of Windsor,” *EIR*, Oct. 28, 1994: *passim*.

or a lesser one on this planet, that nation can not cope efficiently with the kinds of severe problems which are becoming increasingly commonplace around the world today.

In most cases, many of the person's such, axiomatic assumptions of belief are adopted in an arbitrary, irrational way. Often, this irrationalism is cloaked with reference to "tradition." Often, an axiomatic quality of assumption of belief is adopted through the person's susceptibility to such forms of "other-directed" irrationalism as the current vogue in "political correctness," or simply a desire to believe what one would wish one's employer, neighbors, and so on, to hear oneself believing. It is those sorts of arbitrary assumptions of axiomatic belief which govern individual and mass behavior.

It is the sharing of such axiomatic assumptions of belief, whether sound ones, or absurd ones, which are, for better or worse, the foundations of those conspiracies which pervade society at all levels, and which determine virtually all of the important mass-phenomena in history. It is the sly mephistophelean type's witting manipulation of the implications of a targeted victim's axiomatic beliefs, whether through the

mass media's daily and weekly manipulation of popular opinion, or otherwise, which accounts for most of the mass lunacy which occurs in today's current history. The typical, silly if dangerous terrorist is usually manipulated into his deed by means of which the terrorist himself is unwitting; he is unwitting, because he believes his action flows from his own autonomous motivation, rather than, as is virtually invariably the case, someone else's manipulation of a stupidity which that terrorist is unwilling to admit is his own stupidity. Similarly, nations often fight wars which should have not occurred, or fail to fight the wars which they should have fought, because of false assumptions of belief.

The only protection one has available, against becoming a victim of such induced sorts of irrational axiomatic belief, is reliance upon reason, and a keen eye to actual history, as distinct from the popularized mythologies often conduited through the textbook, and classroom, apart from ordinary gossip. In the following pages, we rely upon the verifiable facts of history, to explode several of the most dangerous among the axiomatic false assumptions rampant within the U.S. population and policy-shaping institutions today.

## EIR versus the Windsors

This issue's *Special Report* on Great Britain's Pacific warfare against the United States is the latest in a series of in-depth *EIR* studies of the British monarchy's evil role in world affairs—historically, and to the present day. Other cover stories in the series, prepared under the direction of Lyndon H. LaRouche, Jr., include:

April 15, 1994: "Lord Palmerston's Multicultural Human Zoo," documents the method of Venice, and then London, in manipulating the people of many nations around their petty hatreds and passions.

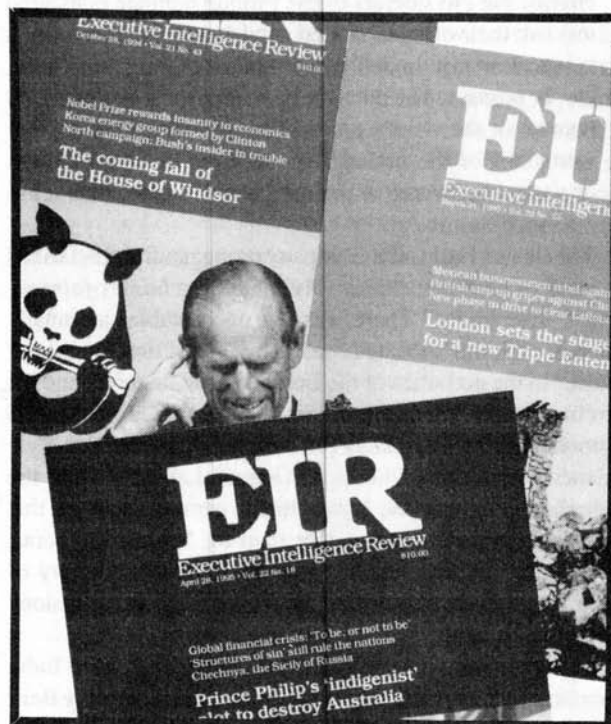
Oct. 28, 1994: "The Coming Fall of the House of Windsor," an exposé of the role of the British royal family and the World Wide Fund for Nature in genocide around the globe.

Nov. 11, 1994: "Royal Family Uses Indigenism to Cull the Human Flock," describes the Windsors' operations to splinter the nations of the Americas.

Jan. 13, 1995: "Prince Philip Deploys Worldwide Green Terrorism," examines the cases of Greenpeace and Earth First!

Feb. 17, 1995: "Phil Gramm's 'Conservative Revolution in America,'" documents the *fascist* nature of the British free-trade ideology.

March 24, 1995: "London Sets the Stage for a New Triple Entente," provides a rich historical background to



the fight between British oligarchism and the republican forces, leading up to World War I.

March 31, 1995: "Terrorist International at Work: The Chiapas Model."

April 28, 1995: "Prince Philip's 'Indigenist' Plot to Destroy Australia."

# The United States fights Britain's Pacific Empire, 1820-1900

by Paul Goldstein

Twenty-six years after the historic "opening of Japan" by Commodore Matthew Perry's 1853 expedition—in which American naval vessels entered Tokyo Bay in order to establish relations with a nation that had been in self-imposed isolation for 250 years—former U.S. President Ulysses S. Grant outlined a renewed foreign policy commitment, a kind of "Monroe Doctrine for Asia." Speaking in Tokyo on June 20, 1879 on the dispute between China and Japan over the Ryukyu Islands, he said:

America has great commercial interests in the Far East, but she has no interests, and can have none, that are inconsistent with the complete independence and well-being of all Asiatic nations, especially Japan and China. It seems that rights, which Western nations all regard as sacred and inviolable, because absolutely essential to their independence and dignity, should not be denied by them to China and Japan.

American statesmen have long since perceived the danger of European interference in the political affairs of North and South America. *So guard against this danger.* And as a measure of self-protection it has become the settled policy of the United States that no European power shall be permitted to enlarge its dominion in American Affairs. *It is likewise that the policy of America in the Orient, that the integrity and independence of China and Japan should be preserved and maintained* [emphasis added].

Commodore Perry's 1853 expedition and the 1879 statement by Grant represent two critical inflection points in the struggle between the American System of political-economy and the British Empire's doctrine of free trade. This American policy commitment, which tentatively began in 1791 and lasted until the end of the nineteenth century, found the United States locked in power struggles against the colonial and imperial powers of Great Britain, France, the Netherlands, and Russia.

One of the central areas for this historic struggle was Japan. While Japan had cut off practically all ties to the outside world for nearly 250 years (1600-1853), the United States saw British designs in Asia as a threat to American

interests of peaceful trade, and sought to create a special relationship with Japan to counter the British moves.

Japan had successfully fended off foreign military invasions in the past, but by the nineteenth century, it could no longer resist the pressure coming from the Western powers to open up its borders for trade and diplomatic relations. Japan, which was not a colony like the rest of Asia, finally understood that if it was not going to be conquered, it would have to rely upon one foreign power which was not out to subjugate Japan: the United States.

From the 1830s through the 1890s, the United States consistently distinguished itself from the European powers concerning the question of colonization. The British intrigues against the United States undermined the fledgling efforts of the young American Republic in the Far East, while Great Britain and her erstwhile allies sought to extend their colonial domination of China and Southeast Asia, to include Japan. Responding to the colonial domination of Asia, the United States shaped a policy of developing cordial and cooperative relations with Japan.

President Grant's articulated U.S. policy objectives projected the United States into another strategic battle against the European powers. This renewed effort of political warfare, launched by the United States against the forces of the 1815 Congress of Vienna, sought to maintain the U.S. policy perspective of aiding Japan to become a modern industrial nation, first under the Tokugawa Shogunate and later under the Meiji emperor who was restored to power in 1868.

The United States also stretched this anti-colonial policy to try to support China, but the British position had become too strong within China during this period. It was only during the last decade of the nineteenth century that the United States attempted to intervene against the British in China, through the "Open Door Policy." That initiative, taken in 1896 by President William McKinley's secretary of state, John Hay, eventually failed in China; this wound up discrediting the United States and established the groundwork for the British move into Japan that resulted in the 1902 Anglo-Japanese alliance.

The United States was faced with the brutal reality of a British-orchestrated policy of colonization throughout the nineteenth century. The Opium Wars of the 1840s and 1860s

against China were the British model for dominating the region, while the United States found itself the only Western force supporting the independence and sovereignty of the Asian nations. Britain had not only secured a major foothold in the Asian theater, along with its French allies, but had planted the seed for destroying the fragile foundations of U.S. policy objectives in the region. Tragically, the reversal of U.S. successes in Japan by the British set into motion the eventual confrontation between Japan and the United States during World War II.

### **The colonial game and the Tokugawa Shogunate**

Starting in the eighteenth century, Great Britain embarked on a project to establish itself as a “new Roman Empire.” Using the banking and merchant class, the British East India Company’s “free-trade” policies, and the Royal Navy’s military power, the British not only sought to replace the Spanish and Portuguese empires, but had as their strategic objective to colonize all of Asia. From Central Asia through China and Japan, Great Britain, using the intelligence methods of Venice, would come to dominate the entire region.

During the entire nineteenth century, only two countries in Asia did not succumb to the intrigues and military domination of the British: Japan and Thailand. With the success of the Opium Wars against China, the British strangulation of Asia began. This treacherous policy enabled Britain to impose the 1842 Nanking Treaty, which ceded Hongkong to Britain and forced Shanghai to become an open Port City. After these initial ventures in China, the British launched the infamous Burma Wars, and, by 1851, they seized Rangoon, the capital of Burma. After two decades of colonial wars in the 1830s and 1840s, as a result of the Opium and Burma Wars, the British permanently established their presence, utilizing Rangoon as their primary base for colonizing Asia.

Out of the Crimean Wars in the 1850s, British Prime Minister Lord Palmerston forged the Anglo-French alliance. This furthered the imposition of the next round of humiliating concessions on China, and eventually subjugated the rest of South and Northeast Asia. Throughout the 1850s and 1860s, the British, French, and Dutch naval forces proceeded to seize a sizable portion of the southern coast of China, and in 1857 took over the city of Canton. Within the year, these same forces occupied the city of Tientsin, forcing yet another treaty arrangement, the 1858 Tientsin Treaty. By the time the British and French colonial powers were finished, four major Chinese cities and the Kowloon peninsula had been forcibly taken from China.

Under Napoleon III’s Second Empire (1859-62), the French sent troops into Vietnam and Cambodia, which became French protectorates, while the Russians were also seeking to stake a claim in East Asia. In fact, for nearly 60 years prior to Japan’s Meiji Restoration in 1868, Russia had been constantly spying upon and probing the northern Japa-

nese islands of Sakhalin, the Kuriles, and Hokkaido, looking to exploit any weakness. Russian naval expeditions began in the early eighteenth century, laying the foundation for the nineteenth-century attempt by Russian naval forces to establish trading and port facilities in Japan.

Tokugawa Japan (1600-1868) realized that the Western powers were preparing to strike against the island nation of Japan. By that time, the “Tokugawa Shogunate”—a military government—had forged a peaceful nation, after several centuries of internal warfare. The last phase of the civil wars, the Era of the Warring States (*Ōgokujidai*) of the fifteenth and sixteenth centuries, had been settled by the Tokugawa Shogunate. After their consolidation of power, Japan virtually closed itself off from the outside world from approximately 1600 until 1853. With the exception of permitting Dutch and Chinese traders to ply their wares in the port city of Nagasaki, no foreigner was permitted to step onto Japanese soil.

By the early- and mid-seventeenth century, under pressure internally to allow some “foreign ideas” into Japan, the Tokugawa Shogunate made an exception to the condemnation of all things foreign, and permitted a Western intellectual movement to develop called the Dutch Studies Movement. This movement enabled part of the lower class *samurai* to have access to Western scientific and technological ideas, which later helped establish the class of Meiji intellectuals that led Japan. Among the most widely read books during this time were the translated works of Benjamin Franklin.

### **U.S. challenge to the British**

The historic battle in Asia between the British System of free trade and the protectionist American System of political-economy began with Commodore Matthew Perry’s naval expedition to Japan in 1853. Although there were earlier attempts by the United States to reach diplomatic and trade agreements with Japan, the subsequent policy fight between the Americans and the British was not only over establishing trade relations with the Japanese, but also over what kind of economic system would take hold within Japan itself. Commodore Perry’s “opening of Japan” was only an initial success. It took State Department appointee Townsend Harris—the first American diplomat in Japan—to negotiate a treaty of friendship with Japan in 1858, which set into motion the special relationship between Japan and the United States.

The political struggle to establish in Japan, not only a national banking system modeled on Alexander Hamilton’s First Bank of the United States, but also an array of initiatives in the areas of science, technology, and education, represented the hallmark of this U.S.-Japan relationship. One of the key individuals involved in this effort was Erasmus Peshine Smith, a collaborator of Abraham Lincoln’s economic policy adviser Henry Carey. Sent by President Grant to Japan in 1871, Smith spent six years there as an adviser to the foreign and finance ministers.

What gave the United States the upper hand inside Japan,

and permitted U.S. officials like Smith to become trusted advisers to the Japanese government, was a long series of attempts by the United States to establish contact with Japan. From the very outset of the establishment of the American Republic, the United States had sought peaceful trade contact with Japan—a policy that the Japanese recognized as in their interest.

Over a 60-year period, the U.S. policy was to establish relations with the Japanese based upon the belief that Japan represented a unique opportunity to bring Western civilization to East Asia. This was the conscious mission of the United States. The first recorded attempt was carried out by the U.S. Navy in 1791, when Capt. John Kendrick stepped ashore in Wakayama, Japan. Posing as a shipwrecked seaman, Kendrick tried to establish relations with the Japanese by trading in seal skins; the Japanese rejected Kendrick's overture. Although his mission was an initial failure, it did produce the beginnings of an intelligence picture that would later be used in Commodore Perry's voyage.

By the 1820s, the United States embarked on an ambitious program to make contact with Japan. Following the discovery of sperm whales off the northern coast of Japan, the United States sent whaling expeditions to make contact with Japanese merchant or whaling ships and to gather intelligence about Japan. These "whaling expeditions" provided the impetus for Commodore Perry's mission.

Between 1840 and 1850, two famous cases of shipwrecked seamen played a significant role in opening up relations between the two countries. Shipwrecked American sailors were brought back to Japan and imprisoned, while Japanese seamen were brought to the United States and educated.

In the first case, the U.S. Navy in 1848 sent a Chinook-American naval officer named Ranald MacDonald to Japan to discover what had happened to a group of shipwrecked American sailors. MacDonald was not only well received, but was greeted with fascination, because he looked Japanese and spoke perfect English. The Japanese permitted him to teach English, and one of his students, Moriyama Einsuke, later served as the interpreter for Commodore Perry's mission. The Tokugawa Shogun's friendly view toward the United States was shaped in part by how well the United States treated shipwrecked Japanese sailors, in comparison with the European powers; on the other hand, since the late eighteenth and early nineteenth centuries, the two major clan powers, the Choshu and Satsuma, with the Shogun's approval, had sent out Japanese seamen to gather intelligence on the intentions of both the Europeans and the Americans.

The second case involved a Japanese seaman named Nakahama Manjiro, who was shipwrecked in 1843 and was picked up by a U.S. whaling ship and spent the next ten years in Massachusetts and Hawaii, where he was educated in higher mathematics, engineering, and shipbuilding. He was sent back to Japan in 1851, to the southern island of Kyushu,

where he made contact with Lord Shimazu, the head of the powerful Satsuma clan. Manjiro, who had converted to Protestant Christianity, was sponsored by the grandfather of President Franklin Delano Roosevelt, Warren Delano. Shimazu was considered an enlightened Japanese leader of the Tokugawa (Edo) era, and proceeded to learn from Manjiro all he could about steamships, engines, trains, telegraphs, and photography. At the recommendation of Shimazu, Manjiro was sent to see Prince Yataro Iwasaki, a leader of the Tosa-ha clan and eventual founder of the Mitsubishi industrial and shipbuilding concern. Manjiro was appointed by the Shogun

---

---

*Over a 60-year period, the U.S. policy was to establish relations with the Japanese based upon the belief that Japan represented a unique opportunity to bring Western civilization to East Asia. This was the conscious mission of the United States.*

---

---

to the Institute for Foreign Books, the forerunner of what became the Tokyo Imperial University.

As a result of this contact and growing Western influence, the Japanese saw the Americans in a completely different light than they did the Europeans. The Americans in turn saw the opening of Japan as a flanking operation against the European colonial powers, and when Commodore Perry, the head of the U.S. Navy's East India, South China Sea, and Sea of Japan squadron, succeeded in establishing trade and diplomatic relations by February 1854, the Japanese-American Friendship Treaty was signed. Commodore Perry, who was also appointed special ambassador to Japan, carried a letter to the emperor (not yet in power) from President Millard Fillmore, who wrote that "the United States and Japan should live in friendship and have commercial intercourse with each other. . . . The Constitution and laws of the United States *forbid all interference* with the religious or political concerns of other nations. I have particularly charged Commodore Perry to *abstain from every act which could possibly disturb the tranquility of Your Imperial Majesty's dominions*" (emphasis added).

The British and continental Europeans reacted vigorously against the U.S. treaty with Japan, and demanded equal access to the Japanese ports. While in Hongkong, Commodore Perry received reports that Russian and French ships were headed for Japan to demand a similar treaty. Perry headed straight back to Japan, where he received support from a group of Japanese aristocrats led by Lords Hotta, Abe, and

Ii Naosuke, who were hoping to forestall Europe's demand.

By 1858, when U.S. Consul Townsend Harris had settled in Japan, he explained to the Japanese the fundamental difference between U.S. and European policies, telling Japanese Foreign Minister Lord Hotta that "the aggressive conduct of England, Russia, and France in the Far East" threatens Japan, and that U.S. policy could aid in helping Japan develop itself into a modern nation. By 1858, Harris secured another commercial treaty with Japan, in which the two countries agreed to outlaw the import of opium into Japan; the United States also won a concession from Japan: the right of "the free exercise of religion" on the part of U.S. missionaries and diplomats. The teaching of Christianity in Japan had been outlawed through a series of edicts for 200 years.

By 1860, Perry and Harris's efforts succeeded in establishing full diplomatic relations, and the Americans and Japanese exchanged emissaries on a mission of friendship and cultural exchange. Japan sent some of its top intellectuals to the United States to study the American political, legal, and economic system. Trust between the two countries was further enhanced when a naval ship built by the Japanese was commanded by Americans, because the Japanese did not have the navigational skills required for transpacific crossings. This treaty became the model of all Japanese treaties with foreign powers until 1894.

### **British countermoves**

However, the British were not standing idly by. Recorded in Townsend Harris's diplomatic diary was a series of reports about the intrigues of the British ambassador, Sir Rutherford Alcock. The diplomatic war over Alcock's conduct of affairs with Japan became so intense that the British were forced to replace him with their ambassador to China, Sir Harry Parkes. Parkes had been in China for nearly 20 years and was able to carry out British policy far better than the imperious Alcock.

Under Parkes's direction, the British began pursuing a concert of action by the colonial powers to ensure that their treaty and "extraterritorial rights" were initiated against Japanese sovereignty. Up until that point, only the United States had had access to two port facilities, and the Europeans demanded equal treatment. In reaction against these demands, one of the major clans, the Satsuma (from the island of Kyushu), carried out an assassination of the principal treaty negotiator, Lord Ii, along with a British official named Richardson. Immediately upon receipt of this news, British Foreign Minister Lord John Russell launched a major intervention against Japan, accusing the Shogun and the Satsuma clan of the assassination and setting the stage for military action.

It should be understood that this incident and other attacks against foreigners occurred during the U.S. Civil War. As a result of these circumstances, the United States was forced by the British, French, and Russian naval forces to back the limited military operations against Japan. U.S. Secretary of

State William Seward agreed in this joint effort to crack down on the Choshu and Satsuma clans, in a limited way. This tactical shift by Seward did not undermine U.S.-Japanese relations, however. In fact, Yuichi Fukuzawa, one of the Japanese to visit the United States in those years, remarked to a colleague years later that Seward "always reminded me of the U.S. antipathy for the English."

But then in 1863, a British squadron launched a short naval bombardment of Kagoshima in reprisal for Richardson's death, and several months later a combined naval force of American, Dutch, French, and British vessels targeted the port city of Shimonoseki in southern Japan, near Nagasaki, for reprisal for the attacks on Western commercial shipping. Ironically, this military action helped convince the Japanese that they would have to change their policies if they were to prevent themselves from being colonized. A movement developed within Japan to overthrow the military government of the Tokugawa Shogunate, which catalyzed enormous changes in Japan. Within five years, along with tremendous internal social upheaval, an alliance of the Satsuma, Choshu, Tosa, and Hizen clans overthrew the Tokugawa Shogunate and restored the emperor to power. Under this new arrangement, the major clans, specifically the Satsuma and Choshu, found themselves in virtual control in 1867, and, with the restored emperor, embarked on a modernization program aided by the United States.

### **The American System in Japan**

Between 1860 and 1870, the United States sent over 200 advisers, missionaries, and educators to Japan, and helped Japan to organize a modern school, tax, and postal systems. The first missionaries arrived in 1860 and established schools in Yokohama and later Tokyo. Initially, the success of these missionaries led to the conversion of leading Japanese intellectuals to Christianity. This impact was underscored by the rapid assimilation of Western science and technology, and, within ten years of the arrival of the missionaries, educators, and technical advisers, Japan built its first railroad.

But the single most important work by a U.S. adviser was the establishment of a national banking system, modeled on the American System of national banking of U.S. Treasury Secretary Alexander Hamilton. President Grant authorized Erasmus Peshine Smith to go to Japan for this purpose, where his ideas became the hallmark of the Japanese economic miracle.

Smith was a protégé of Henry Carey, the architect of President Lincoln's industrialization policy during the Civil War and a principal theoretician of the American System. Smith had been a political operative of Secretary of State Seward and was an appointee to the State Department's Claims Division. In 1871, Smith went to Japan and became the leading adviser to the Foreign Ministry under Lord Iwakura. Along with Smith, Rev. Guido Verbeck became influential with the administrator of the National Bank Okuma.



Dr. W.S. Clark, president of the Massachusetts Agricultural School, became an adviser to the Agricultural Ministry and set up an agricultural college in Hokkaido. Dr. David Murray, a Rutgers professor of mathematics, became the superintendent of the Ministry of Education and established a public school system, whose purpose was to train a modern industrial workforce. Murray also helped establish the Tokyo Imperial University and the Imperial Academy of Literature and Science. A former Civil War general in the Union Army, Horace Capron, became an adviser to the Colonial Bureau of Japan.

But it was Peshine Smith whose work with Prince Ito Hirobumi, Okuma Shigenobu, Okubo Toshimichi, and Fukuzawa Yukichi turned Japan into a modern industrial nation. Smith stayed in Japan for six years as adviser to the Foreign and Finance ministries, and established a special American position as policy adviser which lasted 40 years—until 1911.

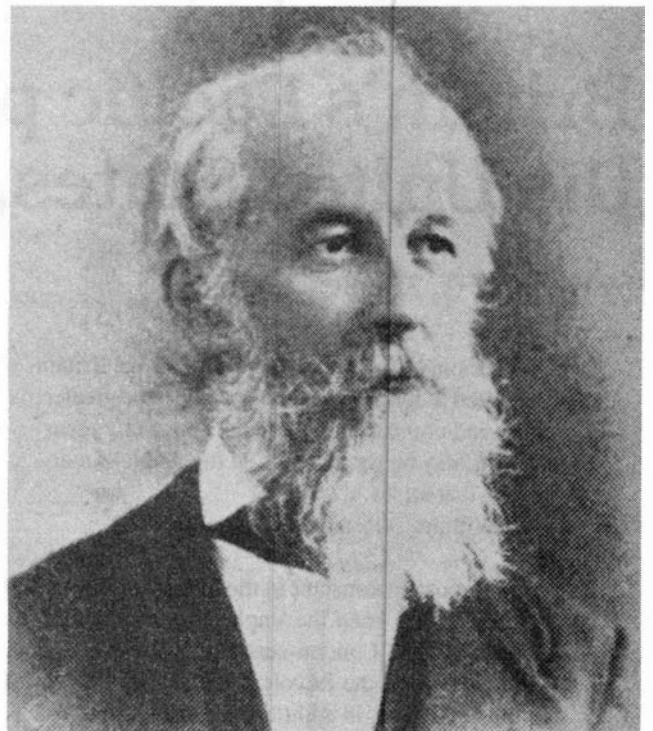
The Japanese view of the United States was deepened when Fukuzawa wrote several books about the United States and Western civilization. He recognized the need for Japan to transform itself, based in part on his experience traveling as an emissary to the United States. One of his most famous books, written in 1870 and titled *The Encouragement of Learning*, sold nearly 2 million copies. Fukuzawa, a product of the Dutch Studies Movement, became one of the first members of the Japanese elite to read English. He established a national newspaper and created a university now called Keio University, today the second most prestigious school in Japan. His impact reached the highest levels of Japanese society, including such individuals as Prince Ito Hirobumi, who in 1870 came to the United States and studied U.S. financial institutions, the taxation system based on protective tariffs, and national banking.

### **British subversion succeeds**

The British understood the impact that the American System of national banking would have on Japan. "Prince Ito supported the American system of national banking . . . in spite of opposition from those who favored a central banking system," wrote British scholar G.C. Allen of the University of London.

By 1872, the Japanese established the "Regulation for a National Bank," which set into motion the necessary credit policy for Japan's rapid industrialization. In 1868, some 80-85% of the Japanese population was agriculturally based. Within the first ten years of the new policy, that was cut by 20%, and between 1872 and 1900, virtually all the manufacturing of Japan's major industries was the result of a government-directed credit policy.

By 1885, Japan was on the road to complete industrialization, and the British embarked on a new policy of subverting Japan from within and turning the special relationship between Japan and the United States into an arena of confrontation. British operations inside Japan sought to win over a



*Erasmus Peshine Smith, adviser to the Japanese Foreign and Finance ministries (1871-77) and a protégé of American System economist Henry Carey. Smith's project to establish a national banking system in Japan was the hallmark of the Japanese "economic miracle."*

faction of the Japanese elite away from cooperating with the United States. The key to the eventual British success was their relationship with a faction of the Choshu and Satsuma clans who wanted to model themselves on the British. Because Japanese society is based on family lineage, the British played on "blood and soil" ties and a sense of racial superiority in comparison to the rest of Asia.

By 1890, the pro-American faction had been severely weakened, and the emerging Japanese military forces were looking to become a player in the geopolitical designs of the British. One of the central figures was General Yamagata, who promoted a pro-British policy vis-à-vis China. By 1894-96, the Sino-Japanese War took place, and with it a Japanese triumph. Convinced that the British were more reliable and powerful than the Americans, the Japanese began to pursue a pro-British policy line which led to the 1902 Anglo-Japanese Treaty, locking Japan into an imperial policy.

From 1864 to 1898, the United States and Japan had been collaborators against the imperial powers of Europe. By 1896, and well after 1902, the Japanese alliance with Great Britain meant that an eventual war in the Pacific against the United States was inevitable. The tragic mistake was that the United States also adopted a British policy following the assassination of President McKinley in 1901, and saw Japan as the emerging threat to American interests in Asia.

# Britain's Pacific plot against the United States, and War Plan Red

by Webster G. Tarpley

There will be only two great powers left—Great Britain and the United States. Which one is going to be greater, politically and commercially? In that constantly recurring thought may be found much of the Anglo-American friction that arises.

—Sir William Wiseman, at Versailles

The most important constant in the history of the United States of America has been the implacable hostility of the British Empire and the London-centered British oligarchy. This hostility generated the Revolutionary War, the War of 1812, and the Civil War, in addition to many lesser clashes. But after Gettysburg and Vicksburg in 1863, the reality of U.S. military and naval superiority forced London to come to terms with the inevitable persistence of the United States on the world scene as a great power for another century and more. By 1895-98, galloping British decadence, expressed as industrial decline combined with a looming inability to maintain global naval domination, suggested to the circles of the soon-to-be King Edward VII the advisability of harnessing the power and resources of the United States to the British imperial chariot. Thus was born the London-Washington "Special Relationship," under which the United States was established as London's auxiliary, proxy, and dupe through such stages as the 1898 Anglo-American rapprochement before Manila Bay, Edward VII's sponsorship of Theodore Roosevelt's aspirations to "Anglo-Saxon" respectability and, most decisively, Woodrow Wilson's declaration of war on Germany in April 1917. Under the Special Relationship, London has parlayed its financial and epistemological dominance over the United States into profound and often decisive influence over U.S. directions in foreign policy and finance.

The essence of British policy has long been embodied in the immoral doctrine of geopolitics or the quest for the balance of power. For centuries this meant that the New Venice on the Thames habitually concluded an alliance with the second-strongest power in Europe so as to checkmate the strongest continental power. Naturally this approach conjured up the danger that in case of "success," the second-strongest continental power of today might become the strongest of tomorrow, and sometimes strong enough to threaten London. London therefore did everything possible to guarantee that their continental surrogates of today re-

ceived the maximum possible punishment, so that their interlude of alliance with London, even if victorious on paper, left them in absolute prostration and deprived of the ability to threaten the British. In this way, London's enemies and London's allies embarked over the centuries on converging roads to ruin. After antagonizing Spain, Holland, France, Russia, and Germany as both friends and foes over several centuries, the British turned in the early years of our own century to the Special Relationship with the United States. The onset of this Special Relationship coincided roughly with Britain's implicit loss of world maritime supremacy, starting in the Pacific.

The Special Relationship has meant that during most of the twentieth century, the British have had no choice but to batten for dear life onto an alliance with the strongest world power, the United States, and have thus been deprived by *force majeure* of their preferred option of allying with various powers against the dominant and bitterly resented United States. But this instinctive impulse, although dissembled, has periodically erupted into full view, as in the case of the Nazi King Edward VIII, Lady Astor, and the 1930s Cliveden set, who favored an alliance with Hitler, not with Roosevelt. Today, the British writer John Charmley expresses a retrospective desire for a deal with Hitler in 1940, rather than an alliance with the United States. Another celebrated case was the 1956 Suez crisis, when atavistic Anglo-French colonial reflexes brought on a confrontation with the Eisenhower administration.

The British response to their predicament has been to act out their hatred against the United States surreptitiously, in the form of treachery, by betraying their American "ally" through more or less covert collusion with a series of powers hostile to the United States. If the British had richly earned the universal obloquy of "Perfidious Albion" during the time of their world naval domination, then surely new and historically unknown dimensions of perfidy have been added during the time of British decadence when they have been forced to conduct their duplicitous strategy from behind the shelter of the Special Relationship. British perfidy has assumed its greatest dimensions in the Asia-Pacific region.

This essay will concentrate on four important episodes of London's anti-American operations conducted especially in the Asia-Pacific area under the aegis of the Anglo-American

Special Relationship:

1) The Anglo-American rivalry for world naval domination from 1916 to about 1938, which brought the United States to the brink of war with London in 1920-21 and again in 1927-28, with the virtual certainty that war with London would mean war with London's ally, Japan.

2) World War II in the Pacific, during which the British attempted to maximize U.S. losses in the struggle against Japan by depriving Gen. Douglas MacArthur of logistical support and forcing a retreat to the Brisbane line while Japan occupied northern and central Australia. By then sponsoring a strategy of bloody frontal assault against a series of well-consolidated Japanese strong points, the British hoped to prolong the Pacific war until as late as 1955, decimating American forces in a manner comparable to France's horrendous losses in World War I.

3) The Korean War, in which the initial North Korean invasion was openly invited by British and London-controlled Harrimanite networks. When Communist China intervened against General MacArthur's forces, the British insisted on imposing the straitjacket of "limited war" or cabinet warfare on the U.S. response, yielding immense military advantage to Mao while the British supplied Mao's forces through Hong-kong. At the same time, the British triple agent network of Philby-Maclean-Burgess-Blunt-Lord Victor Rothschild provided Moscow, Beijing, and Pyongyang with all vital U.S. military dispatches. The British goal was to build up the Mao-

ist regime as a counter to U.S. Pacific hegemony.

4) The Vietnam War, in which the Anglophile Harriman-Rusk-Bundy-McNamara group reversed the Kennedy-MacArthur policy of non-intervention after the London-directed assassination of Kennedy in November 1963. Key encouragement for the U.S. buildup in Vietnam was provided by Sir Robert Thompson of British intelligence, allegedly the world's leading expert on guerrilla warfare. Thompson was a friend of Henry Kissinger who later advised President Richard Nixon, and claims to be the first Britisher allowed to participate in a meeting of the U.S. National Security Council. Functioning as an adviser to South Vietnam President Ngo Dinh Diem in Saigon, Thompson was also the leading author of the "counterinsurgency" strategy which guaranteed that the U.S. effort would end in bloody failure while U.S. society was convulsed and Weimarized by conflict over the war.

---

## British-U.S. naval rivalry in World War I and the interwar years

---

The relations of the two countries [Great Britain and the United States] are beginning to assume the same character as that [sic] of England and Germany before the war.

—Col. Edward House, at Versailles (Seymour, iv. 495)



*U.S. Marines land at Iwo Jima, Japan, in February 1945. The British hoped to prolong the Pacific war until as late as 1955, decimating American and Japanese forces alike.*

After the United States had entered World War I on the British side in April 1917, Washington and London were, formally speaking, close military allies. But this did not prevent acute tensions from developing over the issue of the size of the American battleship fleet and the threat it posed to British naval supremacy, which London had jealously defended against all comers since Lord Nelson's victory over the combined French and Spanish fleets at Trafalgar in 1805.

The American threat to British supremacy in capital ships (battleships and battle cruisers, which at the time were the decisive weapons in any fleet action) had emerged in 1916, before the U.S. entry into the war. The U.S. naval construction bill that became law in 1916 called for building 156 new warships, including 16 capital ships (10 battleships and 6 battle cruisers). If these ships had been built, the United States would have achieved theoretical naval parity with Great Britain and would have enjoyed a defensive superiority

over the British in any future confrontation because of the better qualities of the U.S. ships and because of the American geographical position. In 1918, Secretary of the Navy Josephus Daniels proposed doubling the 1916 program, which would have been the *coup de grâce* for Britannia's rule of the waves.

The British were horrified by the prospect of seeing their battle fleet outclassed by the United States. Even U.S.-U.K. parity was abhorrent to Sir Winston Churchill, who told the House of Commons in November 1918: "Nothing in the world, nothing that you may think of, or dream of, or anyone may tell you; no arguments, however specious; no appeals however seductive, must lead you to abandon that naval supremacy on which the life of our country depends" (Buckley, p. 25).

The British argued that the United States ought to build destroyers and other convoy escort craft, along with freight-

## Sims vs. Benson: U.S. admirals in policy clash

The debate over the role the U.S. Navy should play in World War I was prominently argued by two U.S. admirals, William S. Sims, the naval theater commander in London during the war, and William Benson, the first Chief of Naval Operations, appointed in 1915.

Sims was the naval counterpart to Gen. John Pershing, the commander of the U.S. expeditionary force of ground troops. Sims commanded the American Battle Squadron of the British Grand Fleet, a group of U.S. battleships under British control. Throughout the 20 months of the U.S. intervention, Sims was to side consistently with the British in their demands that the United States build only destroyers and merchant ships to get war supplies to England.

Benson, on the other side, argued that the United States must look after national interests as well as fighting the war in Europe. Among the interests he forcefully defended was freedom of navigation on the high seas, which was understood in London to be an attack on British naval supremacy.

Sims was sent to London in March 1917, a couple of weeks before the United States declared war on the Central Powers. Since his Anglophilia was well known, he was advised by Admiral Benson "not to let the English pull the wool over your eyes." Sims's pro-British sentiments had become notorious after a speech he had given at London's Guildhall in 1910, while serving as commander of the battleship *U.S.S. Minnesota*. His remarks were so bla-

tantly pro-British that he received a reprimand from President William Howard Taft. Sims reported, in a letter to his wife, that he told his audience that "if ever the integrity of the British Empire should be seriously threatened by an external enemy, they [the British] might count upon the assistance of every man, every ship, and every dollar from their kinsmen across the seas."

Sims was born in Canada to an American father and a Canadian mother, and spent the first seven years of his life on the Ontario farm owned by his mother's English parents. During the first years of his sea duty, he studied the works of Charles Darwin and Thomas Huxley, among other English authors. Later on, Sims served as naval aide to the Anglophile President Theodore Roosevelt; Roosevelt, he said, rescued him from "obscurity."

Benson was born on a Georgia plantation in 1855, and his father and older brother both joined the Confederate Army when the Civil War broke out. However, his experience with the Union Army's occupation was positive, and he sought appointment to the Naval Academy at the earliest possible moment. Born into a Protestant family, he converted to Catholicism at the age of 25, and 40 years later was decorated as a Knight of the Order of the Grand Cross of St. Gregory by Pope Benedict XV.

### Will Britannia rule the waves?

Benson came into conflict with Sims almost immediately upon the United States entering World War I. Sims agreed with the British that the U.S. Navy should be totally subordinate to the needs of the British, and that the 1916 naval construction program should be suspended so that American shipyards could concentrate on building destroyers and merchant ships. Even President Woodrow

ers. These would be useful in the war against Germany, but of far less utility in a possible later showdown with London. Sir Eric Geddes, the First Lord of the Admiralty, came to the United States in October 1918 to agitate the threat of a German submarine offensive in the hopes of pushing the Wilson administration in the desired direction. In the event, only one battleship of those called for in the 1916 program was ever built, and Britain kept maritime domination until 1942-43.

The issue of naval supremacy generated a bitter U.S.-U.K. conflict at Versailles. The German High Seas fleet, previously the second most powerful navy in the world, was interned by the British at Scapa Flow. Elements of the London oligarchy wanted to incorporate the most powerful German units into the Royal Navy, thus reenforcing British predominance on the world's oceans, but this plan was opposed by parts of the U.S. government. The issue was

settled when the German ships were scuttled by their own crews.

But with Germany eliminated as a naval contender, Washington was gripped by the uneasy awareness that there were now only two battle fleets left in the North Atlantic—the British and the American. American anxiety was heightened by the British alliance with Japan, the number three world naval power, which threatened the United States in the Pacific. Given the British track record, the stage was set for a possible U.S.-U.K. naval rivalry which might lead to war. A memo prepared for President Woodrow Wilson by the U.S. Navy in April 1919 recalled the ominous fact that “every commercial rival of the British Empire has eventually found itself at war with Great Britain—and has been defeated. . . . We are setting out to be the greatest commercial rival of Great Britain on the sea.” Even the Anglophile Wilson wrote some time later that “it is evident to me that

Wilson commented in 1918 that Sims “should be wearing a British uniform.” Even after the war, he opposed U.S. efforts to build up the Navy with large surface combat ships. Navy Secretary Daniels recorded in his diary in early 1920 that Sims had told a congressman, “America does not need a big Navy. We have always depended on England and can do so in the future.”

Benson took into account the national interests of the United States during the debates of 1917. He understood that British proposals to the effect that the United States should stop building capital ships were meant for London not to have to face a strong challenge to its control of the oceans once the war was over. And while Benson eventually relented on continuing the 1916 construction program, he insisted that the protection of ships transporting American troops to France should receive a higher priority than convoys shipping war supplies to England, a policy Admiral Sims considered to be a “radical mistake.”

Benson continued to fight for American interests after the Armistice of November 1918. In a meeting of American and British naval dignitaries in March 1919, the senior officer of the Royal Navy, First Sea Lord Wester Wemyss, asked the Americans to accept British naval supremacy and abort the 1916 program. Benson responded that this would amount to “treason to his own country” and further that the United States would “never agree to any nation having supremacy of the seas or the biggest navy in the world. The Navy of the United States must have equality with the British Navy.” Benson retired from the Navy shortly afterwards and was appointed president of the U.S. Maritime Shipping Board, where he dedicated the next eight years of his life to building up the U.S. merchant marine.

Early in 1920, Sims used a controversy over the awarding of decorations to instigate a congressional investigation into the conduct of the Navy during the war. Benson was called out of retirement to answer Sims's charges that, because of a lack of preparedness, the Navy had failed “for at least six months, to throw our full weight against the enemy.” Benson told the Senate investigating committee that his job as Chief of Naval Operations was “to safeguard American interests regardless of any duty to humanity or anything else.”

Benson received his award from the pope during the naval investigation of 1920, a fact seized upon by some of his critics. James F. Daily of Philadelphia, in a letter to Navy Secretary Daniels, accused Benson of having attended retreats at the Roman Catholic cathedral in Philadelphia during the war. Daily believed that “Benson was then a Sinn Fein sympathizer if not an actual member of that organization of secret assassins. Every Sinn Fein is a Romanist sworn to aid the Vatican politicians and Benson is a Romanist.”

In June 1921, Sims expressed agreement with such sentiments in a speech in London. He said of the Irish in America: “There are many in our country who technically are Americans, some of them naturalized and some born there but none of them Americans at all. They are Americans when they want money but Sinn Feiners when on the platform. . . . They are like zebras, either black horses with white stripes or white horses with black stripes. But we know they are not horses—they are asses.” He concluded that he believed that the English-speaking peoples of the world “would come together in the bonds of comradeship, and that they would run this round globe.”

—Carl Osgood

we are on the eve of a commercial war of the severest sort, and I am afraid that Great Britain will prove capable of as great commercial savagery as Germany has displayed for so many years in her competitive methods." Under these circumstances, the cry for a "navy second to none" was increasingly persuasive.

The British government made plain its intention to cling to naval supremacy; if necessary, engaging in an all-out naval race with Washington. In the spring of 1919, British Prime Minister David Lloyd George told Wilson's adviser Colonel House that "Great Britain would spend her last guinea to keep a navy superior to that of the United States or any other power" (Buckley, p. 21).

The clashes at Versailles quickly became so heated that the threat of war was raised by the American side. The patriot Adm. William S. Benson, the U.S. Chief of Naval Operations, warned the British at Paris that if they persisted in demanding naval supremacy, "I can assure you that it will mean but one thing and that is war between Great Britain and the United States" (Buckley, p. 2).

This explosive conflict was defused by the Anglophile Colonel House through an exchange of memoranda with the British delegate Lord Robert Cecil. In these memos of April 10, 1919, the British agreed to support Wilson's chimera of a League of Nations, and not to object to an affirmation of the Monroe Doctrine being placed in the League Covenant. Wilson promised the British to postpone vessels called for in the 1916 plan but not yet laid down, which froze the vast majority.

### **The British-Japanese alliance**

The House-Cecil secret diplomacy solved nothing, in part because of the complications introduced by Britain's ally, the Japanese Empire. Although this salient fact has been much obscured by the events of the Second World War, it must be recalled that for the first two decades of this century, the Japanese and British empires were the closest of allies. This relationship had been inaugurated by British King Edward VII in the framework of his overall post-Boer War revamping of the British strategic posture, and had been proven useful to London during the Russo-Japanese war. It must be stressed that the growth of an aggressive and expansionist imperialist faction in Japan would have been unthinkable without British support.

Under the aegis of the British alliance, Japanese power had grown rapidly as rival powers were eliminated *seriatim*. First the Russian Empire was defeated in 1905, and the Russian fleet virtually annihilated by Admiral Togo. Then, during World War I, the Japanese, still closely allied with London, joined the Allies and attacked German bases and colonies in the Far East, eliminating the German presence in the Pacific. Since France was being bled white by trench warfare, that country also had no resources left for a naval presence east of Suez. This left Japan as the master of the

western Pacific, well placed for encroachments on China under its "21 demands."

There were rumors at Versailles that the British were planning to transfer to Japan some of their Queen Elizabeth fast battleships; these were the best superdreadnoughts in the world, combining the armament and armor of a battleship with the speed of a battle cruiser, and had been the one bright spot in the dismal British performance at the 1916 Battle of Jutland.

Even worse, from the U.S. point of view, was the fact that Japan had, during the war, seized from Germany the Pacific island groups of the Marianas, the Carolines, and the Marshals. Few of the American soldiers and marines who fought on these island chains during World War II were aware that they had been acquired for Japan at Versailles under British sponsorship. Since these island groupings were astride the U.S. line of naval communications to Guam and the Philippines, the Japanese mandate over these islands was a time bomb ticking toward a new conflict. Thus, in the Pacific, no less than in Europe, did Versailles make a new world conflict virtually inevitable.

The ancient British maxim of allying with the number two power against the number one power dictated an Anglo-Japanese common front against the United States, and spokesmen for the British oligarchy argued the case for this policy in the secret councils of Whitehall. F. Ashton-Gwatkin of the Far Eastern Department of the British Foreign Office offered the following considerations for the conduct of British policy in case of war between the United States and Britain's oldest major ally, Japan: Great Britain might find it "impossible" to remain neutral in the event of a U.S.-Japanese conflict. The United States "can manage without us, but Japan cannot." Geographical and economic factors would push London toward a "pro-Japanese intervention, in spite of the fact that our natural sympathies would be on the American side. . . . In our own material interest we should have to take action, and perhaps armed action, to prevent the United States of America from reducing Japan to complete bankruptcy." For Ashton-Gwatkin, a Japanese-U.S. war would represent a "calamity to the British Empire, since victory for either side would upset the balance of power in Asia" (memorandum by Ashton-Gwatkin, "British Neutrality in the Event of a Japanese-American War," Oct. 10, 1921, Foreign Office F.3012/2905/23 at Public Record Office, London, cited in Buckley, p. 28).

In plain language, London would line up with Tokyo for war against Washington. By the winter of 1920-21, a war scare was developing on the Potomac. The combined British and Japanese fleets would far outclass the United States, forcing the American Navy on the defensive in both the Atlantic and the Pacific. A war beginning with a direct clash with the British fleet was becoming thinkable, and, in that case, the Japanese were considered as certain to join in. A clash with Japan in the Pacific was even more plausible, and



the British response might come along the lines theorized by Ashton-Gwatkin.

## The Harding Presidency

The British for their part were alarmed that Wilson, their willing stooge of 1917, was about to be superseded by the Republican Sen. Warren G. Harding of Ohio, who had won the 1920 election over the Democrat Cox, who had promised more Wilsonianism. Harding was a small-town newspaper editor with political roots similar to those of William McKinley, who had been the last nationalist U.S. President. Harding had been a strong protectionist and had opposed the League of Nations. Harding had usually voted with the pro-Navy block of senators, and had insisted that the United States should be "the most eminent of maritime nations" with a navy "equal to the aspirations" of the country. If Harding had acted on these ideas as President, the United States would have been destined to seize naval supremacy.

Harding became the target of a campaign of denigration and scandal-mongering with the standard London trademark. London's assets harped on the theme that Harding had been chosen in a "smoke-filled room" at the GOP convention. The London destabilization of the Harding administration centered on the Teapot Dome affair. Naval oil reserves at Teapot Dome, Wyoming and Elk Hills, California, had been transferred to the Department of the Interior and sold to private investors, including Sinclair Oil, by Secretary of the Interior Albert Fall. Fall was accused of having accepted a \$100,000 bribe. A key figure in the emergence of the scandal was Theodore Roosevelt, Jr., who was the assistant secretary of the Navy and the son of the Anglophile President.

In August 1923, as he was contemplating a run for a second term, Harding toured the western United States and Alaska by rail. After passing through Vancouver, British Columbia, he headed south and became ill. His complaint was first diagnosed as ptomaine poisoning caused by eating rotten crabs. Published accounts contend that Harding had in reality suffered a heart attack. Harding was taken to San Francisco, where he was stricken by pneumonia. He seemed to be recovering when he was killed by a cerebral thrombosis, although no autopsy was ever carried out. Wild rumors alleged that he had been poisoned by his own wife. At present, Harding belongs with William Henry Harrison and Zachary Taylor on the list of American Presidents who died in office under highly suspicious circumstances, with the British always the prime suspects in case of foul play.

Harding was succeeded upon his death by Vice President Calvin Coolidge, from the New England oligarchical family.

Harding was influenced as President by Republican figures like the Wall Street lawyer and former Secretary of State Elihu Root and the Boston Brahmin Sen. Henry Cabot Lodge, chairman of the Senate Foreign Relations Committee. Harding's cabinet included Secretary of State Charles Evans Hughes, a former New York governor and Supreme

Court Justice who had been the 1916 GOP Presidential candidate. Another influential was GOP Sen. Oscar Underwood. It was through the influence of these men that Harding was persuaded to invite Britain, Japan, and other powers to an international conference on the limitation of naval armaments and related questions that convened in Washington on Nov. 12, 1921, just three years after the Armistice that terminated hostilities in World War I.

In a dramatic speech at the opening of the Washington Naval Conference, Secretary Hughes made a sweeping proposal for the reduction of naval armaments, offering to scrap 15 older pre-dreadnought battleships and to abort the construction of 15 new battleships (those of the 1916 plan) provided that the British scrapped 19 older battleships and stopped building 4 more. The Japanese were invited to scrap 10 older ships. Hughes also proposed a 10-year naval holiday during which no new ships would be built. At the end of the Washington conference, tonnage ratios for the capital ships of the leading naval powers were set at 5 for the United States, 5 for Britain, 3 for Japan, and 1.7 each for France and Italy.

The Washington conference was also much concerned with Pacific and Far East questions. This conference produced the so-called Nine-Power agreement regarding China, which pledged its signatories "to respect the sovereignty, the independence, and the territorial and administrative integrity of China" (Buckley, p. 152). This was meaningless rhetoric, because China was at this time divided into contending warlord regimes. Japan occupied Manchuria in 1931 in an action that can be seen as the beginning of World War II.

## U.S. the big loser

The United States emerged from the Washington Conference as the big loser. The British were economically exhausted and unable to match U.S. fleet construction. Japan lacked the industrial base necessary to keep pace. If the construction of the 15 new battleships had been carried through, the United States would have assumed naval supremacy by the second half of the 1920s. This would have been the case even if the British had kept a nominal lead in battleships, because many British units would have been obsolete and inferior. In particular, if U.S. naval building had proceeded at this pace through the 1920s and into the 1930s, there is reason to believe that Japan might have been deterred from undertaking the Pearl Harbor attack.

Under the terms of the treaty eventually ratified by the U.S. Senate, the United States scrapped 15 pre-dreadnoughts and abandoned plans for 15 modern superdreadnought battleships with 16-inch guns. These were the most modern keels given up by any nation. The U.K. and Japan merely agreed to scrap some old ships and then not to build up beyond the limits prescribed.

The U.S. Navy General Board forwarded this prophetic protest to Secretary Hughes: "These 15 capital ships [being built] brought Japan to the conference. Scrap them and she



FIGURE 1

**War Plan Red: primary and secondary lines of attack against British territory**



will return home free to pursue untrammelled her aggressive program. . . . If these 15 ships be stricken from the Navy list, our task may not be hopeless; but the temptation to Japan to take a chance becomes very great" (Wheeler, p. 56). The United States was left with a hollow navy, inadequate to defend such points as the Philippines and Hawaii.

The outbreak of World War II in the Pacific was delayed, but also made more likely. After Dec. 7, 1941, there was a short burst of revived interest in the Washington Conference, which was identified in retrospect as one of the contributing factors of U.S. Pacific vulnerability and relative naval weakness. One observer, the writer H.M. Robinson, judged that the conference "was in reality one of the costliest bits of diplomatic blundering that ever befell the United States. . . . In a comic script, the United States was cast as the premiere *stripteaseuse*, a peace-loving but weak-minded creature who could always draw enthusiastic applause by wantonly denuding herself in the presence of her enemies" (*Fantastic Interim* [New York, 1943]).

Naval officers and military professionals were embittered by what they rightly saw as a sellout. "To Navy critics of the Washington Conference and its successor, the London Naval Arms Limitation Conference of 1930, the decades of what became known as the 'Washington system' and the 'treaty navy' were years of strategic drift and dangerous vulnerability in which a gutted force could not back declared national policy" (Baer, p. 94).

After the Washington Conference, Hughes claimed that its result "ends, absolutely ends, the race in competition of naval armaments." This turned out to be as fatuous as the claim that World War I had been "the war to end all wars."

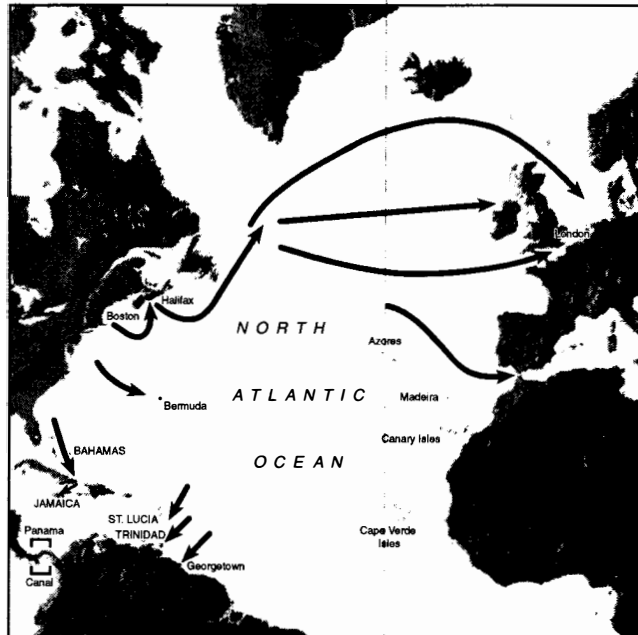
## War Plan Red

Fortunately, the entire U.S. government was not as deluded as Secretary Hughes. During these same years, planners in the War and Navy departments and in the Joint Board of the two services were elaborating contingency plans for defending the United States against Britain and Japan, the two main partners in the Washington naval treaties. One of the results of this planning was War Plan Red, the United States war plan for use against the British Empire (Figures 1 and 2).

Before World War I, U.S. planners had developed a color code for planning purposes. The United States was designated as Blue, Germany as Black, Japan as Orange, Mexico as Green, and Britain as Red. The British imperial dominions of Canada and Australia-New Zealand were given the color codes of Crimson and Scarlet, respectively.

War Plan Red assumed a U.S. conflict against the Red empire in which Red was seeking to eliminate Blue as a world trade competitor and to deprive Blue of the freedom of the seas. Red's war aims would include the attempt to seize and

FIGURE 2  
End phase of War Plan Red



retain the Panama Canal. According to one version of the Red plan, "The most probable cause of war between Red and Blue is the constantly increasing Blue economic penetration and commercial expansion into regions formerly dominated by Red trade, to such extent as eventually to menace Red standards of living and to threaten economic ruin. . . . The foreign policy of Blue . . . is primarily concerned with the advancement of the foreign trade of Blue and demands equality of treatment in all political dependencies and backward countries, and unrestricted access to sources of raw materials. In this particular it comes into conflict with the foreign policies of Red."

The plan offers this view of how hostilities might begin: "It is not believed likely that Blue, when relations become strained, will be likely to take the initiative in declaring war. At the same time, Red, in order to preserve an appearance before the world as a non-aggressor, will likely refrain from declaring war on Blue and will make every effort to provoke Blue into acts of hostility. For these reasons it is considered probable that neither will issue a formal declaration of war, but, after hostilities break out, each, in accordance with its constitutional procedure, will formally recognize that a state of war exists between them."

The planners judged that "the great majority of the Blue nation possesses an anti-Red tradition and it is believed that the Blue government would experience little difficulty in mobilizing public sentiment in favor of the vigorous prosecution of the war, once hostilities begin."

Blue's biggest priority was to cut Crimson off from effective Red support. This required the seizure of "Red bases in the western North Atlantic, the West Indies, and the Caribbean." The great issue was "the influence of Blue naval forces in retarding and restricting the development of Red land and air forces on Crimson soil." The most important strategic priority for Blue at the outbreak of war would be the capture of Halifax, Nova Scotia, which was the naval base the Royal Navy would require for operations against Boston, New York, Philadelphia, Baltimore, and Washington, as well as for establishing Red naval supremacy in the western Atlantic. It was estimated at the time that the British Empire could eventually put over 8 million troops in the field. War Plan Red embodied Blue's intention to prevent Red from initially delivering more than 100,000 troops per month to Crimson. The plan includes explicit authorization for Blue submarine warfare against Red shipping.

The planners were confident that if the 1916 naval program had been completed, it would prove impossible for the Red fleet to operate in the western Atlantic. Otherwise, it was assumed that the superior Red fleet could be worn down by attrition within two years while Blue completed the 1916 program, which Red would be unable to match. Once Blue had attained naval superiority and driven the Red fleet out of the western Atlantic, Blue submarines and cruisers would proceed to cut off the supply of food and raw materials to the Red home islands, bringing the Red economy to a standstill and forcing the surrender of Red.

Red's strategy was seen as depending first of all on securing Red communications to Crimson, where a buildup of Red imperial power would be attempted. Red would seek to destroy the naval power of Blue, and would use the initially superior Red air force against Blue targets. Red would attempt to strike at the coastal regions of Blue, and also at the Panama Canal, seeking to disperse Blue's military strength over a wide area. Red would seek to maintain the initiative in land operations on the North American continent and "force the main operations to occur in a theater favorable to herself."

Accordingly, War Plan Red specifies that on M+2 (three days after the start of U.S. mobilization), Blue must be ready to assemble at Boston a force of 25,000 troops organized as one Army corps of three divisions ready to proceed under fleet escort for an amphibious attack on Halifax. If Halifax could be taken, the Red fleet would be forced to fall back on other points of the Crimson littoral which were both more distant and less developed as naval bases.

During the first two weeks after mobilization, Blue naval forces would also undertake attacks on insular possessions of the Red empire. The targets of first priority were Jamaica, the Bahamas, and Bermuda. On a second-priority list were Trinidad, St. Lucia, and all the other Red possessions in the West Indies and Central America. These moves were coherent with the great importance assigned by Blue to main-

taining control over the Panama Canal, which it was expected that Red would try to occupy. Efforts to reinforce the Panama Canal Zone were on the agenda for early in the war.

One aspect of the Red plan highly relevant to today's situation in Central America regards British Honduras, today called B elize: "It may be expected that the colony of Red Honduras, if left intact, will become a base for revolutionary groups and bandit elements hostile to the governments favorable to Blue established in these countries. For this reason it will be of great advantage to Blue to seize and occupy this colony early in the war."

## The occupation of Canada

The Blue attack on Halifax would be supplemented by a series of overland thrusts against Crimson. At the outbreak of the conflict, it was assumed that the Royal Air Force flying from Crimson bases would be able to inflict serious damage on U.S. targets in the area of the Great Lakes, New York State, and New England. Blue covering forces would take up positions along the Blue-Crimson border upon mobilization. A Blue force would gather in upstate New York for a large-scale thrust against Montreal and Quebec. A Blue force would mass at Buffalo and advance west of the Niagara River, seizing the hydroelectric plants there, and taking possession of the Welland Canal for use of Blue shipping. Another thrust would move east across the Detroit and St. Clair Rivers, so as to protect the Detroit industrial region. A third Blue column would move north from Sault Ste. Marie, Michigan, shielding the highly strategic Sault Ste. Marie Canal and its immense locks from Red sabotage. All of Crimson territory would be occupied as soon as practicable.

Another Crimson point slated for early occupation was the rail center at Winnipeg, which, because of the lakes to the north, constitutes a crucial bottleneck for all traffic moving on the Crimson east-west axis. Another Blue advance would occupy Vancouver, British Columbia, and the port of Prince Rupert, somewhat to the north. These were considered the only Crimson ports on the Pacific Ocean with adequate rail connection to make possible the debarkation of Red or Orange troops. The use of chemical warfare against Red forces was explicitly authorized in the plan.

If Red were joined by Orange, the combined war plan Red-Orange would come into play. Here the strategy would remain Red first, with Orange to be dealt with after Red had been disposed of. If Vancouver and Prince Rupert had been captured, it was thought that Blue submarines and destroyers could prevent an Orange invasion of the Blue mainland. Blue light naval forces in the western Pacific would do as much damage as possible before their own anticipated elimination. The question of whether the Philippines could be held, and for how long, remained controversial. But the planners assumed that, after the defeat of Red, the Blue battle fleet could be transferred to the Pacific for the final, decisive reckoning with Orange.

The planners could not explicitly count on support from any other nation. They saw Brazil and Peru as pro-Blue, while Argentina, Chile, and Uruguay were seen as inclining toward Red. Venezuela, Colombia, Bolivia, Ecuador, and Paraguay were viewed as evenly divided between Red and Blue. But because of regional rivalries, it was not expected that any of these states would actively enter the war.

Work on War Plan Red was carried forward from approximately March 1921 until the planning effort was officially classified as obsolete in October 1936. Some revisions made in 1935 carry the signature of Gen. Douglas MacArthur, at that time the Army Chief of Staff. (The relevant documents were classified until about 1974, when they were made available to the public at the National Archives. It is believed that this is the first time they have been discussed in detail and quoted from in any published location since declassification.)

How seriously did U.S. policymakers take War Plan Red? Suffice it to say that military planners must be concerned with capabilities, not intentions. From this point of view, the combined strength of Britain and Japan represented the only proximate threat of military attack against the United States, and it thus had to be taken very seriously indeed. Although the formal alliance between London and Tokyo was abrogated in 1921 as part of the package deal wrapped up at the Washington Conference, it was clear to U.S. military intelligence that a form of hostile coalition was still in force. The 1928 annual "Estimate of the Situation" of the War Plans Division of the Navy Department noted the deterioration of relations with Britain as a result of the Geneva Conference, and added that "although the treaty of alliance between Britain and Japan had been abrogated there were still . . . relationships between them that were very cordial." This estimate also called urgently for intensified work on War Plan Red, War Plan Orange, and War Plan Red-Orange (U.S. Navy Department, Operational Archives, Op-12A-CD, Estimate April 13, 1928, in Hall, p. 54).

### The Coolidge Conference

Although battleship fleets had been confined to the 5:5:3 ratio, this did not extend to other surface craft or to submarines. After Coolidge had been reelected, the British were surprised that this President as well could become a vehicle for U.S. resistance against British hegemonism. This time, the issue was cruisers. The British wanted to build a large number of light cruisers with displacements of less than 8,000 tons and with guns of 6-inch caliber or less. The United States was interested in building somewhat smaller numbers of the most powerful type of modern cruiser, with 8-inch guns and 10,000 tons displacement. The British were already ahead in heavy cruisers by an 11 to 2 margin in 1926. British arms control proposals tried to limit the number of heavy cruisers the United States might build, while permitting immense tonnages of British "trade protection cruisers." The British arrogantly announced that they had "absolute require-

ments" in this department which had no relation to the strengths of other naval powers. Pro-Navy forces in the U.S. Congress agitated for a cruiser bill providing for a U.S. build-up in this category. Another Anglo-American confrontation loomed. A naval disarmament conference, usually called the Coolidge Conference, was held in Geneva during the summer of 1927. London and Washington were unable to agree on cruisers, despite the suspect attempts of Allen Dulles, a member of the U.S. delegation, to obtain a compromise.

In the wake of the failure of the Coolidge Conference, Sir Winston Churchill confirmed the attitude of Royal Navy diehards by denouncing the "principle of mathematical parity in naval strength" with the United States.

A cruiser bill calling for 15 new heavy cruisers and an aircraft carrier was passed by Congress and signed into law by Coolidge on Feb. 23, 1929. During the cruiser debate, Coolidge, in what were judged the most impassioned speeches of his life, attacked foreign governments—meaning especially Britain—for "using the movement to limit and reduce armaments in order to advance their own self-interest" (see *New York Times*, Nov. 12, 1928). This was a direct affront to British pretensions, which renewed an acute naval rivalry with London. One scholar later opined that with these measures, "the United States assumed a far more hostile attitude to Britain that year than it had for a hundred years" (Hall, p. 54).

A leading British "disarmament expert" of the day was Sir John W. Wheeler-Bennett of the Royal Institute for International Affairs, a veteran "America-handler" whose lifelong hobby was the study of the Confederate Army of Northern Virginia and who boasted that Confederate Gen. A.P. Hill had been one of his forebears. Wheeler-Bennett later wrote about this period in the following terms: "At the close of the year 1927, Anglo-American relations were undergoing a severe strain which in the following year became tenser and more dangerous, before the welcome relaxation in 1929. . . . In England a latent dislike of all things transatlantic blazed up afresh and produced a state of mind vis-à-vis the United States comparable only to that manifested toward Germany in the years 1908-14. In America this antagonism and suspicion was keenly reciprocated and found expression during the congressional debates on the ratification of the Kellogg Pact and the passage of the cruiser bill. In both countries men of goodwill declared war between them to be 'unthinkable,' a sure sign that they had already begun to think about it" (John W. Wheeler-Bennett, *Disarmament and Security since Locarno*, [London: Allen and Unwin, 1932 and New York: Howard Fertig, 1973], pp. 127, 142).

Another Anglo-American war scare rapidly gathered on both sides of the Atlantic. The *Manchester Guardian* editorialized: "Not for many years have the Americans and the British been on terms as bad as they are now. There is ill-feeling, suspicion, and misunderstanding between the two nations" (*Manchester Guardian*, Nov. 28, 1928).

As it turned out, the newly elected Herbert Hoover was a greater Anglophile than Coolidge, and it was under his auspices that the United States backed down. Hoover was assisted by his secretary of state, Henry L. Stimson, and his ambassador to London, Gen. Charles Dawes, who had been Coolidge's vice president. Dawes indicated that he would bring to the naval armaments question the same methods he had employed on the reparations question in 1924.

Hoover came out early in favor of further disarmament. He stated in his inaugural address of March 4, 1929: "Peace can be promoted by the limitation of arms, and by the creation of the instrumentalities for the peaceful settlement of controversies. I covet for this administration a record of having contributed to advance the cause of peace" (Wheeler-Bennett, p. 142-43). Sensing an opportunity, the London oligarchy dumped the Tory government in favor of a new Labor Party regime led by Ramsay MacDonald, who had campaigned on a platform of improving Anglo-American relations. MacDonald quickly signalled that he accepted naval parity with the United States as a general principle, and in October 1929 visited Hoover at his retreat in Rapidan, Virginia. Hoover was willing to accept 18 heavy cruisers for the United States to 15 for Britain and 12 for Japan. In light cruisers, the United States settled for 143,500 tons to 192,200 for London—hardly a condition of parity. Japan was allowed 100,450 tons. The United States and U.K. got 150,000 tons of destroyers compared to 105,500 for Japan. All three powers got parity in submarines at a level of 52,700 tons. The implications of the U.S.-Japan comparisons for the later Pacific war are obvious enough. In addition, no replacement battleships were to be built until 1936. These provisions were embodied in the London Naval Treaty signed in 1930.

Hoover thereupon announced the ratification of the Kellogg-Briand Pact, which purported to outlaw war and stated on July 24, 1930: "Mr. MacDonald has introduced the principle of parity, which we have now adopted, and its consummation means that Great Britain and the United States henceforth are not to compete in armaments as potential opponents, but to cooperate as friends in their reduction."

During the Hundred Days of 1933, the new Roosevelt administration announced its intention of building the U.S. Navy up to all applicable treaty limits. This was soon mandated by the Vinson-Trammell Act of March 1934, which subsumed legislation which authorized enough new tonnage as to almost double the existing U.S. fleet, including 7 new battleships and 3 aircraft carriers. Nevertheless, the United States continued to lag behind.

On July 1, 1935, the Washington Treaty expired. For the British, the treaty had achieved goals that would have appeared impossible in 1919. It had served to preserve British naval supremacy for two decades, and at the same time to create a dangerous U.S. vulnerability to Japan. It was estimated at the time that the actual aggregate tonnages of non-

obsolete warships of all types for the leading naval powers were as follows: U.K., 10; U.S., 7.46; Japan, 6.62; France, 3.78; Italy, 3.01 (see Bemis, p. 708). The Japanese tonnages actually exceeded the above because of non-compliance with the treaties, as surveys after World War II revealed. By 1936, Japan had terminated the treaty regime, which then rapidly broke apart.

---

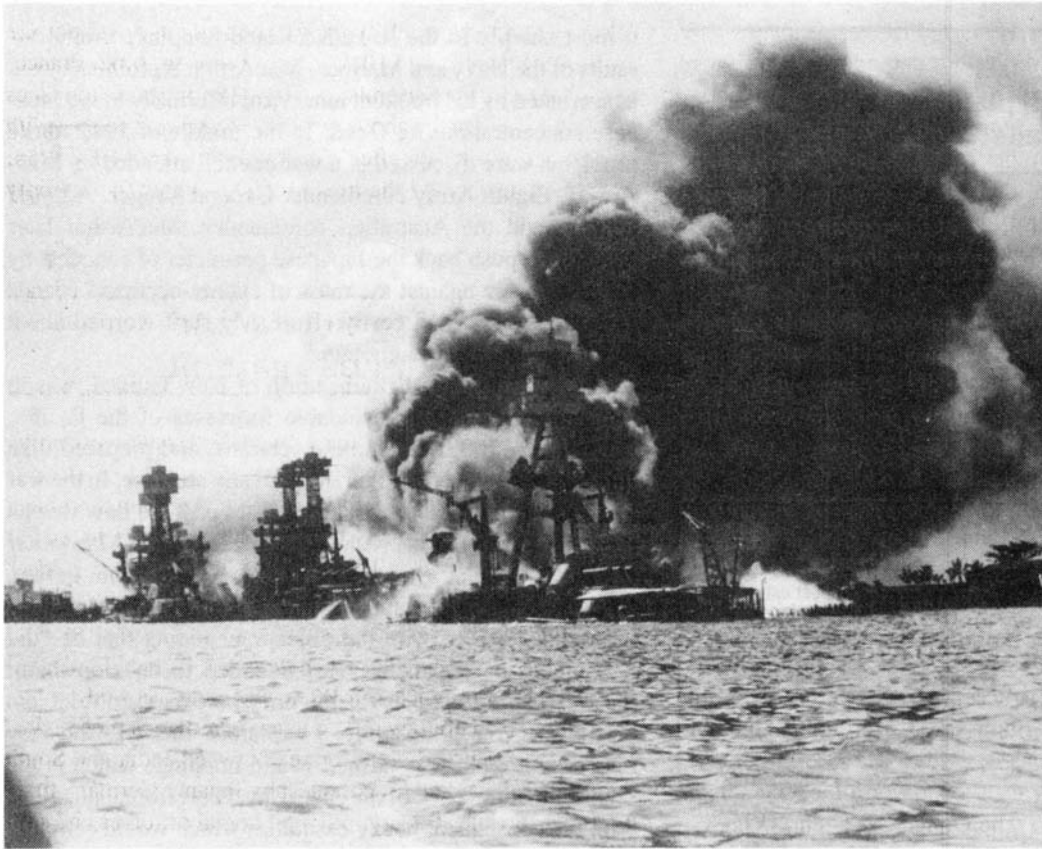
## World War II in the Pacific: Britain's Japanese gambit

---

From June 1941 on, the United States was operating under a war plan known as Rainbow Five, the U.S.-British Commonwealth Joint Basic War Plan. The explicit content of this plan was "Germany first." "Allied strategy in the Far East will be defensive," the plan stated. The United States would not add to its military strength in the Pacific theater. Two months before Pearl Harbor, the War Department, impacted by Rainbow Five, was planning the abandonment of not just the Philippines, but Wake and Guam as well.

Behind this strategy lurked a fiendish British plot against the United States: The entire area between India and South America was marked for conquest by Japan. "Germany first" was a reasonable strategy, but total denial of forces and supplies for the southwest Pacific was quite another matter, and a suicidal strategic folly. Averell Harriman, then in London with Churchill, referred to Indochina, Australasia, Polynesia, and Micronesia as a "vast, doomed area." The Japanese, according to this London strategy, were to be permitted to take over the entire Pacific basin while the war in Europe was being fought to a conclusion. Then, in the late 1940s, after the Japanese had fortified, consolidated, and otherwise strengthened their hold on this myriad of islands, the United States would return to the Pacific and conduct an unending series of frontal amphibious assaults, storming each and every fortified island, all the way to the final assault to Dai Nippon itself. The Japanese were expected, according to their Shinto-Bushido profile, never to surrender, but to fight to the last man, including on their home islands. According to this British scenario, the war in the Pacific was to have lasted until about 1955, with millions of dead on the two sides. The British approach to the war in Europe was to promote in every way possible an endless mutual bloodletting by Russians and Germans. In the Pacific, their plan called for a colossal American-Japanese hecatomb. This would have greatly enhanced the relative power of the British Empire in the postwar world.

The British had assured the United States that Singapore could hold for at least six months, but it fell to the Japanese on Feb. 15, 1942 with General Percival's biggest surrender of British troops in history. How much was bungling, and how much was treachery?



*The Japanese attack on Pearl Harbor, Hawaii, Dec. 7, 1941. The British strategy was to let Japan take over the entire Pacific basin, while the war in Europe was being fought to a conclusion.*

Churchill began to argue that the Japanese would now turn away from Australia and concentrate instead on the conquest of India. Churchill demanded that the U.S. buildup in the Pacific be transferred to the British command in Southeast Asia under Lord Louis Mountbatten. MacArthur convinced Roosevelt to refuse. In late March 1942, Japanese Admiral Nagumo struck at British naval forces around Ceylon. The British ran away, with some battleships retreating to the east coast of Africa.

### **Defending Australia**

MacArthur's biggest problem in countering the British sabotage was to defend Australia, the key industrial power and vast staging area still in allied hands. His first task was to jettison the defeatist war plan which the British Imperial staff had sold to the Australian military leadership (**Figure 3**). As MacArthur recounts:

"Having been witness to the Japanese conquest of Hongkong, Thailand, Malaya, Rabat, and the Northern Solomons, the Australian chiefs of staff understandably had been thinking and planning only defensively. They had traced a line generally along the Darling River, from Brisbane, midway up the eastern shoreline, to Adelaide on the south coast. This would be defended to the last breath. Such a plan, however, involved the sacrifice of three-quarters or more of the continent, the great northern and western reaches of the land.

Behind this so-called Brisbane Line were the four or five most important cities and the large proportion of the population—the heart of Australia. As the areas to the north fell to the enemy, detailed plans were made to withdraw from New Guinea and lay desolate the land above the Brisbane Line. Industrial plants and utilities in Northern Territory would be dynamited, military facilities would be leveled, port installations rendered useless and irreparable.

"The concept was purely one of passive defense, and I felt it would result only in eventual defeat. Even if so restrictive a scheme were tactically successful, its result would be to trap us indefinitely on an island continent ringed by conquered territories and hostile ocean, bereft of all hope of ever assuming the offensive" (*Reminiscences*, p. 152).

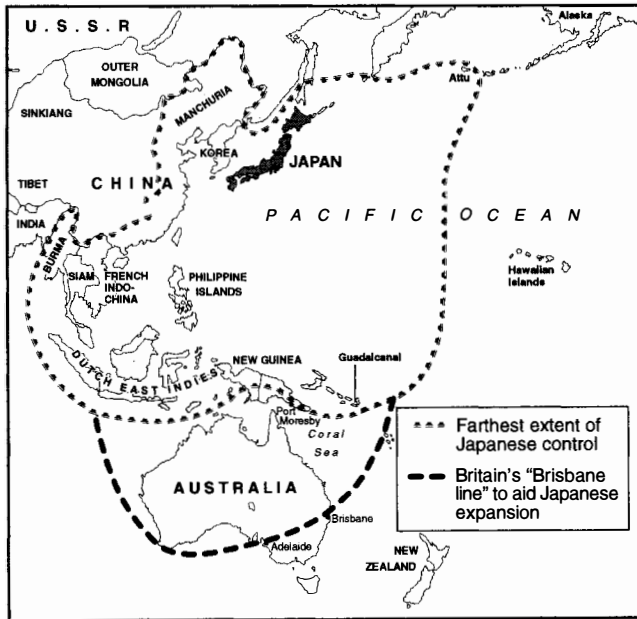
MacArthur protested to the Joint Chiefs of Staff in Washington that "such a concept is fatal to every possibility of ever assuming the offensive, and even if tactically successful will bottle us up on the Australian continent, probably permanently. I am determined to abandon the plan completely" (Whitney, p. 64).

MacArthur proposed to move the first line of defense of Australia more than a thousand miles to the north, from Brisbane on the Tropic of Capricorn to Owen Stanley mountain range in Papua, eastern New Guinea. This thrust also impelled U.S. forces to defend Guadalcanal, whose conquest by Japan would have threatened a cutting of the sea lane



FIGURE 3

**Britain's World War II plan for Japanese occupation of Australia**



between Australia and the United States, which was MacArthur's vital supply line. Another part of the incipient U.S.-Australian offensive was the naval battle of the Coral Sea, in which a Japanese aircraft carrier was sunk and the aura of invincibility enjoyed by the Japanese fleet after Pearl Harbor shattered.

At the time that MacArthur arrived in Australia, there was less than one U.S. division there, and Churchill was holding most of the Australian Army in North Africa. At one point, Churchill pledged that he would only release the Australian divisions from the Middle East if the Australian continent were actually invaded—because by then, as MacArthur stressed, the defense of Australia would have been a hopeless cause.

**MacArthur's leap-frogging**

MacArthur was able to pursue his strategy with a great economy in the lives of his men. This was because he generally avoided frontal attacks in favor of the flanking envelopment. This allowed him to do more with less. The Navy and Marines just at Okinawa, for example, lost almost 50,000 men. MacArthur conquered New Guinea (what is today Indonesia) and the Philippines, going from Melbourne to Tokyo, with just 90,000 casualties. (By contrast, U.S. losses at Anzio were 72,000, and in the battle of the Bulge, 107,000.)

MacArthur enjoyed success against a powerful and determined enemy because he was able to adapt the flanking envelopment to the specific conditions of the war in the Pacific. MacArthur called his strategy leap-frogging, and contrasted

it most sharply to the so-called island-hopping, frontal assaults of the Navy and Marines. MacArthur's problems were exacerbated by his frequent numerical inferiority to the Japanese concentrations he faced. In the middle of 1942, these problems were discussed at a war council attended by MacArthur, Eighth Army commander General Kruger, Admiral Halsey, and the Australian commander. MacArthur later wrote: "To push back the Japanese perimeter of conquest by direct pressure against the mass of enemy-occupied islands would be a long and costly effort. My staff worried about Rabaul and other strongpoints."

Rabaul, on New Britain, north of New Guinea, was in fact one of the most formidable fortresses of the Pacific, defended by 100,000 Japanese veterans, and prepared, like Verdun, to exact a fearful price from any attacker. In the war council, one general remarked: "I just don't see how we can take these strongpoints with our limited forces." MacArthur replied: "Well, let's just say that we don't take them. In fact, gentlemen, I don't want them." MacArthur added that he thoroughly agreed with the objection, adding that he "did not intend to take them. [He] intended to envelop them, incapacitate them, apply the hit 'em where they ain't, let 'em die on the vine philosophy. I explained this was the very opposite of what was termed island-hopping, which is the gradual pushing back of the enemy by direct frontal pressure, with the consequent heavy casualties which would certainly be involved. There would be no need for storming the mass of the island held by the enemy. Island-hopping, I said, with extravagant losses and slow progress, is not my idea of how to end the war as soon and as cheaply as possible."

MacArthur's method involved the selection of islands that were lightly held, but which were suitable for the construction of bases for fighters and bombers, which could in turn be used to cut off the lines of supply and communications to islands that were more strongly held to the point of being almost invulnerable to direct assault. These centers of strength had to be bypassed, cut off, neutralized, and starved out. The method turned on the acquisition of air bases from which bombers could operate, since MacArthur was never given any carriers. The advance of the bomber line, the operating sphere of the bombers, was the leading edge of each forward step.

MacArthur told a reporter for *Collier's* magazine in 1950 that "Japan failed to see the new concept of war which was used against her, involving the bypassing of strongly defended points, and by use of the combined services, the cutting of essential lines of communication, whereby these defensive positions were rendered strategically useless and eventually retaken" (Manchester, p. 389).

After the war, Col. Matsuichi Juio, a senior intelligence officer assigned to scrutinize MacArthur's deployments and intentions, reported to a military interrogator the effect of MacArthur's mode of waging war upon the Japanese. This, he said, was "the type of strategy we hated most." MacArthur





*Gen. Douglas MacArthur (left) returns to Leyte, the Philippines, on Oct. 20, 1944. His "leap-frogging" strategy was, according to the Japanese, "the type of strategy we hated most." It also drove the British crazy.*

acted "with minimum losses, attacked and seized a relatively weak area, constructed airfields and then proceeded to cut the supply lines to our troops in that area. . . . Our strong-points were gradually starved out. The Japanese Army preferred direct frontal assault, after the German fashion, but the Americans flowed into our weaker points and submerged us, just as water seeks the weakest entry to sink a ship. We respected this type of strategy . . . because it gained the most while losing the least" (Manchester, p. 391).

### **The importance of the Philippines**

These were the methods MacArthur used to fight his way along New Guinea and then to return to the Philippines, which he correctly regarded as the key to cutting off the supplies of raw materials from Indonesia to the Japanese home islands by interdicting the sea lanes of the South China Sea, thus bringing the war to a rapid end. The Japanese showed at the Battle of Leyte Gulf that they shared MacArthur's view of the importance of the Philippines, since they concluded that they must risk their entire fleet to stop MacArthur at Leyte. In their view, there would be no point in keeping the fleet intact if the Philippines were lost, since, in that eventuality, the fleet would be useless. Winston Churchill, true to form, proposed a campaign in the Indian Ocean, the Bay of Bengal, and Indochina, a combination side-show and bloodbath that can be usefully compared with his North African, Italian, and attempted Aegean-Balkan

diversions of the war in Europe.

MacArthur had a subordinate send the following reply to Churchill's lunatic scheme for an attack across the Indian Ocean: "General MacArthur feels that his present campaign into the Philippines will have the strategic effect of piercing the enemy's center and permitting rapid and economical envelopment either to the north or south or preferably both. Having pierced the center he feels it would be advisable to take full advantage of the Philippines as an ideal base from which to launch these developments, rather than to pull back to stage frontal attacks on the Japanese perimeter in any of the areas from existing bases" (*Reminiscences*, p. 201).

MacArthur's Southwest Pacific Theater of Operations—as distinct from Admiral Chester Nimitz's Pacific Ocean Areas and Lord Louis Mountbatten's Southeast Asia Commands—never got more than about 10% of the military resources of the United States. The coefficients used for the computation of the amount of supplies needed to keep one infantryman in the field in this theater of war were lower than in any other theater of the world. When Eisenhower invaded North Africa, he was allowed 15 tons of supplies per man. MacArthur got an average of five tons per man. His average was about one-half of the prevailing worldwide Allied statistic over the duration of the conflict. Less than 100,000 tons of supplies arrived in Australia from the United States during the final quarter of 1942, as compared with 2.3 million tons of supplies provided for Italian civilian

needs during the first year of campaigning there. Using the productive capacities of Australia's 7 million citizens and workforce of 2 million to the utmost, MacArthur was able to ship more supplies to adjacent theaters than he received from the United States—something of a logistical miracle. The Southwest Pacific was thus, from the point of view of war production, a self-sufficient area. MacArthur often referred bitterly to the “shoestring logistics” to which he was subjected by Washington while other commanders were far more liberally supplied. Many a golden strategic opportunity, in his view, was lost because of inadequate supply. “It is truly an Area of Lost Opportunity,” he said.

During the four months between Pearl Harbor and the fall of Corregidor, U.S. forces on the Philippines were the cynosure of the Pacific conflict. The prime minister of Australia, John Curtin, a close friend of MacArthur, stated that “without any inhibitions of any kind, I make it quite clear that Australia looks to America, free of any pangs as to our traditional links with the United Kingdom.” Churchill was apoplectic, and the British elite were confirmed in their vendetta against MacArthur, which they would act out during the Korean War some years later.

---

## **The Korean War: North Korea and Maoist China as British proxies against America**

---

In Washington, Lord Halifax once whispered to Lord Keynes: “It's true they have the money bags. But we have all the brains” (McDonald, p. 3).

This doggerel captures something of the rabid British resentment for the United States that prevailed after World War II. The British had come hat in hand to Washington in search of loans to stabilize the tattered pound sterling, and they imagined that they had been mistreated when the United States objected to the regime of imperial preference in trade. They greatly resented the U.S. role in Europe, but they were not going to start a proxy war there. But in the Far East and the Pacific, such a proxy war seemed feasible, and went to the top of the British agenda.

After the surrender of Japan on Sept. 2, 1945, U.S. influence in the Pacific was at an all-time high. U.S. forces had dominated all the military campaigns, and General MacArthur had been made the Supreme Commander of the Allied Powers (SCAP) in Tokyo. Japan was not divided into zones of occupation, but was, in effect, administered under MacArthur's supervision. MacArthur's occupation reforms included strong provisions to reduce the oligarchical element in Japanese society, including the abolition of titles of nobility and of the Japanese equivalent of the House of Lords. The British deeply resented U.S. preeminence in the eastern Pacific, which they had regarded as one of their spheres, and

in Japan, which they still considered their asset.

This British attitude was reflected in the remark by the anti-American British foreign secretary, Sir Ernest Bevin, who served under Prime Minister Clement Attlee in the Labor Party government of the late 1940s and early 1950s. Bevin found that the United States wanted to be “a law unto themselves” in the Far East. The British responded by redoubling their support for Mao Zedong and the Chinese Communists in their civil war against Chiang Kai-shek's nationalist Kuomintang. Mao was assisted by a cutoff in U.S. military aid to the KMT during a decisive phase of the civil war. This cutoff was ordered by the Truman administration's special envoy to China, Gen. George C. Marshall, an asset of the pro-British Harriman grouping. The People's Republic of China (P.R.C.) was founded on Oct. 2, 1949. The KMT was hanging on to Taiwan, but the British were anxious to liquidate these old adversaries as soon as possible.

On Jan. 6, 1950, the British government was the first western nation to establish diplomatic relations with the P.R.C. This clear overture for cooperation was followed by sharp attacks in the U.S. Congress against London, including the demand that economic sanctions be imposed against the United Kingdom.

Korea at this time was governed by two violently contending governments, that of the communist and Red Army veteran Kim Il-sung in the north, and the pro-U.S. regime of President Syngman Rhee in the south. U.S. troops had been present in South Korea, but the last of them had departed in June 1949. Secretary of State Dean Acheson, a notorious Anglophile, was at this point functioning as the de facto controller of President Truman in foreign policy matters. Acheson had been a close friend of W. Averell Harriman, the dean of U.S. Anglophiles, since they had met at Yale in 1905, and the two had cooperated to “work with and on” Truman and against MacArthur.

### **Acheson defines Korea outside U.S. defense perimeter**

On Jan. 12, 1950, Acheson delivered at the National Press Club an important policy speech entitled “Crisis in China—An Examination of United States Policy.” In this discourse, among other things, Acheson talked about what territories in Asia the United States was prepared to defend after the fall of China to the communists. He described a U.S. “defensive perimeter . . . along the Aleutians to Japan and then . . . to the Ryukyus [Okinawa] . . . and to . . . the Philippine islands” (Acheson, p. 357). This list of protected U.S. assets pointedly excluded both South Korea and Taiwan. After North Korea attacked South Korea in late June 1950, Acheson was widely accused of having issued a de facto invitation to North Korea to launch this aggression. Acheson became the “April Glaspie” (the U.S. ambassador whose statements to Iraq in 1990 effectively invited Iraq to occupy Kuwait, leading into the Persian Gulf war) of the

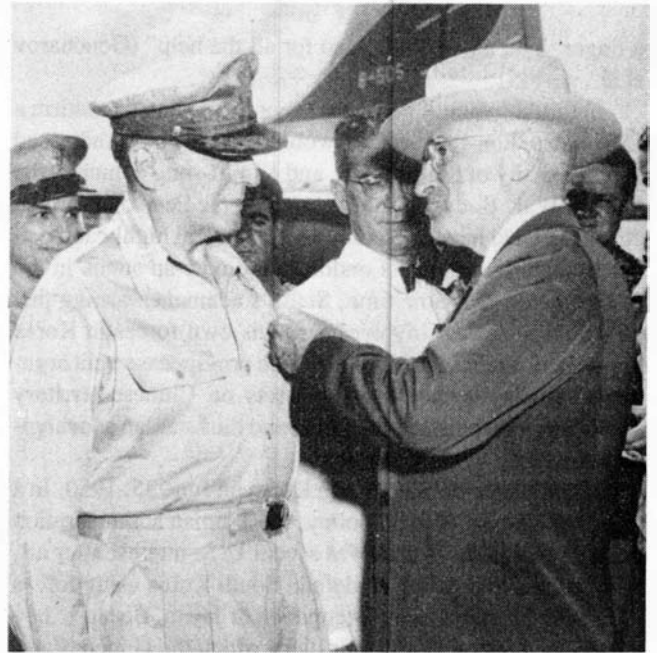
Korean War. It can be assumed that the assurance of impunity to the aggressor implicit in Acheson's remarks was privately repeated in more explicit terms by British diplomats to certain interested parties.

At this time, Acheson was dining in secret once a week at the State Department with the British ambassador to Washington, Sir Oliver Franks. During this period, Franks's first secretary was British triple agent H.A.R. "Kim" Philby. Franks's second secretary was the British triple agent Guy Burgess. A third British triple agent, Donald Maclean, who had worked for Franks in Washington a few years earlier, was shortly to become the chief of the American Department at the Foreign Office in London. When Prime Minister Attlee visited Truman at the White House in December 1950, some accounts assert that Maclean was present in his entourage.

"Triple agent" means here that while the Philby group and others like them were British officials who were also spying for the KGB, their ultimate loyalty and control always remained with the queen and the British oligarchy.

During the 1964 interrogation of Anthony Blunt, the fourth of the Cambridge triple agents to become known to the public, Blunt is reported to have revealed that the Canadian Herbert Norman, another Cambridge undergraduate of the 1930s, had been recruited by the KGB. Norman had died, an alleged suicide, in 1957. Norman had been a member of General MacArthur's staff in Tokyo and had attracted the suspicions of General Willoughby, MacArthur's intelligence chief. Norman was a close associate of Sir Lester Pearson, at that time the Canadian external affairs minister and later to become Canadian prime minister. James Barros has asserted in his book *No Sense of Evil* that Norman, while serving in Tokyo in 1950, played a role in encouraging Moscow, Beijing, and Pyongyang to launch the invasion of South Korea.

Barros writes: "In this context we must scrutinize Pearson's trip to Tokyo in February 1950. During that visit General MacArthur explained to him and to Norman Washington's policy in Asia and that its defense perimeter in the region did not include Korea, as it was not vital to America's security. MacArthur's comments were in line with Dean Acheson's speech a month earlier when he told the National Press Club that America's defense perimeter in Asia ran from the Aleutian Islands to Japan and from there to the Ryukyu and Philippine Islands. . . . Acheson's public comments could not have gone unnoticed in Moscow. Keeping in mind MacArthur's military role in Asia, his February remarks to Norman and to Pearson, the foreign secretary of a friendly and allied country, would have stimulated Moscow to favor a possibly low-risk North Korean invasion of South Korea. In other words, in addition to other information available to Moscow, MacArthur's comments, if conveyed to the Soviets by Norman—which might have been done—could have led to the assumption that such a scenario would evoke no American response" (Barros, p. 137-8).



Gen. Douglas MacArthur receives a Distinguished Service Medal from President Truman, Oct. 14, 1950. Said Chinese commander Lin Piao, of his attack on U.S. forces in Korea that November: "I would never have made the attack . . . if I had not been assured that Washington would restrain General MacArthur from taking adequate retaliatory measures against my lines of supply and communication."

Pearson was one of the most important British Empire political operatives during the postwar decades. In reviewing Pearson's role in protecting the career of Norman, Barros reviews evidence compiled by the U.S. Senate Internal Security Subcommittee and speculates that "one might even dare to think the unthinkable—that Pearson was Moscow's ultimate mole" (Barros, p. 169). Some years earlier, Canadian Prime Minister MacKenzie King had officially stated that Canada had been used as a base for espionage activity against the United States.

In early 1950, Stalin had been telling Mao that "a confrontation with the United States is inevitable, but for us it would be favorable to delay its beginning. At present, war is not feasible, because we have just tested the atomic bomb, the country is exhausted, and the people of the U.S.S.R. would not understand and support such a war" (Goncharov et al., p. 108). But Stalin was at the same time interested in various ideas for a limited, preemptive conflict. In talks with Kim Il-sung, Stalin repeatedly warned the North Korean leader that the Soviet Union would never go to war in Korea, not even if the United States were to intervene: "Stalin told Kim that even if the United States participated in the war, the Soviet Union had no intention of joining the fray" (Goncharov et al., p. 144). Stalin made this abundantly clear, telling Kim in April 1950 in their last conference before Kim started the war: "If you should get kicked in the teeth, I shall not lift

a finger. You have to ask Mao for all the help" (Goncharov et al., p. 145).

In this situation, intelligence reports tending to confirm a U.S. line of non-intervention would certainly have increased the propensity of Stalin, Mao, and Kim Il-sung to launch the Korean War. But we must assume that the Pearson-Norman channel would have been only one of several highly authoritative channels used by London to promote an attack in the Far East. (At the same time, Stalin's adamant warning that he would never get involved with his own forces in Korea powerfully undercuts the later British pro-appeasement argument that any strikes against assets on Chinese territory would elicit Russian aid for China and thus start an apocalyptic third world war.)

North Korea invaded South Korea on June 25, 1950. In a stunning reversal of U.S. policy, the Truman administration decided that South Korea was a vital U.S. interest after all, and ordered MacArthur to defend South Korea using forces previously engaged in the occupation of Japan. Because they lacked the tanks and heavy artillery which the United States had not provided, the South Korean forces were forced into a disorganized retreat. MacArthur sent his forces to South Korea as quickly as possible, but by August, U.S. forces were fighting with their backs to the sea in a 135-mile arc of trenches called the Pusan perimeter. On paper, MacArthur seemed destined for early defeat, a factor which London had doubtless appreciated in advance.

A brigade of troops from the British Commonwealth of Nations was a part of MacArthur's army in Korea, which operated under the formal aegis of the United Nations. British troops on the ground meant that London had the right automatically to receive all of MacArthur's war dispatches and reports, along with a wealth of other information. The lives of many of these British and Commonwealth forces were cynically sacrificed in battle by the London oligarchy; they were merely expendable pawns used to obtain access to secrets which were then swiftly betrayed to the communist side.

In September 1950, the daring and desperate flanking maneuver of MacArthur's Inchon landing turned the tables and ensured the total defeat of the North Korean forces, opening the way to national reunification under Rhee. MacArthur's forces advanced into North Korea and approached the Yalu River, the Korean border with China. Consternation reigned in the Foreign Office, since the very North Korean gambit that had promised to cut the United States down to size in the Far East and restore some of the balance of power in the region had boomeranged into the apotheosis of MacArthur as the irresistible force in Asia.

Before the Korean War started, Stalin had tried to encourage Mao to seize the British Crown colony of Hongkong. Mao disagreed with Stalin on the need to take possession of this colony (Goncharov et al., p. 100). In the spring of 1950,

the Communist Chinese People's Liberation Army had seized control of Hainan Island from the KMT. For the summer of 1950, all signs pointed to an attempt by Mao to take Taiwan and extinguish Chiang Kai-shek's government there. One element in Mao's aggressive disposition was the need to consolidate the new communist regime through conflict with an external enemy.

### Assurances given to Mao

Mao chose to attack not Taiwan, but MacArthur's U.S. and U.N. forces in Korea. There are numerous indications that this fateful decision was profoundly influenced by covert encouragement and assurances to Beijing on the part of British officials, including but certainly not limited to the Philby-Maclean-Burgess-Blunt-Rothschild triple agent circle.

This view is supported by an official release by Lin Piao, the commander of the Chinese forces attacking Korea, which was published by MacArthur in his *Reminiscences*. Lin Piao here stated: "I would never have made the attack and risked my men and my military reputation if I had not been assured that Washington would restrain General MacArthur from taking adequate retaliatory measures against my lines of supply and communication" (p. 375).

Since May 1951, when Maclean and Burgess defected to Moscow (followed by Philby in 1963), it has been evident to students of the Korean War that the "restraints" applied to MacArthur were those demanded by the British, and that knowledge of these restraints was imparted to the various communist capitals through the efforts of Philby and his confreres, whose activities could later be disavowed by the London regime owing to the fact that "Soviet espionage" was involved. In reality, all of the British triples of Her Majesty's Secret Service remained loyal to the queen.

Chinese forces operating south of the Yalu River and thus in Korean territory left their first unmistakable calling card on Oct. 25, 1950, by mauling a South Korean force near the Yalu. Then, for almost one month, the Chinese forces disengaged from their attacks, retired into camouflaged positions and waited. Whatever assurances he had received from London, Mao had been rendered suspicious by the beating Kim had taken, and he was more cautious. For one month, Mao and Lin waited to see if MacArthur would in fact be restrained.

If Truman had, during this period, issued a clear warning that continued aggression by China against MacArthur's command on Korean soil would lead to retaliation against Chinese targets, there is every reason to believe that Mao and Lin would have swiftly desisted. But the British Foreign Secretary, Sir Ernest Bevin, was adamant that "no ultimatums to China would be supported by me," and Truman, coached by Acheson and Harriman, said nothing.

MacArthur was more than restrained; he was placed in a straitjacket by the British and their various satellites at the

U.N. MacArthur was forbidden the hot pursuit of aircraft operating from Manchurian or Siberian air bases which would have been expected under the rules of war. MacArthur was told not to bomb the hydroelectric plants along the Yalu, and was forbidden to disturb the rail junction at Racin in North Korea.

In early November, MacArthur's request to bomb the bridges across the Yalu River was denied. The denial came from Acheson, Robert Lovett, and Dean Rusk at the State Department. As Acheson explained why he forbade the bombing: "Mr. Rusk, who was with us, contributed that we were committed not to attack Manchurian points without consultation with the British and that their Cabinet was meeting that morning to reconsider their attitude toward the Chinese government" (Acheson, p. 463). Cable traffic on this issue would have been seen by Philby, Maclean, and Burgess.

Later, this was modified to permit him to bomb only the southern half of these bridges, the Korean part. "By some means," MacArthur concluded, "the enemy commander must have known of this decision to protect his lines of communication into North Korea, or he would never have dared to cross those bridges in force" (*Reminiscences*, p. 371). Because of British blackmail, Chinese Manchuria became a vast privileged sanctuary which Mao and Lin could use as a staging area for attacks on U.S. and U.N. forces in Korea. All of MacArthur's attempts to get permission to strike at military bases in this area were overruled.

The Chinese attacked MacArthur's army in great force on Nov. 26-27. General Lin's first attack fell with uncanny accuracy on the weakest point in MacArthur's line, the junction at Tekchen between the U.S. Eighth Army and the South Korean II Corps. The Chinese repeatedly seemed to be able to anticipate the moves that MacArthur was about to make. During this period, Sir Frederick Hoyer-Millar of the British Embassy in Washington cabled to the Foreign Office in London that one of his underlings "gets information . . . in advance by an officer who should, strictly speaking, await its transmission via the war room. . . . This applies particularly to future operations" (Newton, p. 281).

### **Communists informed by the British Foreign Office**

U.S. Gen. James Gavin later commented: "I have no doubt whatever that the Chinese moved confidently and skillfully into North Korea, and in fact, I believe they were able to do this because they were well-informed not only of the moves Walker would make, but of the limitations of what he might do. . . . All of MacArthur's plans flowed into the hands of the Communists through the British Foreign Office" (see *Atlantic Monthly*, June 1965).

Later, MacArthur proposed measures to end the war, including an economic blockade of the coast of China. All of

his proposals were rejected. The reply of the U.S. Joint Chiefs of Staff said in part that "a naval blockade off the coast of China would require negotiations with the British in view of the extent of British trade with China through Hongkong" (*Reminiscences*, p. 380). During the entire period of the Korean War, London eagerly supplied Mao with the sinews of war by deliveries of strategic materials through Hongkong. This was only slightly camouflaged by such public relations measures as the May 1951 announcement of an embargo on British rubber sales to the P.R.C. through Hongkong.

Donald Maclean later became a prominent member of the Soviet Institute of World Economics and International Relations, and died in Moscow in the spring of 1993. At that time, the Russian dissident historian Roy Medvedev, who had known Maclean closely during his years in Moscow, summed up some of the things that Maclean had told him in an article that was published in the *Washington Post*. Medvedev's testimony bears on the ways in which Maclean's espionage contributed to the ability of the Communist Chinese successfully to attack General MacArthur's army.

According to Medvedev, although Maclean "never spoke of the details or the techniques of his work as a spy . . . on a few occasions he made reference to certain historic events which he seemed to have influenced."

As MacArthur moved north, wrote Medvedev, "when Stalin insisted on Chinese interference, Mao hesitated, afraid that the Americans might move the war onto Chinese territory and even use the atom bomb on Chinese troops and industrial centers.

"At that time an English delegation headed by Prime Minister Clement Attlee was visiting the United States. Donald Maclean, head of the American desk at the Foreign Office, was a member of that delegation. Neither Attlee nor their American colleagues had any secrets from Maclean. He managed to get a copy of an order from Truman to General MacArthur not to cross the Chinese border under any circumstances and not to use atomic weapons. America feared a lengthy and hopeless war with China.

"Stalin immediately passed on the information to Mao Tse-Tung [Zedong], and the Chinese reluctance came to an end. On Oct. 25, a vast army of 'Chinese people's volunteers' crossed the Korean border and attacked American and South Korean troops" (see "Requiem for a Traitor," *Washington Post*, June 19, 1983).

Toward the end of January 1951, in the wake of Attlee's visit to Washington, a debate developed in the British Foreign Office and cabinet about the tactics to be employed in regard to a U.S. push to get the United Nations Security Council to condemn China as an aggressor. Junior officials such as John Strachey, the minister of war, and Kenneth Younger, minister of state in the Foreign Office, supported a

*Continued on page 46*

## Sir Robert Thompson and the U.S. defeat in Vietnam

A decade after the Korean War, British geopolitical strategy concentrated on provoking another, even more serious reverse for the United States, the Vietnam War. After British intelligence had eliminated President Kennedy, who had intended to withdraw U.S. forces from Vietnam, London's assets in the U.S. liberal establishment set out to induce the Johnson administration to commit half a million ground troops to South Vietnam. At the same time, the London regime of Prime Minister Harold Wilson remained critical of the U.S. effort, and no British forces were sent to Vietnam, although Australia did provide a contingent.

One British intelligence operative who played a vital role in convincing the Johnson administration to launch the Vietnam adventure was Sir Robert Grainger Ker Thompson, who was touted in *Newsweek* and *U.S. News and World Report* during the mid-1960s as the world's preeminent expert in guerrilla warfare.

Born in 1916, Thompson held a history degree from Cambridge and was fluent in both Mandarin and Cantonese Chinese. During World War II, Thompson had been a member of Gen. Orde Wingate's Chindits, a prototype of later special forces. He later commanded "Ferret Force," a British anti-guerrilla unit in Malaya, where he devised the strategic hamlet program that was later to fail miserably in Vietnam. By 1961, Thompson was Secretary for the Defense of Malaya. In this year, Thompson was invited to South Vietnam by President Diem; he became the chief of the British Advisory Mission and a key adviser and counterinsurgency "idea man" to Diem.

Thompson never concealed his contempt for the United States. His favorite slur on the ungrateful colonials was, "The trouble with you Americans is that whenever you double the effort you somehow manage to square the error."

### The U.S. buildup

The best strategy for the United States would have been to avoid a commitment of U.S. ground troops to Vietnam altogether, as Kennedy had insisted. But once U.S. forces were engaged, Sir Robert was instrumental in blocking the implementation of any possibly effective military strategy.

In 1965, as the U.S. buildup began, South Vietnamese Defense Minister Gen. Cao Van Vien had submitted a strategy paper entitled "The Strategy of Isolation," in which he posed the problem of cutting off the infiltration

of troops and supplies from North to South, arguing that if this were done, the insurgency in the South would wither on the vine.

Cao Van Vien wanted to fortify a line along the 17th parallel from Dong Ha to Savannakhet, a point on the Mekong River near the Laos-Thailand border to interdict the famous Ho Chi Minh Trail, a strategic artery used by motor vehicles and which was flanked by gasoline pipelines. Cao Van Vien wanted to follow this with an amphibious landing north of this line, near Vinh along the 18th parallel, to cut off the North Vietnamese front from their rear echelons and supply lines. The goal would have been to deny North Vietnam "the physical capability to move men and supplies through the Lao corridor, down the coastline, across the DMZ, and through Cambodia . . . by land, naval, and air actions."

According to this plan, the blocking position from the DMZ to the Mekong could have been manned by eight divisions (five U.S., two South Korean, and one South Vietnamese) while Marine divisions could have been kept ready for the amphibious attack. U.S. forces would have remained on the defensive, in fortified positions; it would be left to the South Vietnamese Army to deal with the guerrilla forces in the South Vietnamese countryside. This meant there would have been no search and destroy missions by the United States, no My Lais, and far fewer U.S. casualties.

The rejection of this strategy in favor of counterinsurgency is a testament to the influence wielded by Sir Robert.

### The counterinsurgency strategy

Thompson was the most authoritative spokesman for the military doctrine of counterinsurgency, a warmed-over version of British colonialist-utopian clichés stretching back to the atrocities of the Boer War. During the early 1960s brush-fire wars in the Third World, counterinsurgency tactics to deal with communist guerrilla warfare became an obsession in Washington, and Thompson was able to parlay his specious Malaya credentials into pervasive influence.

On July 5, 1965 (when the United States had slightly more than 50,000 soldiers on the ground in South Vietnam), Thompson assured *Newsweek* that a U.S. ground combat role was "unavoidable," but that "if the right things are done within Vietnam at the present moment, then the American combat role, which is comparatively small compared with the Vietnamese role, should be sufficient to halt [the Viet Cong]." At this time, the long agony of Johnson's escalation of the U.S. troop presence was just beginning.

In 1982, Col. Harry Summers of the U.S. Army pub-



lished *On Strategy: A Critical Analysis of the Vietnam War*, which reflected an effort by the Army War College at Carlisle Barracks, Pennsylvania to determine the reasons for the U.S. defeat. One of Summers's conclusions was that the U.S. command at all levels had been thoroughly disoriented by the illusion that Vietnam represented a new form of people's revolutionary warfare, to which traditional military doctrine no longer applied. Summers cited Sir Robert Thompson as the leading spokesman for the counterinsurgency school, highlighting the Briton's claim that "revolutionary war is most confused with guerrilla or partisan warfare. Here the main difference is that guerrilla warfare is designed merely to harass and distract the enemy so that the regular forces can reach a decision in conventional battles. . . . Revolutionary war on the other hand is designed to reach a decisive result on its own" (p. 113).

In an April 1968 article in *Foreign Affairs*, Thompson had argued that a true U.S. strategic offensive in Vietnam would require "emphasis on nation-building concurrent with limited pacification," including "the rebuilding of the whole Vietnamese government machine." For Thompson, "it is the Khesanhs which are the diversion," a reference to the U.S. Army's conventional battle against the regular North Vietnamese Army near the Demilitarized Zone on the North Vietnam-South Vietnam border. For Thompson, the communist guerrilla structure in South Vietnam was characterized by "its immunity to the direct application of mechanical and conventional power." Victory would therefore be decided "in the minds of the Vietnamese people."

Thompson advised that American soldiers be deployed into political action and "nation-building" in the Vietnamese countryside. He was opposed to U.S. thrusts against the North Vietnamese regular army. In the event, it was the North Vietnamese regular army which finally destroyed the Saigon government, with a 12-division armored attack across the DMZ in March 1972 (which failed) followed by the victorious assault by 17 North Vietnamese divisions which captured Saigon in March-April 1975. As it turned out, the war was won by conventional military forces, although the guerrilla insurgency diverted a large portion of Saigon's available divisions, which were thus unable to take part in the final, decisive conflict.

### Thompson was 'exactly wrong'

In the light of all this, Summers and the War College are right in concluding that "with hindsight it is clear that by Sir Robert Thompson's own definition, he was *exactly wrong* in seeing the war as a 'classic revolutionary war.' The guerrillas in Vietnam did *not* achieve decisive results

on their own. Even at the very end there was no popular mass uprising to overthrow the Saigon government" (Summers p. 113, emphasis added).

The Korean War had also seen extensive guerrilla activity in South Korea by North Korean and communist infiltrators. An effective division of labor had evolved which had given primary responsibility for maintaining order on the home front to the South Korean army, while U.S. forces concentrated on countering the international aggression of North Korea and China. But this traditional approach was associated with the now-demonized Gen. Douglas MacArthur, leaving the dangerous vacuum in military doctrine that was filled by Thompson's counterinsurgency theory.

Unfortunately, during the Vietnam era there was no figure comparable to MacArthur capable of forcing the repudiation of the bankrupt new pseudo-strategy.

### The political dimension

In addition to the obvious military disadvantages of Sir Robert's strategy, there were also political disadvantages that contributed in their own way to ultimate defeat. These are summed up by Gregory Palmer in *The MacNamara Strategy*: "The official view, supported by the advice of Diem's British adviser, Sir Robert Thompson, was that the appropriate strategy was counterinsurgency with emphasis on depriving the enemy of the support of the population by resettlement, pacification, good administration, and propaganda. This had two awkward consequences for American policy: It contradicted the reason given for breaking the Geneva declaration, that the war was really aggression from the North, and, by closely associating the American government with the policies of the government of South Vietnam, it made Diem's actions directly answerable to the American electorate" (Palmer, pp. 99-100).

For Thompson, the struggle against the Viet Cong was everything, while the North Vietnamese regulars were virtually irrelevant.

But was Sir Robert just another bungler, just another in the long line of marplot Colonel Blimps that stretches from Lord Raglan and Lord Lucan at Balaklava and Haig on the Somme, to Percival at Singapore and Montgomery at Arnhem? Not bloody likely. Thompson was a deliberate liar and saboteur, as can be seen from his *Foreign Affairs* piece highlighting the Viet Cong, which was written after the January 1968 Tet offensive, when the Viet Cong's main force units had been virtually obliterated. Thompson's role was that of a Secret Intelligence Service disinformation operative. The widows and orphans of Vietnam—and America—should not forget the evil Sir Robert.—*Webster G. Tarpley*



Continued from page 43

show of independence by the British, including a British vote against the United States. This view was supported by Aneurin Bevan and Hugh Dalton of the Labour Party left. Denying that China was the aggressor in Korea would have aligned the U.K. with the U.S.S.R. and the rest of the Communist bloc in opposition to the United States at the U.N.

Foreign Secretary Ernest Bevin opposed doing this in public, arguing that a break with the United States would leave Britain to face the U.S.S.R. alone. Chancellor of the Exchequer Hugh Gaitskell argued that a break with the United States over China would be a disaster that would "enormously strengthen the anti-European bloc in the U.S.A." On Jan. 25, the Cabinet decided to vote against a U.S. resolution condemning China as an aggressor. At this time, Bevin was suffering from a terminal illness. Gaitskell threatened to resign, and received backing from key figures in the Foreign Office. Attlee was forced to back down.

Even so, British Ambassador to the U.N. Sir Gladwyn Jebb attacked MacArthur for an alleged desire to "escalate" the Korean conflict. If MacArthur thought the U.N. would approve escalation, he "must be only conscious of public opinion in the Philippines, some of the banana states, and the lunatic fringe of the Republican Party" (MacDonald, p. 48). At this time, Jebb's private secretary in New York was Alan Maclean, who was sharing an apartment with Guy Burgess. "The fear that American policy in Korea was dragging the world into a Third World War seemed to possess Burgess throughout the autumn and winter of 1950" (Andrew Boyle, *The Climate of Treason*, p. 355). But what Burgess expressed was only the official view of the British Foreign Office.

Cave Brown (572ff.) calls attention to the fad of "treason chic" that became popular among the decadent London intelligentsia in the wake of the Maclean-Burgess departure to Moscow in May 1951, and then again after Philby went over to the U.S.S.R. in 1963. He quotes the cultural critic Richard Grenier on the widespread view of the British cultural elite that "treason is in style. At least British treason when it is committed by Englishmen with posh accents." This cultural mood of the British establishment is reflected in the plays of Alan Bennett, including one (*An Englishman Abroad*) about Burgess in Moscow, and one (*A Question of Attribution*) about the relations between Sir Anthony Blunt at the Courtauld Institute and his patroness the queen among her pictures at Buckingham Palace. This is the cultural suppuration which has produced the Lord William Rees-Moggs and Ambrose Evans-Pritchards of our own day.

A total of 54,246 U.S. service personnel lost their lives in the dirty proxy war waged by the British against the United States in Korea, and almost 107,000 were listed as wounded and missing. Perhaps the day is coming when the American people will be capable of responding to the British oligarchy for decades of geopolitical proxy war.

## Bibliography

- Dean Acheson, *Present at the Creation* (New York: Norton, 1969).  
James Barros, *No Sense of Evil: Espionage, the Case of Herbert Norman* (Canada: Deneau, 1986).  
Samuel Flagg Bemis, *A Diplomatic History of the United States* (New York: Holt, 1965).  
Genrikh Borovik, *The Philby Files* (Boston: Little, Brown, 1994).  
This book alleges that after defecting to Moscow, Philby never talked about the Korean War!  
Anthony Cave Brown, *Treason in the Blood* (Boston: Houghton Mifflin, 1994).  
Thomas H. Buckley, *The United States and the Washington Conference, 1921-1922* (Knoxville: The University of Tennessee Press, 1970).  
James Cotton and Ian Neary (eds.), *The Korean War in History* (Atlantic Highlands, New Jersey).  
Christopher Hall, *Britain, America, and Arms Control, 1921-37* (New York: St. Martin's Press, 1987).  
Sergei N. Goncharov, John W. Lewis, Xue Litai, *Uncertain Partners: Stalin, Mao and the Korean War* (Stanford University Press, 1993).  
Kenneth Harris, *Attlee* (London, 1982).  
Warren F. Kimball (ed.), *Roosevelt and Churchill: The Complete Correspondence*, 3 vols. (Princeton, 1984).  
War Plan Red can be consulted in Joint Board 325, Serial Number 435, National Archives, Washington, D.C.  
Gen. Douglas MacArthur, *Reminiscences* (New York: McGraw-Hill, 1964).  
Callum McDonald, *Britain and the Korean War* (Oxford: Basil Blackwell, 1990).  
William Manchester, *American Caesar* (New York: Dell, 1983).  
Verne W. Newton, *The Cambridge Spies: The Untold Story of Maclean, Philby and Burgess in America* (Lanham, Md.: Madison Books, 1991).  
Chapman Pincher, *Too Secret Too Long* (New York: St. Martin's Press).  
Chapman Pincher, *Traitors* (New York: St. Martin's Press, 1988).  
Stephen Roskill, *Naval Policy Between the Wars*, especially vol. I: *The Period of Anglo-American Antagonism* (London: Collins, 1968).  
Charles Seymour, *The Intimate Papers of Colonel House* (New York, 1928).  
Harry G. Summers, *On Strategy: A Critical Analysis of the Vietnam War* (New York: Dell, 1984).  
Sir Robert Grainger Ker Thompson, *Make for the Hills: Memories of Far Eastern Wars* (London: L. Cooper, 1989).  
Sir Robert Grainger Ker Thompson, *No Exit from Vietnam* (London: Chatto and Windus, 1969).  
Gerald E. Wheeler, *Prelude to Pearl Harbor: The United States Navy and the Far East, 1921-1931* (Columbia: University of Missouri Press, 1963).  
John W. Wheeler-Bennett, *Disarmament and Security Since Locarno* (London: Allen and Unwin, 1932 and New York: Howard Fertig, 1973).  
Courtney Whitney, *MacArthur: His Rendezvous with Destiny* (New York: Knopf, 1956).  
Sir William Wiseman, "The Attitude of the United States and President Wilson toward the Peace Conference," undated memorandum, Balfour Papers, British Museum.

---

## Book Reviews

---

# Britain and America cross swords over postwar policy toward China

by Michael O. Billington

---

### **Recasting the Imperial Far East: Britain and America in China, 1945-1950**

by Lanxin Xiang

M.E. Sharpe, New York, 1995

272 pages, paperbound, \$25.00; clothbound, \$65

---

The thesis of this extraordinary book is that the history of the period has been misrepresented such that, on the one hand, studies of Anglo-American relations generally gloss over the Far East, because "relations there jar the prevailing notion of a 'special relationship,'" while, on the other hand, studies of the Far East tend to focus on the U.S.-U.S.S.R. confrontation or the "Free World" vs. Communism, missing the determining aspect of the Anglo-American conflict.

Franklin D. Roosevelt's son Elliott, in his book *As He Saw It*, quoted the President telling Winston Churchill that the United States was not fighting World War II in order to reestablish the British Empire. Lanxin Xiang has provided extensive documentation of the facts behind both this commitment of FDR and his closest associates, as well as the colonial intentions of the British, covering the period between the last phase of World War II through the launching of the Korean War in 1950. Using official records and correspondence from London, Washington and China, Xiang's research illuminates the conflict between American System methods for the technological and industrial development of sovereign nation states, versus the colonial methods of the British, who try to keep nations weak and divided in order to control them. That conflict is still today the dominant influence on international policy in Asia, and the coverup of the 1945-50 Anglo-American divisions is continuing today in the western media, academia, and government think-tanks. Xiang has made a valuable contribution to rectifying that problem. This review will essentially reproduce Xiang's most salient points, with a few identified additions.

Xiang was raised and educated in China, graduating from

Fudan University in Shanghai; he did graduate work at Johns Hopkins in Baltimore, and was an Olin Fellow of Military and Strategic History at Yale University. He is working on two other books, one on the Boxer rebellion and one on Mao's generals. He now teaches at Clemson University.

The conflict, as he presents it, developed during the war in the form of a fight over the possibility of, or the need for, a "strong China." The U.S. policy, in keeping with Roosevelt's notion of the end of colonialism, was to provide western help to China both during and after the war, to continue the process of the 1930s, before the Japanese invasion, when China developed extensively and rapidly under the Kuomintang (KMT), the nationalist party founded by Sun Yat-sen and subsequently led by Chiang Kai-shek. The U.S. goal was a strong China, playing a leading role in the world. The British were dedicated to preventing such a development at all costs, while reasserting their colonial power and influence over a weak and divided China—a continuation of British policies from the previous century.

Xiang begins the story with FDR's appointment, toward the end of the war, of Maj. Gen. Patrick J. Hurley as his personal representative in China as well as U.S. ambassador to China. Hurley's purpose, as he described it, was to bring about the unification of China under the leadership of the KMT and Chiang Kai-shek, and to "keep an eye on European imperialism." His principal British counterpart in this task was Carton de Wiart, who was officially the liaison between Lord Mountbatten and Chiang, but, as Hurley said, actually ran "most of the widespread British intelligence system on China."

Roosevelt was explicit in his instructions. In March 1945, FDR sent Hurley to London and Moscow to get British and Soviet agreement on the strong China policy, and told him to raise the issue of British colonial policies, including Hong-kong. Hurley considered the Moscow trip successful, but called the London visit "hell-raising." Wrote Hurley:

"In the discussion with Churchill and Eden, questions pertaining to the reconquest of colonial and imperial territory with American men and lend-lease supplies and the question



*Sun Yat-sen, the founder of the Kuomintang party and the father of the Chinese Republic in 1911. Sun's detailed proposal for the development of China's industrial and agricultural infrastructure stands today as the model for developing China into a modern industrial nation-state.*

pertaining to Hongkong and other problems were interjected by the British. . . . Churchill flatly stated that he would fight for Hongkong to a finish. In fact he used the expression 'Hongkong will be eliminated from the British Empire only over my dead body!' . . . I then pointed out that if the British decline to observe the principles of the Atlantic Charter and continue to hold Hongkong, then Russia would possibly make demands in regard to areas in North China." Churchill's response was that Britain was not bound by the Atlantic Charter, and that the policy of a strong China was a "great American illusion."

Hurley was also uncompromising with the State Department and U.S. military staff who sided with the British. When a memo from the military attaché's office argued that many Chinese wanted Britain to retain Hongkong, and that the British were right in their doubts about the KMT, Hurley wrote to Secretary of State Edward Stettinius that the memo "sets forth British imperialist propaganda—and while the supporters of this propaganda may be entitled to their own views in the premises, I know of no reason why American officers serving in China should undertake to sponsor such

propaganda or to disseminate it within the American Government."

Hurley argued that Hongkong and Indochina were controversies which would affect "the future of democracy and imperialism in Asia." He advised President Truman in May 1945 to recall all lend-lease equipment and refuse any more credits or gifts from the United States until the British agreed to relinquish Hongkong and generally show more concern for democracy around the world. He told Truman that Roosevelt had told him two months earlier, just before his death, that, "if Churchill refused this [the return of Hongkong to China], he would go over Churchill's head in an appeal to the King and the parliament." Although Truman did not agree to Hurley's recommendation, he did hold up the loans needed by the British after the war for their own recovery as a lever to demand concessions on the colonial issues.

Hurley also told the Dutch ambassador in China, "If Britain and Holland thought that the U.S. was going to clear up the imperial mess for their imperialism in the Far East, they had better think again."

The British were not circumspect about their own designs, as Churchill's "dead body" statement attests. Of course, the Yalta deal, which secretly implied the division of China between a Russian Manchuria and a British-American south, while also dividing up the rest of the world, was a virtual British coup. Nonetheless, the British were not willing to let the United States dominate even a divided China. The Foreign Office in January 1945 instructed the Chungking Embassy to reassert British influence, with the following warning: "If America continues until the end of the war to exercise a virtual monopoly in China, the effect will be not only to weaken our own future position but also to detract from the U.N. conception which has caught the imagination of the Chinese." The head of the Far East Department, John C. Sterndale-Bennett, wrote that the British should have insisted back in 1942 that China was a special entity outside of the American sphere of influence.

As for Hurley, the British hated him almost as much as they hated Gen. Douglas MacArthur. Ambassador Lord Halifax denounced Hurley's support for Chiang and the KMT, and portrayed him as "a former Republican possessed of no little Irish political acumen, and a swashbuckling old calvaryman." Lord Balfour added his assessment of the American complaints: "Anti-British outbursts are, as a rule, the result of the propensity of Americans to oversimplify vexatious issues which are beyond their immediate ken. They need not, therefore, unduly disturb us."

### **British anti-development policy**

The British were particularly upset that the United States was planning to bring real development to China, thus spoiling it forever as a source of loot for the Empire. Xiang says that they were "annoyed by numerous reports that America was embarking on a comprehensive plan for post-war eco-

conomic development.” The Chungking representative of Swire and Sons complained: “The aggressive American industrial salesmen in and out of uniform are having things very much their own way. They can talk about firm finance and early large-scale delivery. They seem to have an unlimited supply of technicians and planners unengrossed by the war to put at Chinese disposal.”

The United States was aware of the British intent to prevent development. A report by the U.S. Office of Strategic Services (OSS) from the summer of 1945 said: “Britain may desire to have China maintain an agricultural economy and the U.S. might seek to industrialize the country. Such rivalry would have the effect of retarding the political and economic development of China and of increasing the antagonisms among the Great Powers.”

A leading journalist for the *Daily Mail*, in an article called “Stars and Stripes over China,” published in October 1945, complained that an “anti-British psychology has not been discouraged by our American ally. U.S. propagandists have been working from Lanchow, gateway to Tibet, to the Gobi Desert of Mongolia. . . . A great plan to dam the Yangtze, known as the ‘Yangtze Valley Authority,’ will be one of the greatest engineering contracts of modern times. . . . Their geologists have plodded the old caravan trails to the fringes of Tibet and the wild western tribal countries.” Again, today, the British are desperate to stop the re-emergence of these two great projects—the Three Gorges Dam on the Yangtze and the “land bridges” to Europe, Central Asia, and Africa along the old Silk Routes—both of which have become live policy commitments among certain layers in the Beijing leadership.

The Far Eastern Committee, under British Labour Party Foreign Secretary Ernest Bevin’s direction, responded to the U.S. development policies with a secret memo in December 1945, entitled “British Foreign Policy in the Far East.” The memo reflected an hysteria about the United States which is similar to London’s current response to President Clinton’s foreign policy direction: “U.S. policy appears to be dominated by two partly conflicting considerations. These are (a) A drive for exports which has acquired a certain force of desperation from the feeling, which may or may not be well founded, that a vast export trade alone can exorcise the demon of unemployment at home. . . . (b) A strange neo-imperialism of a mystical irrational kind. This is an emotional reaction to the end of the war. There is a strong desire to bring back U.S. forces from Japan and elsewhere. . . . Nevertheless, America is conscious of special responsibilities to the world.”

Sir George Samson, British minister in Washington, reported to London that the United States considered China a “field of investment and enterprise which they will dominate and from which they hope, by sheer weight of financial and industrial strength, to expel British and other competition. . . . Some of them justify this sentiment by arguing that they

are not fighting to restore an effete British imperialism in Asia.”

## British strategy to divide China

With this excuse, the British overtly pursued their wrecking operation against the development of China. While always playing all sides of every issue, their intent was civil war and a divided China, with the question of who ruled where, only a secondary consideration. De Wiart told London directly, “I am not really worried about civil war, which is after all usual here.” Leo Lamb, British minister in Nanking, told an associate of General Wedemeyer, “A study of Chinese history during the past century would indicate that we are perhaps merely returning to a normal situation in China and that comparative peace in the 1930s was abnormal.” He is correct that the British had successfully kept China in a state of civil war continuously, from the time of their military intervention with the Opium War in 1840, with the exception of the “Development Decade,” between 1927 and 1937, when China was united under Chiang Kai-shek’s leadership.

When the United States tried to establish commercial laws to facilitate modernization, foreign investment, etc., the British attempted to sabotage it. Xiang quotes a British business leader: “No great concern should be displayed or efforts made to assist the Chinese on the modernization of their laws, since, in any event, the amended or revised laws cannot in practice be enforced. . . . Let the law be as bad and unworkable as possible, and let us continue to do business by arrangements as we have always done.” The British didn’t need special laws for foreign companies, since they incorporated their businesses in the Crown Colony of Hongkong.

Again, the United States was aware of British intentions. An OSS report of February 1946 said: “A strong China *without* a democratic system of government would, in the British view, menace Britain’s future as a colonial power in the Far East . . . while even a strong *democratic* China may well serve as a force to outmode colonialism in the Far East.”

The United States was also confronted by British colonial aims in other Asian nations. The British tried desperately to treat Thailand as a defeated enemy, due to their “treaty” with Japan during the Japanese occupation. The United States intervened, recognizing the British attempt to colonize another Southeast Asian nation. The British did succeed in imposing a rice levy on Thailand, stealing rice to feed their other colonies. As in the case of China, an argument over a “strong” or a “weak” Thailand had been waged during the war, with Hurley even trying to set up a “free Thai” government in Chungking, China.

The United States was later to play a role in forcing the British to allow the independence of Burma. In Indochina, General de Wiart reported to London, “I believe that 75% of the trouble in Indo-China has been caused by the Americans who are violently anti-French in this part of the world, what-

ever they may be elsewhere.”

In late 1946, the head of the Far Eastern Committee, Esler Dening, one of the key directors of British Asia policy, made a revealing endorsement of a paper prepared by a British Council-sponsored professor named Robert Payne. Dening said that, while he disliked Payne's leftist position, he considered the recommendations “worthy of careful consideration.” Payne had written: “The Far East is one, the revolution sweeping over China, India, the Philippines, Malaya, Burma, and Siam is essentially the same in each country—a socialistic democratic revolution to which Great Britain has everything to offer and everything to gain, by using the movement. The time has come for us to take the lead.” The British wanted to run both sides of a “colonialism vs. national liberation” conflict, to assure British control over the weakened states left over from such civil strife, regardless of which side won.

### **Churchill's 'Iron Curtain' fraud**

In March 1946, Churchill made his famous speech at Fulton, Missouri, declaring that an Iron Curtain existed between the Free World and the Communist world. Xiang reports that Churchill deliberately revised the history of the previous year's Yalta agreement, taking advantage of the fact that President Roosevelt, the American signator, was dead. Churchill “implied that he and Roosevelt were tricked by Stalin” on the Far East. The world was bipolar, he insisted, and the Soviet Union must be viewed as the greatest danger in Asia, as it was worldwide. While this launched the Cold War, and the anti-communist hysteria in the West, it furthered the British policy of setting up the Communist Party of China as the lesser of two evils in comparison to Moscow. The more the United States antagonized the CPC, it was argued, the more China would be thrust into the arms of the Soviets.

The newly appointed head of the British Foreign Office's China Department, George Kitson, wrote a secret paper at the same time as the Fulton speech, which would qualify him for the title of “Comrade” Kitson: “The Communists derive their power and support from the people, mainly the peasants, to whom the Communist doctrines and political platform have been specially designed to appeal. The Kuomintang derive theirs from the landlords and rich merchants—whom they brought in power and to whom are allied at present the army (most of whose leaders are themselves big landowners) and the labor unions in the big cities, under the control of racketeers loyal to the party and Chiang Kai-shek.” Kitson argued that the CPC were not really Communists, but agrarian reformers who should be regarded as “not incompatible with social democracy.” He also claimed that “there has in the past been no proof of any direct connection between Moscow and Yen-an or any indication that Yen-an takes its orders from or is guided in its policy by Moscow.”

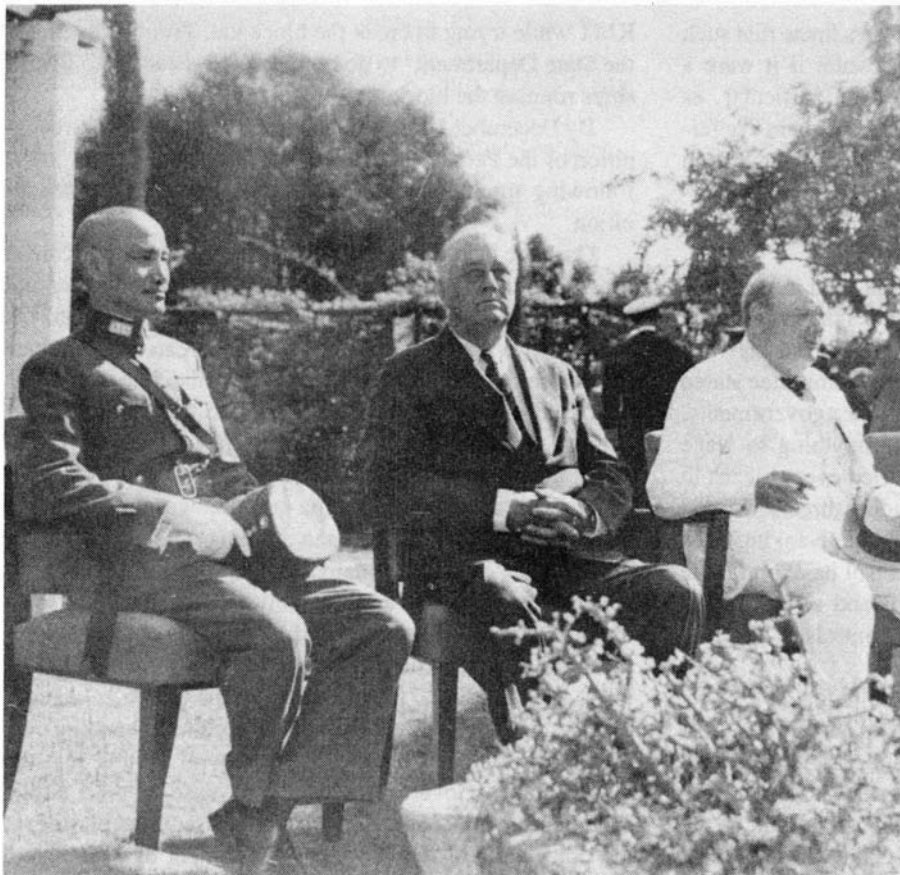
The United States had by this time partially accommo-

dated itself to British policy, and was trying to mediate a deal between the KMT and the CPC, hoping at least to preserve a united China. But the British even opposed this. When the United States proposed a joint policy statement calling for “a unified and democratic China under the National government and for the broad participation therein of democratic elements,” the British insisted that such support for the Nanking government was “interference in the internal affairs of China,” something the British would never dream of doing.

By December 1946 the British had struck their deal with the CPC. Col. Gordon Harmon, a British intelligence officer, had a series of secret meetings with Mao and others at Yen-an, and reported to London that Mao had assured him that the Communists “were not interested in Hongkong.” Malcolm MacDonald, the son of Ramsey MacDonald, was appointed as “commissioner general-Southeast Asia,” stationed in Singapore. MacDonald was to become one of Chou En-lai's most trusted friends, according to Chou's biographer Han Suyin.

One British option was for a divided China, with the CPC running the north and the KMT the south. Even during Hurley's days, the British supported U.S.-sponsored negotiations between the two sides, with the intent of formalizing a division, rather than a coalition government. After Hurley arranged talks between Chiang and Mao in late 1945, the Foreign Office reported that “evidently North China is to be a Communist enclave. We seem to be getting very near a Communist North and a KMT Center and South China.” This was viewed as favorable to British interests. By March 1947, with the “balance of power” in full throttle, the British Embassy in Nanking would telegram London: “In all circumstances it seems to us that the best that we can hope for both from the point of view of the Chinese people and of our own interests, is to secure in China the same kind of balance between the Communists and non-Communists that we hope to maintain in the rest of the world, i.e., an armed peace if nothing better can be achieved with neither side in the ascendant.” In 1948, Dening informed British merchants that if they could “contrive to trade with Communist China, we [would] at any rate not discourage them from doing so.” The political adviser to the Hongkong government, C.B.B. Heathcote-Smith, who was in regular secret contact with the CPC representatives in Hongkong, told London that the CPC had informed him that British business was welcome in the liberated areas. In late 1948, when the Red Army was sweeping south, the American businessmen were generally exiting in a panic, while the British stayed in place.

However, the British were loathe to grant even half of China to the KMT, which they had spent 40 years trying to destroy. Still, a divided China was preferable to a united China under their friends in the CPC. Therefore, an alternative was proposed based on the sponsorship of a warlord named Gen. Li Chi-shen, the former leader of the anti-KMT faction called the Kwangsi Clique, who was now under Brit-



*Left to right: Generalissimo Chiang Kai-shek, President Franklin D. Roosevelt, and Prime Minister Winston Churchill at a wartime conference in Egypt. Chiang was the successor to Sun Yat-sen as head of the Kuomintang. He led the military and diplomatic unification of China in 1927, from the chaos of the British-supported partitioning of China under local warlords. The decade between 1927 and the Japanese invasion in 1937 witnessed dramatic growth and development under Chiang's leadership. After the horror of the Japanese occupation and the civil war with the Communists, Chiang led the Kuomintang in exile on Taiwan in implementing the policies of Sun Yat-sen, transforming Taiwan into a modern industrial economy.*

ish protection in Hongkong. The American consul in Shanghai, Monnet Davis, reported to Washington in May 1947: "At a dinner given for Tu Yueh-sheng [known as Big Eared Tu, the secret society leader in Shanghai who worked with Chiang Kai-shek, a relationship the British used to accuse Chiang of gangsterism], who returned recently from Hongkong, a business associate of his stated that an understanding has been reached between British Hongkong and General Li Chi-shen for mutual political and military assistance. The reported arrangement apparently anticipates the possible collapse of the National Government in which case the Kwangsi Clique would hope to dominate Southern China."

Chiang Kai-shek issued a protest to the British for harboring Li in Hongkong. General Wedemeyer, on a fact-finding mission in August, confirmed that the British were lending moral and material support to the separatist movement. The directors of the Hongkong and Shanghai Bank, the central bank of Hongkong and the headquarters of British operations in Asia, were involved in both the CPC contacts and the separatist movement. Xiang quotes one Hongkong and Shanghai Bank director in June 1947 saying that "the Soong regime [meaning Chiang Kai-shek's government] was becoming ever more unpopular and that it would cause him no surprise to hear of the secession of Kwangtung-Kwangsi." By March 1948, U.S. Ambassador Stuart turned against

Chiang and voiced support to the British agent Li, but Secretary of State Marshall ordered him to cease and desist.

The British even wrote a 1947 version of what today is known as the "Segal Plan," after Gerald Segal, an official at the London-based International Institute for Strategic Studies (IISS), whose 1994 policy to divide China into competing north-south blocs has earned him the revocation of his visa by Beijing authorities. The 1947 version referred back to a turn-of-the-century book by Lord Charles Beresford, *The Breaking Up of the Chinese Empire*. The 1947 plan, contained in a War Department secret memo called, "Will China Disintegrate?" said that 1) Manchuria would become a Russian puppet state; 2) Northeast China down to the Yellow River would be under the CPC; 3) South China and the western provinces would establish their independence under provincial warlords; 4) Formosa would be independent; and 5) the Chinese government would probably try to expand by taking territory on the southwest border of Central Asia.

### **Open conflict**

The Anglo-American conflict became more overt in 1948, when the United States called for a trade embargo against CPC-controlled territory, with the intention of forcing certain concessions in regard to upholding existing treaties. (The "unequal treaties" of the colonial era had been



rescinded during the war.) The United States knew that such a strategy could only bring effective pressure if it were a concerted action of the Atlantic Powers. In particular, as emphasized at a joint State/Commerce Department conference, it was "imperative to reach agreement with the British on similar policies, not only to prevent the British from replacing U.S. business in China, but also to control transshipment through Hongkong."

The British totally rejected this appeal, and in fact took advantage of the U.S. position to reestablish the influence in China that they had lost to the Americans during the war. The British Interdepartmental Far Eastern Committee stated unequivocally, "We should discourage other governments, particularly the Americans, from doing anything to wage economic warfare." The United States tried every means to bring the British into the embargo, including threats. Walton Butterworth, the State Department official in Nanking, told the British, "If Hongkong could not control its exports, the United States would have to treat the island as part of the China area in applying U.S. export controls." This, of course, did not materialize.

In the meantime, the British were continuing their secret channels to the CPC through Hongkong. In March 1949, the Ministerial Committee of China and Southeast Asia, chaired by Prime Minister Clement Attlee, decided to accept the CPC proposal that the Hongkong and Shanghai Bank be the official foreign exchange agent in North China, an agreement obviously arranged earlier in Hongkong. No U.S. bank was extended a similar invitation.

Also, to counter the U.S. effort to bring together a "united front" of other nations to pressure the British, London formed its own "united front" among the compliant Commonwealth nations. They also made known their intentions of officially recognizing Communist China, defying the U.S. attempt to stall recognition as a means of pressure. Butterworth told the British that it was "possible that denunciation of the treaties [by the CPC] might include denunciation of those respecting Hongkong." But, in fact, Butterworth knew that the British had already struck a secret deal with the CPC, which included the continuity of British Hongkong. Butterworth wrote that he suspected that "the British had had . . . preliminary conversations with Chinese Communist authorities either in Hongkong or in Shanghai through intermediaries such as John Keswick of Jardine Matheson [which would] provide some common ground and make the British approach to the question of recognition seem less of a 'bolt out of the blue.'" When Bevin later told Secretary of State Dean Acheson that the British "intended to stand firm [on Hongkong], making it, if necessary, a sort of 'Berlin of the East,'" it must have been recognized as pure posturing.

In June 1949, the KMT, now based in Taiwan, began a blockade of the important port cities along the mainland coast, clearly with tacit U.S. approval. The British chose to ignore it, and one of their ships was even bombed by the

KMT while trying to break the blockade. Truman instructed the State Department "to do nothing of assistance" to British ships running the blockade.

By December 1949, Truman made official the non-recognition of the People's Republic of China, and Britain, in the following month, announced its intention to grant recognition.

Over the next six months, leading into the North Korean invasion of South Korea in June 1950, the United States and Britain continued arguing over the defense of Taiwan. On June 27, two days after the start of the Korean War, Truman linked the defense of South Korea with the defense of Taiwan, and moved the Seventh Fleet into the Taiwan Strait. Truman even considered "taking Formosa back as part of Japan and putting it under MacArthur's command." The British were enraged that the China question was thrust into the Korean conflict by the Truman administration. Bevin even argued that, although "many powers" would be unhappy about a Red Army invasion of Taiwan, nonetheless, "some undoubtedly feel that now that the Central People's Government are in control of all Chinese territory, it would not be justifiable, in view of the pledge under the Cairo declaration, to take steps which might prejudice the ultimate handing over of the territory to China. . . . In general I think that the United States Government would be wise in their public statements to concentrate on the Korean issue and play down the other parts of the President's statement of 27th June." Acheson rejected the British complaint and, according to Xiang, "reminded Bevin of the British appeasement in the 1930s and said he hoped he would not see it again."

The conflict then moved to the question of whether or not MacArthur would cross the 38th Parallel in Korea, with the British demanding that he be reined in. Xiang ends his book with a report on a secret mission by the head of the British Foreign Office's Far East Committee and ambassador to Communist China designate, Maberly Esler Dening, who had earlier endorsed the idea of British support for all the revolutions in Asia. Dening went to Hongkong (and nearly to Beijing) under total secrecy to meet with the CPC leadership, intending to inform the CPC that MacArthur was out of control. Dening told an associate that he wanted to "encourage the Chinese to vent their grievances . . . and try to convince them that their suspicions are unfounded [that the West was planning to invade China] and that a measure of good will on their part is likely to find a response in the rest of the non-communist world." However, it must be questioned whether the actual message may well have been British approval for Chinese entry into the war if MacArthur crossed the 38th Parallel. Although Xiang argues that Dening's trip was ineffective, due to the fact that he was unable to get permission to travel from Hongkong to Beijing, we have seen that Britain regularly dealt with top representatives of the CPC directly in Hongkong. Within days, Chinese troops crossed into North Korea.



# U.S policy toward India, 1940-50: an Indian viewpoint

by Ramtanu Maitra

The story of India's relations with the United States in this century is a complex one, full of promise, betrayed promises, tragically missed opportunities, and endless manipulation by the British. This article analyzes the crucial period of the Indian struggle for independence, from the angry interchange between Franklin Roosevelt and Winston Churchill over India policy in 1941, through the maneuvers and duplicity of the Anglophile faction in American diplomacy later on, which earned the wrath of Indian independence leader Mahatma Gandhi, giving rise to Gandhi's "Quit India" movement of total civil disobedience against the British.

Although the framers of the Constitution of the Republic of India, drafted by the nationalist leaders and proclaimed in 1950, twenty-nine months after India obtained independence, had drawn their inspiration from America, and although the outlines of India's Constitution are based on the American Declaration of Independence of 1776, the first notable intervention by any American President vis-à-vis colonized India came about in 1942, after almost 185 years of British colonial rule over the country.

For the sake of historical accuracy, one must note that in 1792, the first American President, George Washington, had sent Benjamin Joy to Calcutta, then the capital of British India, as consul. However, there is no available evidence suggesting that any other American President from 1792 to 1942 was involved in any serious manner to question the continuity of the British colonial rule over India. Despite a surfeit of missionaries from America, the building of hospitals, an inflow of visiting educators, and the publication in 1927 of Katherine Mayo's book *Mother India*, which pictured Indian society as depraved, squalid, and without any redeeming virtue, little was heard about India from the seat of power in Washington.

During the period of little more than two decades that separated the two world wars, India's struggle for independence began to draw the interest of a cross-section of Americans who were mostly represented by the Civil Liberties Union, Socialist Party members, missionaries from the Unitarian Church, and such organizations as the League of Oppressed Peoples under Dudley Field Malone.

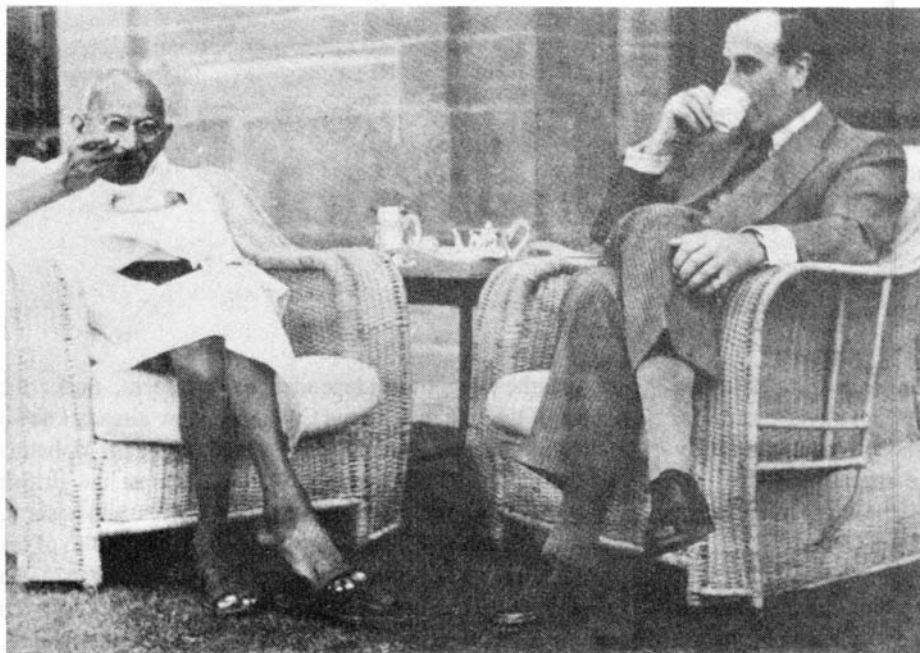
By the time President Franklin Delano Roosevelt entered the White House in the winter of 1932, India's political lead-

ers spearheading the independence movement, under the banner of the Indian National Congress, were already known at the highest echelon of America's establishment. Mahatma Gandhi's civil disobedience movement against the British Raj in 1930 had drawn the attention of Americans in general, and the defiance of Gandhiji (as he is known in India) of the British salt tax was compared by some in the American media to the Boston Tea Party. But the Indian leaders were far from being happy about America's policies. Jawaharlal Nehru, who, in 1927, had described the United States as not only racist but imperialist as well, criticized U.S. foreign policy toward Latin America at the Brussels International Congress against Colonial Oppression and Imperialism the same year. A year later, Nehru wrote: "It is the United States which offers us the best field for the study of economic imperialism."

## A changed environment

However, the arrival of President Roosevelt on the scene changed the attitude of Nehru and other Indian National Congress leaders significantly. President Roosevelt's New Deal domestic reforms were widely acclaimed by the Indian National Congress. At the same time, the work done by J.J. Singh, an emigré-turned-businessman in America, played a key role in presenting the Indian realities to the American elite. Singh's India League of America, established in the 1930s, produced the monthly *India Today* and roped in such individuals as Albert Einstein, Henry Luce, Philip Murray, Richard Walsh, and Louis Fischer to serve on its board of advisers. Jawaharlal Nehru, who was then favorably impressed with FDR, wrote an article in *Foreign Affairs* in 1938, and another in the *Atlantic Monthly* in 1940, articulating the Indian viewpoint in demanding home rule for the security of Asia in the wake of the growing Japanese imperialist threat.

Gandhiji's civil disobedience movement, centered around the salt tax, had already shaken up the British Empire. By the mid-1930s, the British rulers had begun to talk about impending reforms necessary for India. The British establishment was holding extensive negotiations with Gandhiji, Nehru, and other top-rung Indian leaders. Despite the bitter opposition of a Tory backbencher, Winston Churchill, the Government of India Act of 1935 was passed and the stage



*Independence leader Mahatma Gandhi, known as "Gandhiji," with Lord Louis Mountbatten, the last British viceroy in India.*

was set for the first provincial elections in 1937.

The Second World War broke out in 1939. The British viceroy in India, Lord Linlithgow, without even holding a formal discussion with the Indian National Congress leaders, promptly declared war against Germany on behalf of India. Although the Congress leaders were against the fascist regime in Germany, this ad hoc act by Linlithgow was rejected out of hand, and the Congress Party members in the provincial government resigned en masse, protesting Linlithgow's insensitive conduct.

As the Nazis swept through Europe in mid-1940, Winston Churchill replaced Neville Chamberlain as prime minister of Britain. The viciousness of the newly formed troika of Churchill, Secretary of State Leo Amery, and Linlithgow sowed the seed for the fateful partition of India and a never-ending bloodshed between the Hindus and Muslims. It is well known that both Linlithgow and Amery, mediocre individuals with a strong colonial streak, despised both Gandhiji and Nehru. With Churchill's ascension to power, the anti-India hate campaign was pushed a notch upward, with the fatal ending in mind. Churchill refused to listen to the Indian National Congress leaders, warned against "the slippery slope of concession," and welcomed Hindu-Muslim differences as a "bulwark against the British rule in India."

### **Growing demand for independence**

It is in this context, and with the growing threat of Japanese Imperial Army marching right through Asia, that the question of Indian independence was presented to the American President in 1941. A year or so earlier, following a whirlwind tour of the globe, Wendell Wilkie, the Republican

candidate for the U.S. Presidency in 1940, reported to the American public that from Cairo eastward, the question of Indian independence confronted him at every turn. Wilkie wrote: "The wisest man in China said to me: "When the aspiration of India for freedom was put aside to some future date, it was not Great Britain that suffered in public esteem in the Far East. It was the United States."

In a memorandum prepared on May 5, 1941, U.S. Assistant Secretary of State Adolf A. Berle observed that India of necessity exerted a vast influence upon the affairs of the Middle East, and that it was imperative to secure her active cooperation in the prosecution of the war, by bringing her into "the partnership of nations on terms equal to the other members of the British Commonwealth." It was at this time that British and Australian troops were being routed in North Africa, the Nazis had gotten control of Greece and Yugoslavia and were planning the invasion of Crete, and Churchill was pleading for American help.

According to the U.S. Secretary of State Cordell Hull, he and President Roosevelt "were convinced that the Indians would cooperate better with the British if they were assured of independence, at least after the war." At the same time, however, Hull said that he and President Roosevelt accepted that it was "a delicate question" as to how far the United States could push for Indian independence, in view of London's sensitivities on this issue.

### **Churchill vs. Roosevelt**

U.S. interest in India showed up in the most concrete form in August 1941, at the mid-Atlantic summit between FDR and Churchill. Prior to the meeting, John Winant, the

American ambassador to London, suggested urging the British to set a date for granting Indian "dominion" status. This proposal was welcomed by Assistant Secretary Berle, but was scuttled by Undersecretary of State Sumner Welles, who conveyed to Winant that if the President wants to bring up the issue, he would wish to discuss it privately and confidentially with Churchill. Incidentally, Berle, generally described as a New Deal liberal, had always favored exerting pressure on London "to explore the possibility of making India the equal of other members of the British Commonwealth." His argument was based on his observation that India has a vast pool of manpower and would be an asset in supplying certain strategic war materials if India "became an active rather than a passive partner."

According to Elliott Roosevelt, the son of FDR, the President was ready to bring up the India issue when he met with Churchill in the mid-Atlantic Ocean. In an after-dinner discussion, FDR criticized British colonialism: British imperial policies, FDR said, represented eighteenth-, not twentieth-century views, taking resources out of colonies and giving nothing back to the people. When Roosevelt stressed the need to develop industry, to improve sanitation, and to raise educational levels and standards of living in the colonies, Churchill's anger rose. "You mentioned India," he growled.

"Yes," President Roosevelt responded. "I can't believe that we can fight a war against fascist slavery, and the same time not work to free people all over the world from a backward colonial policy." According to Elliott Roosevelt, the two argued for long without reaching agreement. When the closing statement of the conference was issued on Aug. 14, known as the Atlantic Charter, India was not mentioned. Article 3 of the document read: "They respect the right of the peoples to choose the form of Government under which they will live: and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them."

While the President and Secretary of State Hull maintained that India came within the purview of the Atlantic Charter, Churchill said categorically that it did not. Despite opposition from Ambassador Winant, Churchill told the House of Commons on Sept. 9 that Article 3 applied only to European nations under Nazi occupation. Churchill's interpretation of Article 3 caused bitter disappointment in India and frustration in Washington. In Washington, however, Britain had an ally in Sumner Welles, who agreed the Atlantic Charter should apply to India, but insisted that the U.S. government must not press Churchill during that difficult time to take a step on India which he consistently opposed.

### **Churchill's bark**

In December 1941, the United States entered the war and Churchill came to visit Washington during Christmas. FDR again brought up the India issue, although there is no U.S. record of the incident. Churchill, however, wrote: "I reacted

so strongly and at such length that he never raised it [India] verbally again." FDR's closest confidant, the liberal Anglophile Harry Hopkins, whom Churchill dubbed "Lord Root of the Matter," said no American suggestions during the war were "so wrathfully received as those relating to the solution of the Indian problem." Robert Sherwood, in his book *Roosevelt and Hopkins*, wrote: "It was indeed one subject on which the normally broadminded, good-humored, give-and-take attitude which prevailed between the two statesmen was stopped cold. It may be said that Churchill would see the Empire in ruins and himself buried under them before he would concede the right of any American, however great and illustrious a friend, to make any suggestions as to what he should do about India."

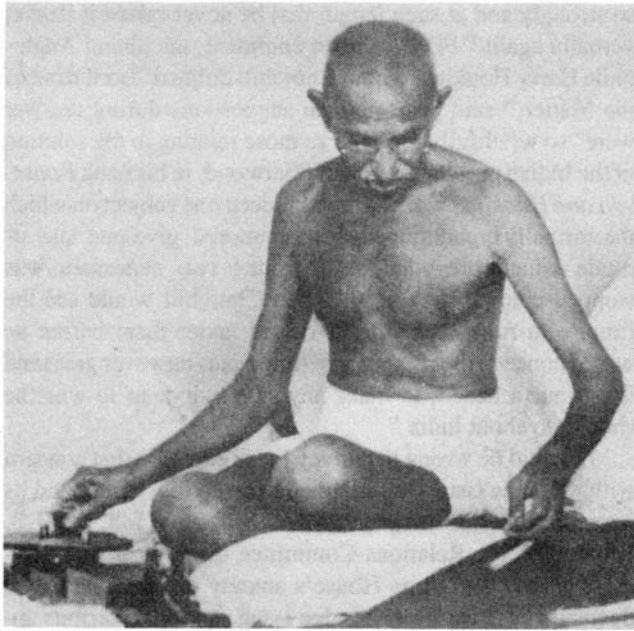
It would be wrong to convey the impression that concern with the India issue was confined to the White House and its immediate circle. In early 1942, as Singapore fell, the U.S. Senate Foreign Relations Committee made clear that Congress shared the White House's anxiety on Asia. Assistant Secretary of State Breckenridge Long, noting a "serious undercurrent of anti-British feelings," reported to Secretary Hull that the senators demanded that "India be given a status of autonomy. . . . The only way to get the people of India to fight was to get them to fight for India." The senators declared, "Gandhi's leadership became part of America's military equipment."

The activities around the United States and the continuing weakening of the Allied position in Asia prompted FDR to send Averell Harriman as his emissary to Churchill, to sound out the idea of "a new relationship between Britain and India." Harriman, following his talks with Churchill, sent back the message that the British leaders remained strongly opposed to "stirring the pot." Incredibly, Harriman reported that the United States was misreading the Indian situation, and the war effort was tied to the support of the Muslims, not the Congress Party and the Hindus. Harriman accepted and retailed Churchill's lie that 75% of the Indian Army were Muslims and largely opposed to the Indian Congress Party. Harriman noted that Churchill claimed that making a gesture toward the Congress would only offend the Muslims and not aid the war effort.

While Harriman was sending back a sackful of lies to FDR from Churchill, an interesting development was taking place in India—an incident whose significance, had Washington had the capacity to grasp it, could have changed post-war history completely.

### **Indian leaders look to China**

One of the reasons Churchill was particularly ill-disposed to the Congress Party, was that it consisted of such individuals as Gandhiji, Jawaharlal Nehru, Vallabhbhai Patel, Subhash Chandra Bose, and C.R. Das, who had a worldview which was in direct conflict with that of the British Empire. At its annual session in 1927 in Madras, the Congress Party



*Gandhi at the spinning wheel, symbol of his resistance to British imperial rule. "If India becomes free, the rest must follow," he wrote to President Roosevelt, with reference to Britain's exploitation of Africa and to the "Negro problem" in America.*

had protested against "the dispatch of Indian soldiers by the Government of India to suppress the Chinese nationalist movement of freedom." The Congress Party demanded the recall of Indian troops from China and called upon Indians never to go as soldiers to China. The party was responding to the British policy of sending two contingents of Indian troops to China in 1927 and 1937, under the guise of protecting Indian interests. The Congress leaders claimed that the troops were sent to protect British interests, not Indian interests.

The 1942 Indian Annual Register, a party register, observed: "We know that under Sun Yat-sen's leadership the politically conscious among the Chinese showed their awareness of the many events that were demonstrating the nationalist movement in India. From the side of India the establishment of a Republic in China had been welcomed as paving the way to an 'Asiatic Federation,' a topic on which C.R. Das and S. Srinivasa Iyengar as Presidents of Congress had expatiated in their inaugural speeches in 1922 and 1926."

The Congress Party was again in the forefront when Britain, France, and the United States retreated in the face of Japan's aggression against their vested interests, and Churchill spoke of closing down the Burma Road. The Congress Party protested against the move, calling it a British plan to collapse the Chinese resistance against the aggressors. In 1940, Maulana Abul Kalam Azad, president of the Congress Party, issued a statement which protested against the closing of the Burma Road. The road, he said, "had brought China and India and Burma nearer to one another and their contacts

grew from day to day. . . . The closing of the Burma Road means a severe restriction of these growing contacts and a flouting of Indian opinion. . . . It is evidently meant to hamper China in her struggle for freedom."

While the complex relationship between Gen. Chiang Kai-shek and Gen. Joseph Stilwell further complicated the American role in China, at a time when the Japanese marauders were killing off hosts of Chinese, there is every indication that Britain's priority was the defeat of Chiang. As Roosevelt's emissary to India, Col. Louis Johnson, was to observe candidly from the vantage point of India, British strategy was to let Japan conquer China and then claim a hunk of it at the time of the peace treaty. Perhaps General Stilwell saw through it, and that is why Lord Mountbatten hated him with a passion.

The Indian nationalists continued to support the Chinese in their battle against the "ruthless and inhuman imperialism" of Japan. A number of "China Days" were organized in India by the Indian National Congress in the late 1930s and early 1940s. Jawaharlal Nehru visited China on a goodwill mission in August 1939, carrying messages from Rabindranath Tagore and Gandhiji, "to convey the affection and sympathy of the people of India to the Chinese people," and "to bring back something of the courage and invincible optimism of the Chinese people and their capacity to pull together when peril confronts them." Nehru was warmly received by the people and the generalissimo. In a broadcast by the Chungking Radio on Aug. 30, 1939, Nehru stressed the importance of Sino-Indian cooperation "for the sake of the world." He returned from China with a love for that country which was excelled, to quote Gandhiji, "if at all, only by his love of his own country."

In 1940, China, on her part, sent two missions to India—one a goodwill mission led by Tai Chi-tao and the other a cultural mission headed by Dr. K. Wellington Koo of the Chinese Ministry of Education. In 1942, Generalissimo Chiang Kai-shek came on a visit to India, primarily to discuss political and military matters with the British authorities. This British-sponsored trip of the generalissimo was designed to restrain the Indian nationalists in the light of a potential Japanese invasion. Britain wished to use Chiang to impress on the Indian leaders—and on himself—that any effort on behalf of the Congress Party's demand for power in India would undermine the resistance to Japanese aggression—a policy of "no concessions to Indian freedom" which was simultaneously demonstrated in Churchill's sabotage of the Cripps Mission (see below).

However Chiang used the opportunity to meet Gandhiji, Nehru, and other Indian leaders. In the public statement issued at the time of his visit, he expressed the hope that Great Britain, "without waiting for any demands on the part of the people of India, will as speedily as possible, give them their political power." Chiang's recommendation not only fell on deaf ears, as far as British authorities were

concerned, but perhaps also conformed to British views of the priority of breaking Chiang.

Following his trip to India, Generalissimo Chiang found himself almost cut off from India by Japanese troops. He had long felt a natural kinship with the Indian nationalists. As Malaya was about to fall, Chiang talked to both Churchill and Roosevelt and told them how shocked he was by the military and political situation in India. He said that he had tried to view the colonial problem objectively, and was certain that the political problem must be solved before Indian morale collapsed. In yielding to Churchill, Chiang noted, Roosevelt had in effect repudiated Chiang's view.

Late in June 1942, Gandhiji wrote to Chiang, "I can never forget that five hours close contact I had with you and your noble wife in Calcutta. I had always felt drawn towards you in your fight for freedom. . . ." Gandhiji went on to say: "I would not be guilty of purchasing the freedom of my country at the cost of your country's freedom. Japanese domination of either country must be prevented. I feel India cannot do so while she is in bondage. India has been a helpless witness of the withdrawal from Malaya, Singapore, and Burma. . . ." His heart went out to China in its heroic struggle, abandoned by all. "I look forward to the day when Free India and Free China will cooperate together in friendship and brotherhood for their own good and for the good of Asia and the world."

Receiving this letter from Gandhiji, Chiang wrote to President Roosevelt in July 1942 that "the Indians had long been expecting the United States to take a stand for justice and equality. The Indians were by nature a passive people, but likely to go to extremes. Repression would bring a violent reaction. The enlightened policy for Britain would be to grant complete freedom and thus to prevent Axis troops from setting foot on Indian soil. . . ." Making a final appeal to FDR, Chiang wrote: "Your country is the leader of this war of right against might, and Your Excellency's views have always received serious attention in Britain. . . ."

The tragedy was that while Chiang's emotional appeal to President Roosevelt was marked "strictly confidential," FDR, the day after receiving the letter, told Sumner Welles to send the complete text to Churchill, with a covering message. While the letter from Chiang was documentation of a desperately serious situation in India, President Roosevelt's covering message, drafted by Welles, requested the British prime minister's thoughts and suggestions. The reply came, not from Churchill, but from Clement Attlee on behalf of the War Cabinet. It was a stiff defense of the British position, plus notification that stern measures would be taken in the event of mass civil disobedience in India.

FDR, in return, sent a bland message to Chiang stressing the need for a strong defense against Japan and not to pressure Britain. Lauchlin Currie, an administrative emissary of FDR, sent a message from New Delhi warning Roosevelt that Gandhiji was accusing the United States of making a

common cause with Britain, and this tendency "endangers your moral leadership in Asia and therefore America's ability to exert its influence for acceptable and just settlements in postwar Asia."

Within India, as well as in England and the United States, the British policy to sit tight on the India issue came under severe criticism. While the Indian National Congress leaders continued with their campaign, U.S. Secretary of State Cordell Hull brought pressure on Lord Halifax, the British ambassador to the United States. In England, the inclusion of the Labour Party members in the War Cabinet saw the inclusion of other votaries of action on India. Lord Privy Seal Stafford Cripps challenged Secretary of State for India Leo Amery, an avowed racist, to rethink the Indian situation.

### **The Cripps Mission: loaded dice**

All this added up to forcing the British War Cabinet to send a senior figure, Stafford Cripps, to India to discuss the issue of postwar independence and the issue of taking steps to give Indian leaders a larger governmental role during the war. In essence, however, the Cripps Mission, as it came to be known, turned out to be nothing more than an attempt to enlist the Indian leaders' support for Britain's war efforts, a fact which became clear only after it had begun its round of discussion in India.

In the United States, President Roosevelt saw the Cripps Mission as an opportunity to re-activate the India issue. Just before Cripps arrived in India, Churchill wrote to FDR about the mission and made it clear that Britain did not want to do anything that would break its close relationship with the Muslims. "Naturally, we do not want to throw India into chaos on the eve of invasion," Churchill wrote. Churchill's letter was designed to put FDR on the defensive, as was evident from his mentioning of the "eve of invasion," and his raising of the specter of "throwing India into chaos." However, for once at least on this issue, FDR was in his element. He wrote back that Britain should immediately establish "a temporary dominion government," on the lines of the U.S. Articles of Confederation. "Perhaps the analogy of some such method to the travails and problems of the U.S. between 1783 and 1789 might give a new slant in India itself, and it might cause the people there to become more loyal to the British Empire and to stress the danger of Japanese domination, together with the advantage of peaceful evolution as against chaotic revolution," Roosevelt wrote to Churchill.

In order to make sure that the Cripps Mission would yield some positive results, FDR announced the appointment of Col. Louis Johnson, a former assistant secretary of war and a prominent member of the West Virginia Democratic Party, on March 6, 1942, along with former Assistant Secretary of State Henry Grady and three industry specialists. Roosevelt, however, couched the visit of these specialists

to India in terms of evaluating and aiding Indian production of war goods. Just before Johnson left the United States, President Roosevelt upgraded his status to that of the President's Personal Representative to India. If Churchill had any apprehension about what Johnson was going to do in India, the last move of FDR made it clear to Churchill that Roosevelt was keen on intervening in the Indian scene, and that the Cripps Mission was the occasion chosen by the American President.

When Colonel Johnson appeared on the Indian scene, he was known as a wheeler-dealer with wide-ranging connections. Later, he became a true convert to Indian nationalism. His knowledge about India before his arrival was reportedly very little. By the time Johnson arrived in New Delhi on April 3, the Cripps Mission, properly rigged by Churchill, was heading for an unmitigated failure. Tempers were running high in India. With Allied forces losing ground fast in Asia, Gandhiji was in no mood to accept pledges, and he was demanding independence without delay. It was in this circumstance that Gandhiji made the famous statement that to accept the British pledge for India's independence at that hour was like taking a check drawn on a failing bank.

To the utter dismay of Churchill and the British monarchy, Colonel Johnson moved fast and muscled himself into the scene. Delivering a message from President Roosevelt to Congress President Maulana Abul Kalam Azad urging acceptance of the British proposals, Johnson found that both Cripps and the Congress leaders were eager to seek his help. Though Johnson maintained the President's position on the issue, he began shuttling between Jawaharlal Nehru and Stafford Cripps. His energetic activities worried Viceroy Linlithgow, a bird dog for Churchill, to no end.

Just two days after his arrival in India, Colonel Johnson sent a cable to both President Roosevelt and Secretary of State Cordell Hull asking the President to exert pressure on Churchill, particularly on the issue of an enlarged Indian defense role, which, Johnson reported to FDR, was opposed by both Linlithgow and Commander-in-Chief General Wavell. Johnson's request was turned down promptly by Washington. Undersecretary Welles cabled back to Johnson saying that FDR was unwilling to make any personal request to the British prime minister. "You know how earnestly the President has tried to be of help. . . . It is feared that if at this moment he interposed his own views, the result would complicate further an already overcomplicated situation," Welles's cable read.

But Johnson was a difficult person to throw off track. He continued with his skillful negotiations, and on April 9 sent off an enthusiastic cable saying that both Wavell and Linlithgow had accepted his defense proposal and Nehru would also do so. The stars were also in Johnson's favor at that point, since the Japanese Navy in one foray had sunk 100,000 tons of shipping along India's east coast, and the British were desperate for American help to protect its supply

line. Johnson cabled home: "The magic name over here is Roosevelt, the land, the people would follow and love, America."

At the same time, Cripps, who personally did not want his mission to fail, saw in Johnson's efforts an opportunity to save the mission. He wrote back to Churchill that as a result of Johnson's help, he now hoped to gain Indian agreement. Cripps urged the prime minister to thank President Roosevelt for Johnson's assistance.

Cripps was not aware however, that Linlithgow had already informed Churchill about the American intervention, and had reported in anger to Churchill that Cripps had allowed Johnson to see the revised defense formulation. Linlithgow complained to Churchill that accepting Cripps's revised formula would make the viceroy a figurehead of a government dominated by the Indians, a most unacceptable solution. Linlithgow was also worried about the speed at which Johnson was moving. With the suggestion to scuttle the American initiative, Linlithgow cabled: "We cannot run the risk of the Governor-General [Viceroy], the [Commander-in-] Chief and HMG's being unwilling to honour a formula agreed between HMG's emissary and Roosevelt's personal representative."

### **Betrayal from Washington**

As the prospects for the Cripps Mission's success brightened, a fresh American betrayal took place. Harry Hopkins and U.S. Army Chief of Staff General George C. Marshall were in London when things began to break open on the Cripps Mission. Churchill, angered over the developments as reported by his loyal viceroy, called Hopkins to 10 Downing Street, the British prime minister's office, and protested against Johnson's intervention. Churchill told Hopkins, in no uncertain terms, that the Indians would be made to accept the original formulation, and that Churchill would move the War Cabinet to reject the revised formulation, as worked out by Johnson, and that would be embarrassing for President Roosevelt.

Hopkins, whose sentiments always rested with the British colonial rulers, told Churchill that he was very sure that Johnson "was not acting as the representative of the President in mediating the Indian business." In Hopkins's presence Churchill immediately wrote out a message to New Delhi that Johnson was not Roosevelt's Personal Representative except for munitions questions, and the American President was opposed to anything like intervention or mediation. Later that day, Churchill moved the War Cabinet to reprimand Cripps for exceeding his brief and to raise questions about the appropriateness of Johnson's role in the discussions.

For all practical purposes, President Roosevelt's intervention and Colonel Johnson's efforts to shake loose the British colonial grip on India were over at that point. Johnson, bitter about the double-talking British, cabled back home reporting the collapse of the Cripps Mission. He



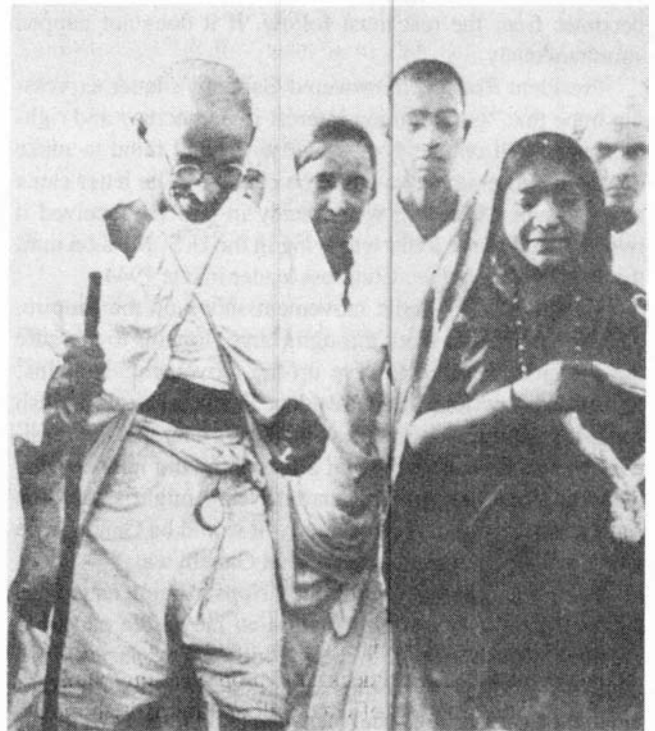
pointed out that the British wanted to lose India to the Japanese so that they could reclaim it at the peace treaty. He wrote to FDR about Nehru: "Magnificent in his cooperation with me. The President would like him and on most things they agree. . . . He is our hope here."

At that point, FDR made one last, but half-hearted, attempt to salvage the situation. He told Hopkins to convey a blunt personal message to Churchill urging him to make efforts so that the mission did not fail. Roosevelt wrote: "The general impression here is quite the contrary. The feeling is almost universally held that the deadlock has been due to the British Government's unwillingness to concede to the Indians the right to self-government, notwithstanding the willingness of the Indians to entrust technical, military and naval defense control to the competent British authorities."

The President also warned that if Japan successfully invaded India, the "prejudicial reaction of the American public opinion can hardly be over-estimated." Churchill noted the blunt message carefully and sought Hopkins's help to answer back. He noted that FDR had not said that the British offer was not good enough, and then lied, with the help of Hopkins, that nothing more could be done, since Cripps had already left India—a lie that Hopkins was most likely aware of. Churchill went on to say that "anything like a serious difference between you and me would break my heart and surely injure both our countries at the height of this terrible struggle."

It was all over, except the bugler playing the Last Post. That came in the form of Jawaharlal Nehru's letter to FDR, the only personal communication Nehru ever had with Roosevelt. Nehru wrote, and sent through Louis Johnson, that the Indian leaders were ready to accept a truly national government that could organize resistance on a popular basis. Nehru stressed, "How anxious and eager we were, and still are, to do our utmost for the defence of India. Our sympathies are with the forces fighting against fascism and for democracy and freedom." Roosevelt was upset. When Secretary of Interior Harold Ickes urged support for Indian independence, FDR replied: "You are right about India, but it would be playing with fire if the British Empire told me to mind my business." President Roosevelt might not have noticed, but that is exactly what the British Empire told him, and he accepted it. "In fact," wrote King George VI with a great deal of indignation, "the whole matter is in a most unsatisfactory state."

While Nehru was most civil, Gandhiji was livid at both Churchill and Roosevelt. In his newspaper, *Harijan*, he criticized the American role: "A never-ending stream of soldiers from America . . . amounts in the end to American influence, if not American rule added to the British." Nehru told Johnson that the United States should not have tried to work out a formula between India and Britain, because "between the two there is ineradicable and permanent conflict. The two cannot exist together or cooperate with each other, for each



*Gandhi on his famous "salt march" in 1930. He and his supporters used civil disobedience against the British salt tax. In retaliation, the British killed hundreds of people and arrested many of the top leaders of the Congress party, including Gandhi himself.*

dislikes and distrusts the other."

Gandhiji's anger gave birth to the Quit India movement. He announced, following the collapse of the Cripps Mission, that no further negotiation with the British was necessary. He gave the call for total civil disobedience to cripple the British Raj. Nehru, who was apprehensive of Gandhiji's call, finally rallied around and supported Gandhiji's call to bring the British Raj to its knees and adopt a scorched-earth policy in case of Japanese invasion.

As the tempers began to rise and the strategists in Washington began to voice concern, in unison with London, about Gandhiji's plan, Gandhiji's penned his "Dear Friend" letter to FDR. It was the only letter that the Indian leader ever wrote to the American President. He wrote: "My personal position is clear. I hate all war. If, therefore, I could persuade my countrymen, they would make a most effective and decisive contribution in favor of an honourable peace. But I know that all of us have not a living faith in non-violence." Then, Gandhiji made his appeal: "I venture to think that the Allied declaration, that the Allies are fighting to make the world safe for freedom of the individual and for democracy sounds hollow, so long as India and, for that matter, Africa are exploited by Great Britain, and America has the Negro problem in her own home. But in order to avoid all complications, in my proposal I have confined myself only to India. If India

becomes free, the rest must follow, if it does not happen simultaneously. . . .”

President Roosevelt answered Gandhiji’s letter expressing hope that “our common interest in democracy and righteousness will enable your countrymen and mine to make common cause against a common enemy.” The letter came to India when Gandhiji was already in jail. He received it two years later; the letter was lying in the U.S. Mission until the British released the Congress leader in late 1944.

Gandhiji’s Quit India movement shook up the Empire. The British tried to work through Harry Hopkins to pressure the Indian leadership to give up the movement. Hopkins, after his discussions with President Roosevelt, told British Embassy Minister Campbell several days later that the President was anxious about India, although he did not see what could be done. Even if Jawaharlal Nehru might say all the right things, Hopkins commented, “it would be Gandhi who would decide, and we all know what Gandhi was.”

More than 11 months after the Cripps Mission ended in a fiasco, pushing the country toward an inevitable partition, President Roosevelt sent William Phillips to replace the ailing Colonel Johnson. Phillips, a blue-blooded Boston Brahmin brought up in a baronial mansion and trained at Harvard, had risen in his diplomatic career to become undersecretary in the State Department. He had been in the OSS as the head of its London office and served as ambassador to Mussolini’s Italy.

### **The Phillips initiative**

Unlike Johnson, Phillips was not disliked by Viceroy Linlithgow. In fact, Linlithgow wrote back to London that “it is difficult to imagine a greater contrast to Johnson. . . . Phillips seems to me better really than anything we could reasonably have hoped for.” Phillips was instructed by Secretary of State Cordell Hull to apply “friendly” but never “objectionable” pressure to keep the British reminded of the President’s continued interest in India’s freedom.

Phillips walked into a difficult situation. Gandhiji was in jail, and the Indians were increasingly distrustful of the American position. Phillips’s request to see Gandhiji in jail was turned down by both the U.S. State Department and Linlithgow. There was little for Phillips to do at that point. When Gandhiji went on a fast in the British jail, President Roosevelt made it clear that the Indian leader should not be allowed to die in jail.

Writing the day after Gandhiji had broken his fast, Phillips told President Roosevelt that he was deeply moved by Gandhiji’s willingness to sacrifice himself for Indian independence, and found the viceroy’s cold reaction unfeeling. He told FDR that most Indians, believing that Great Britain has no intention to grant independence, were turning to the United States. He asked President Roosevelt to help settle the differences among various Indian political groups and help convene an all-party conference. He wanted to discuss

the matter further with the President once he was in the United States. Phillips also made it clear that the partition of the country would weaken both parts.

When Phillips came back to the United States in May 1943, he met briefly with the President and submitted a report within a few days. In that report, Phillips forcefully argued that India was unlikely to cooperate fully in the war effort unless the British made a major gesture toward independence. The United States should have a voice, Phillips asserted, rather than mutely accept the British view that “this is none of your business.”

The persuasive nature of the report moved President Roosevelt, but he was adamant in not bringing up the issue with Churchill again. He asked Lord Beaverbrook to bring it up with Churchill, and that did not go anywhere. Finally, when Churchill came to Washington that summer, FDR asked Phillips to meet Churchill and express his views.

Phillips met Churchill at the British Embassy, and the meeting was not pleasant. After Phillips had laid out his plan, Churchill paced back forth across the room and then stopped to bark angrily: “Take India if that is what you want. Take it by all means but I warn you that if I open the door a crack there will be the greatest bloodshed in all history. Mark my words.” Churchill said, shaking his finger at Phillips, “I prophesied the present war, and I prophesy a bloodbath.” Phillips wrote in his diary: “It was helpless [sic] to argue. It is only too clear that he has a complex on India from which he will not and cannot be shaken.”

With Phillips’s swansong over, and President Roosevelt entering the last year of his life, the India issue, as far as the United States was concerned, was handed over in totality to the British. Although a number of American writers criticized British policy for creating the Muslim League for the vivisection of India, American opinion could not have any significant influence over what Britain wanted to do, and the idea of partition was surfaced without opposition. The deafening silence within the American establishment, as India was cut up into pieces by the British, bringing the biggest and most painful exodus in the history of mankind, whereby millions lost their homes and their families and were turned into instant rootless beggars, was cruel testimony to the futility of the entire American initiative on the India issue.

On Aug. 14, 1947, President Harry S. Truman welcomed India’s independence and its sovereign status in the world community and assured her of U.S. friendship and goodwill. It was a routine statement. For the first three years after India gained independence, her official relations with the United States were rather formal and definitely not close. Both India and the United States were beginning to adjust to a larger role in world affairs. It was during the 1950-51 period that the American interest in India began to show signs of life, when a number of crises in Asia made the United States a key power in Asia, and Washington began to divert her attention to India.

# Anatomy of the British war against President Clinton in Korea

by Kathy Wolfe

The April 21 breakdown of U.S.-North Korean nuclear peace talks was the latest in a long string of crises orchestrated by London since the beginning of the Clinton administration, to create a war in Korea and torpedo American foreign policy in Asia. Virtually since George Bush lost the November 1992 U.S. election, British Defense Ministry circles around former Prime Minister Margaret Thatcher, as well as U.S. networks around George Bush, have played a spoiler role in attempts to provoke North Korea into confrontation with Washington.

In fact, there is no need for war, but a clear choice for peaceful reunification in Korea. Since South Korean President Noh Tae-woo's Oct. 4, 1988 "Northern Policy" speech, North and South Korean leaders have offered several reasonable peace plans, notably at the September 1990 Seoul summit of North Korean Premier Yong Hyong-mok and South Korean Premier Kang Young-hoon. Both proposed to create a "commonwealth" between North and South using investment in infrastructure, industry, and agriculture to generate economic growth, before addressing the divisive issue of political systems.

Especially since the 1989 fall of the Berlin Wall, leaders in Seoul and Pyongyang have rejected Margaret Thatcher's disastrous model for the divided Germany. Thatcher, as she wrote in her memoirs, first tried to stop German reunification, and then destroyed Germany's economy with the International Monetary Fund's shock therapy in eastern Germany and Russia. "We reject the German model of sudden reunification, and we must avoid at all costs the East German-Russian type of shock therapy," a South Korean diplomat told *EIR*.

London disagrees, and seeks a Korean crisis to create a foreign policy disaster for Bill Clinton. Just as Thatcher destroyed Germany to stop its growth as an economic power, Britain also seeks to halt Korean reunification, for fear that a Korean powerhouse, allied with the United States and Japan, could develop China. "We don't want a reunified Korea; we don't need a second Japan over there!" an aide to George Bush's South Korean ambassador, Donald Gregg, told *EIR* on March 13. Thatcher "was right to try to keep Germany divided," he said, because of the economic competition with London.

"Not as a military potential do we want unification, and

not even Korea as a strong economy," Gregg's man said. "We need to *keep North Korea just as it is*. We need an enemy to replace the U.S.S.R. . . .

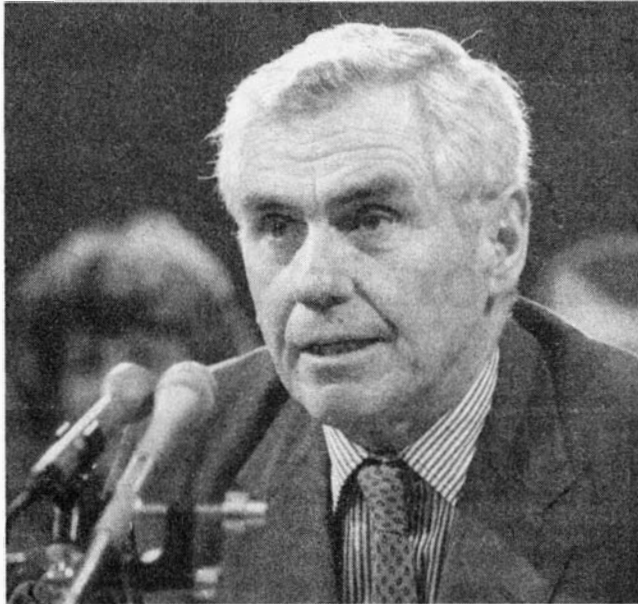
"We don't want to have a really prosperous unified China, either, in ten years. That would be a big geopolitical threat."

The North Korean affair has been simmering since the Bush administration accused Pyongyang of sequestering plutonium in 1989. Britain's provocations began with a vengeance in 1992, when U.S. Ambassador Gregg accused North Korea of having built the bomb. Unless the London-run International Atomic Energy Agency (IAEA) were permitted immediate inspection of Pyongyang's plutonium reactors, the Bush administration threatened, there would be sanctions and embargoes against the isolated regime, a not-so-subtle hint of the "Iraq treatment."

When North Korea acquiesced, the IAEA, during six inspections from late 1992 to January 1993, made ever more provocative demands, never agreed to by Pyongyang, for "special inspections." These are "police inspections, under which U.N. officials go anywhere, anytime, unannounced," a Washington Korean analyst told *EIR*. "They can go anywhere in your military facilities without warning; they can walk into the President's home. Such a thing has never before been demanded of any sovereign country. By treating North Korea like Iraq, as though it had no rights, the IAEA makes negotiations impossible."

In late 1992, Gen. Robert RisCassi, the Bush administration U.S. forces commander in South Korea, announced that U.S.-South Korean "Team Spirit" war games targeting North Korea would resume. This was done although Ambassador Gregg and Bush negotiator Undersecretary of State Arnold Kanter had promised to halt the games, which Pyongyang sees as a threat, in return for IAEA inspections. According to Lim Dong-wong, Seoul's North Korea policy director, RisCassi never consulted Seoul—and certainly did not consult the incoming Clinton team.

The Team Spirit war games began on March 10, 1993; North Korea on March 12 announced that it would suspend its membership in the Nuclear Non-Proliferation Treaty if the United States continued to treat it as a hostile power. On



Donald Gregg, Bush administration ambassador to South Korea. His aim is to prevent the emergence of "a second Japan" in a unified Korea.

April 21, RisCassi electrified the world by announcing that North Korea "could explode at any moment" in a nuclear attack on the South. Bush's Ambassador to China and Assistant Secretary of Defense James Lilley told the *Far East Economic Review* that "the hardliners in North Korea are fooling with the military option."

It was the "Kissinger old boys, the unelected career bureaucrats in the Defense and State Department," in place before Clinton's election, who triggered the crisis, Paul Beaver, analyst for *Jane's Defense Weekly*, which speaks for the British Defense Ministry, told *EIR* on May 19, 1993. They acted, he said, under urging from the British, who "are very concerned that North Korea not become another Iraq. They're concerned about what's happening in North Korea, Iran, Syria, and Libya."

When the Clinton administration gained some control over U.S. foreign policy, it cooled the crisis by negotiations with North Korea in June and July 1993. Yet all through the fall of 1993 and spring of 1994, London and its Bush allies persisted in pushing for war. On Nov. 2, 1993, former Bush Pentagon official Frank Gaffney called for the United States to preemptively bomb North Korea. On Dec. 11, 1993, British asset Hans Blix, the IAEA director, arbitrarily declared that North Korea must give the IAEA all special inspections demanded by the end of December or face international sanctions. On Dec. 14, columnist Lally Weymouth published an article quoting Kissinger Associates partner and Bush Secretary of State Lawrence Eagleburger, who said, "If you're not prepared to use force, then you're nowhere."

On March 22, 1994, the British defense journal *Jane's Intelligence Review* published a special report announcing

that North Korea had begun production of enough new plutonium to create 10 nuclear warheads per year, and was set to invade the South in a "surprise attack."

### Sanity and economic development

Clinton's military and new State Department advisers, however, refused to bite the hook. Spokesmen including Joint Chiefs of Staff Chairman John Shalikashvili and Air Force Chief Gen. Merrill McPeak said that in the event of war, the 21-million person city of Seoul, near the Demilitarized Zone, could be devastated, and thousands of U.S. soldiers would be killed.

By April 1994, President Clinton had decided to try for a peace settlement on the Korean peninsula, Korean sources told *EIR*, modeled on the Israel-Palestine Liberation Organization accords. Consulting with Japan, South Korea, and China, which all want America involved in Asian economic development, Clinton decided to help rebuild the North Korean economy. "It's time for a new day in Korea, just as in the Middle East," a Korean Christian leader told *EIR*. "As Clinton brought together the PLO and Israel on the White House lawn, the President is edging toward a Camp David conference with North and South Korea."

The Clinton team had decided to accept Pyongyang's July 1993 request for new light water nuclear plants, to replace its antiquated plutonium program, a Clinton appointee told *EIR* on April 21. "My friends in Greenpeace and the anti-nuclear lobby will howl and say 'Let them eat coal,' but North Korea can't run an economy on coal."

Despite the continuing calls by such as Bush's National Security Adviser Brent Scowcroft and Sen. John McCain (R-Ariz.) for a preemptive bombing of North Korea during the summer of 1994, the agreement was solidified when former President Jimmy Carter traveled to Pyongyang to meet Kim Il-sung on June 17. After Kim's death in July, his son Kim Jong-il continued the economic program, which was put on paper as the U.S.-North Korean "framework agreement," signed in Geneva on Oct. 21, 1994.

Yet the crisis continues, for Britain and the Bush crowd in Washington oppose the basic premise of the Clinton-Kim Jong-il accords. U.S.-North Korea talks today are ostensibly stalled over U.S. insistence that South Korean-style reactors be the ones built in the North, while Pyongyang fears that the South wants to take over its economy. However, if both sides are serious about the program, a compromise should be worked out.

On the Washington side, however, British assets, led by Donald Gregg, are using the impasse to try to sabotage the Clinton accord from within. At "Beyond the Nuclear Crisis," a conference at the American Enterprise Institute on March 13, Gregg and James Lilley announced that they now support the Clinton accord, but they just want to "improve" it. However, as Lilley told *EIR* later, the Bush crowd has one objective: to make sure that North Korea *never* receives nuclear reactors—or any other help—from the United States.

# Great Britain's six-year destabilization of Japan

by Kathy Wolfe

The chronology that follows demonstrates that for the past six years, British intelligence, officials of the Bush administration, and the London and Wall Street financial elite have carried out a campaign to destroy Japan as a sovereign industrial nation. The weapon has been a ridiculous number of petty financial scandals, which have brought down six elected governments in rapid succession.

The endless scandals are "all very dangerous for Japan," a top Tokyo source told *EIR* during the 1992 Sagawa Kyubin tiff. "This could be like Watergate, a way for the Anglo-American establishment to try to force their ideas of change on Japan. You should remember the Tanaka case [the 1976 Lockheed scandal]; the Takeshita case [the 1989 Recruit scandal] is the same. Now the Sagawa scandal is like Watergate," for Japan's governing circles.

The scandals, not coincidentally, have been coupled with repeated demands from London and New York for the wholesale financial and industrial deregulation of Japan's economy. Along with this, the Thatcher-Bush group has demanded that Japan join the U.N.'s "new world order" in police actions against developing nations such as North Korea, China, and Iraq, rather than assisting these nations economically.

Seen from the standpoint of London's policy since the 1840s Opium Wars, today's British strategy is quite clear. Japan, as one of the only nations in Asia to have industrialized, is a symbol to the developing sector. Worse, in London's view, from the 1970s, a faction in Japan developed which was committed to mobilizing Japan's economic strength to industrializing these nations, something London could not permit.

The chronology shows, for example, that each time a Japanese leader makes a peace overture to North Korea, he is attacked. Any Japanese government that attempts to establish a positive policy for the integration and industrialization of China—as opposed to the British geopolitical policy of dismembering China—is promptly attacked.

This attack upon Japan is a British policy, and not an American policy, as President Clinton's efforts to reverse Bush's confrontation prove. It was introduced by the circles associated with George Bush, beginning during the second Ronald Reagan administration, and escalating during the Bush years. It became official Bush policy when presented by Bush Director of Central Intelligence William Webster in

a Sept. 20, 1989 speech to the Los Angeles World Affairs Council: The "end of the cold war," Webster announced, means that Japan and Germany, not Russia, are the main threat. "The national security implications of a competitor's ability to create, capture, or control markets of the future are very significant."

This is part of the picture of British global attacks on U.S. foreign policy in Asia and elsewhere, which begins to shed light on the "coincidence" of so many recent atrocities in Tokyo, from the March 20 sarin gas attack, to assassination attempts and threats against National Police Agency Chief Takaji Kunimatsu, intelligence chief Yukihide Inoue, and Prime Minister Tomiichi Murayama.

## Inducing 'financial AIDS'

While much of Japan's strength is behind the curtain, in its powerful unelected ministries such as the Finance and Foreign ministries, the chaos has been such as to cripple their opposition to banking deregulation. It has also paralyzed Japan's development diplomacy. The result is that Japan's banking system is now bankrupt, its industrial companies are illiquid, and it has failed to create major export development projects in the Third World. Japan thus remains hopelessly dependent on exports to the crumbling U.S. and British economies.

The real financial crisis in Tokyo dates from the Hong-kong and Shanghai Bank-sponsored Nomura scandal, which destroyed Finance Minister Ryutaro Hashimoto, who represented the faction in the ministries opposed to what he called Wall Street's "financial AIDS." At the Sept. 25, 1990 meeting of the International Monetary Fund in Bangkok, Thailand, Hashimoto proposed an overhaul of the world monetary system, "to explore a more stable monetary system, that solidly substantiates a spirit of cooperation." A Finance Ministry official said this meant a "reference range" target zone, within which the rates for the dollar, the yen, and the European currencies would be fixed.

Because of the 1991 Nomura scandal, however, Hashimoto and the Finance Ministry came under heavy attack and finally gave in to allowing broad deregulation, opening Tokyo to trade in foreign financial derivatives, which mushroomed.

Most damaging to Japan's economy was abolition by the

Bank of Japan of its central bank "window guidance." Under this credit policy, Japan since the 1870s had followed U.S. Treasury Secretary Alexander Hamilton's policy of issuing directed credit by government *lending* to banks, based on a judgmental evaluation of how productive the loan would be to the overall increase in new technologies to be generated in the physical economy. As a result of this sound and truly "American System" Hamiltonian policy, Japan had introduced increasingly more productive technologies, and the Japanese government had never run a deficit nor a significant national debt.

After enormous pressure from the Bush Treasury Department and the London-controlled international financial press, Japan shifted to U.S. Federal Reserve-style "open market" operations, issuance of money via government *borrowing*. This allowed Japanese banks to go into the wild "financial AIDS" type of activities being generated in London and Wall Street, and into related categories of real estate speculation.

The effect on Japanese industry, in particular, was to make impossible the previously planned strategy of long-term, low-interest investment in large-scale infrastructure construction and investment programs in the developing nations, such as the original form of the 1970s Mitsubishi Research Institute's Global Infrastructure Fund. Such programs could have prevented Japan from becoming the untenable, financially oriented, trading company economy it is today.

Especially nasty in the scandal process has been the inside role of Henry Kissinger's close friend, Japanese parliamentarian Ichiro Ozawa. "Ozawa and [former Prime Minister Tsutomu] Hata are very close to the American establishment," a top Tokyo intelligence source told *EIR*. "They are trying to make a reform of the Japanese political system which will make their friends in Washington, such as Kissinger, happy. Ozawa knows Kissinger well. Ozawa wants to break up the LDP. Hata is also a very influential member of the Aspen Institute, very close to the American establishment. If you trace the movement of the Ozawa/Hata group, you will find it is strongly supported by the Bush establishment."

### Sea-change in Tokyo

Japan, however, as of 1995, has not been broken, but is working to form a new alliance with U.S. President Bill Clinton. This is focused on cooperation in rebuilding North Korea's economy, based on peaceful nuclear electricity plants. Japanese leaders traveled to Pyongyang in April to help Clinton's negotiations, and Prime Minister Murayama went to China on May 2 to ask Beijing to join Clinton's Korea nuclear consortium.

Today's Murayama government, a Socialist-Liberal Democratic Party (LDP) coalition which came to power on June 30, 1994, "is not a Socialist government, but a conservative government with a Socialist prime minister, which exists at a higher level" than party politics, a Japanese intelligence

source told *EIR*.

The previous Hata government, dominated by Kissinger's friend Ozawa, who has used the scandals to destroy the ruling LDP, was trying to push Japan into "the Brent Scowcroft doctrine" in Korea, the source said. In a June 15, 1994 *Washington Post* editorial, Bush National Security Adviser Brent Scowcroft called for a preemptive bombing of Pyongyang. Ozawa, the source said, was urging President Clinton to bomb "whoever does not submit" to the U.N.'s Nuclear Non-Proliferation Treaty (NPT), promising that Japan would join with U.N. troops to help police Asia. Ozawa was "continually receiving privileged information on North Korea" from Scowcroft, Bush CIA head Robert Gates, and "friends."

Murayama's Socialists, however, left the Hata-Ozawa government in opposition to war with North Korea. Now, the Murayama-LDP coalition is a "sea change" for Japan, he said. "President Clinton will find Murayama very useful in dealing with North Korea. Mr. Murayama has had ties in Pyongyang for years, and he and his friends can help Clinton." LDP coalition members led by Vice Prime Minister and Foreign Minister Yohei Kono, chief of the LDP, also want to avoid war in Korea. "We will aim to resolve the dispute over North Korea through peaceful dialogue, and try to avoid sanctions," Kono said on June 30, 1994. LDP Finance Minister Masayoshi Takemura, who met the late North Korean leader Kim Il-sung, has also come out against sanctions or military actions against Pyongyang.

Kono, Takemura, and Murayama also oppose deployment of Japanese troops into U.N. war zones, a policy which Ozawa was using the Korean crisis to attempt to push through.

Clinton is also committed to developing the economy of China and other Asian nations. U.S.-Japan cooperation on that, too, is not ruled out. The British could never tolerate either the United States or Japan having such a policy; they will stop at nothing to destroy any alliance of the U.S. and Japan to do this.

---

## 1988, Recruit scandal

---

**June:** Recruit scandal against Prime Minister Noboru Takeshita. *New York Times* and Japan's liberal *Asahi News* reveal that shares of Recruit Cosmos Co. were sold to leading Japanese at bargain prices, prior to being listed.

**July:** Recruit Chairman Hiromasa Ezo and Nikkei (*Japan Economic Journal*) President Ko Morita resign.

**November:** President Ronald Reagan and former Japanese Prime Minister Yasuhiro Nakasone agree to have Mitsubishi and General Dynamics develop new FSX fighter jet.

**December:** Finance Minister Kiichi Miyazawa and Ambassador Plenipotentiary Yasuhiro Nakasone are forced to resign.

**Dec. 14:** NTT Co. Chairman Hisashi Shinto resigns; Ja-



pan's telecommunications giant NTT's market is targeted by deregulators in Washington and London.

---

## 1989, Recruit scandal

---

**March 6:** NTT ex-chairman Shinto, 78, one of Japan's leading industrialists, is arrested in the hospital.

**March 28:** Thirteen have been arrested, including the vice ministers of labor and education.

**April 1:** Prime Minister Takeshita confirms that Recruit donated \$150,000 to his 1987 campaign. Rumors spread that former Prime Minister Nakasone will be arrested.

**April 4:** U. S. Bush administration Commerce Secretary Robert Mosbacher declares that Bush will dump FSX deal. Sen. Jesse Helms (R-N.C.) demands that Japan buy old F-16s off the shelf.

**April 12:** *Bungei Shinju* magazine writes that Ronald Reagan and Nakasone got kickbacks after sale of a U.S. Cray computer to NTT, which Recruit used. *Bungei Shinju* broke the 1976 Lockheed scandal against Japan.

**April 13:** Chinese Premier Li Peng is in Tokyo, invites Emperor Akihito to Beijing, gets large loans.

**April 14:** Former Foreign Minister Shintaro Abe, head of ruling Liberal Democratic Party (LDP) and next in line as prime minister, admits that his wife bought Recruit shares.

**April 18:** *New York Times* reports that NTT is major target, calls for it to be broken up. Bush and Henry Kissinger's friend Ichiro Ozawa, an LDP trade negotiator, are trying to bring Motorola into Japan to take NTT business.

**April 23:** Noboru Takeshita resigns as prime minister.

**May:** Finance Ministry and Bank of Japan deregulate interest rates, double central bank's discount rate.

**May 2-7:** Takeshita carries out his planned trip to Indonesia, Thailand, Malaysia, Singapore, and Philippines, where he was to have set up major economic cooperation; trip is reduced to a diplomatic gesture.

**May 30:** Nakasone resigns from LDP.

**June 2:** Sosuke Uno, an ally of Nakasone, is elected prime minister. He is immediately accused by a geisha of paying her for an affair in 1985.

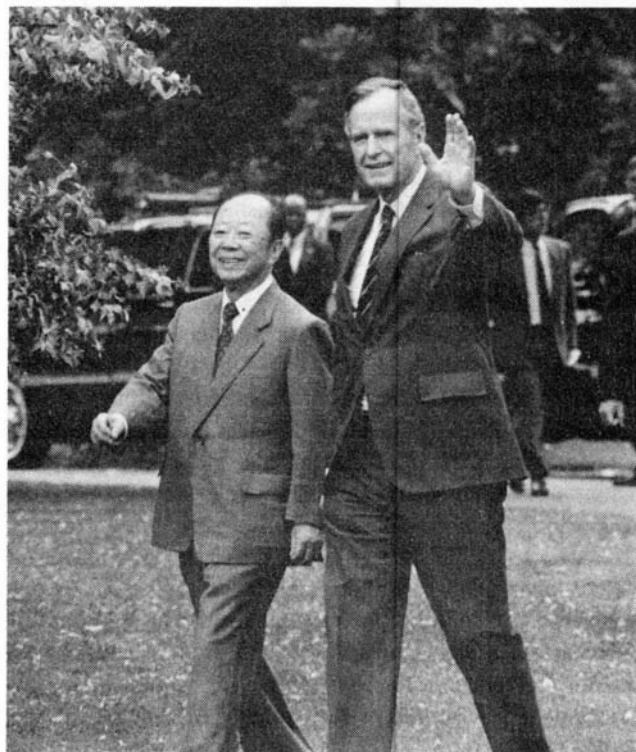
**June 28:** Bush administration forces Japan to sign a deal allowing Motorola a major Japanese market share, to avoid U.S. punitive tariffs.

**July 24:** Uno resigns over geisha-gate scandal.

**Aug. 8:** Former Education Minister Toshiki Kaifu becomes prime minister. Kaifu was made a Knight of the British Empire (KBE) by Queen Elizabeth II in 1975 in London. He is a longstanding member of the Japan-British Parliamentarians League and founding member of the "2000" Group of Japanese and British business and political leaders.

**Aug. 29:** Kaifu on eve of summit with Bush vows to stop protectionism in Japan, liberalize farm markets.

**Sept. 20:** Bush CIA director William Webster in Los



*Japanese Prime Minister Kiichi Miyazawa and George Bush in 1992. Miyazawa was targeted by scandals that succeeded in ousting his government in July 1993, driving the Liberal Democratic Party out of power for the first time since World War II.*

Angeles says that the "end of the cold war" means that Japan and Germany, not Russia, are now the main threat to the United States. "Our political and military allies are also our economic competitors. The national security implications of a competitor's ability to create, capture, or control markets of the future are very significant."

Webster labels "Japanese and European surplus capital" as "creating some potential risks." CIA creates a new Fifth Directorate to coordinate actions against this alleged threat.

---

## 1990, the Webster Doctrine

---

**Feb. 18:** LDP wins Lower House election, shocking the world media. Kaifu is reelected to a second term.

**March 16:** Henry Kissinger endorses butchers of Tiananmen Square as "key to a balance of the Asian equilibrium" against Japan, "a more assertive aggressor" globally.

**April 30:** Kaifu tours India, Pakistan, Bangladesh, and Sri Lanka on behalf of his "Asia doctrine" for Japan to speak for the development of the developing countries.

**June 17:** *New York Times* reports that CIA director Webster has ordered the CIA and National Security Agency to radically shift priorities from collecting intelligence on the

U.S.S.R., to collecting economic data on America's allies, especially Japan and Germany.

**June 18:** U.S. Attorney in Los Angeles charges that Japanese firms are stealing U.S. Strategic Defense Initiative (SDI) secrets; those charged include Mitsubishi Heavy Industries, Mitsubishi Trading, Ishikawajima-Harima Heavy Industries, and Nissan Motor. Mitsubishi, Japan's leading industrial combine, is key to Japanese aid to the U.S. SDI program.

"This time, a Stalin has replaced a Churchill as the main U.S. partner, but the enemy is still Germany and Japan," a Japanese spokesman said.

**July 5:** A report by Japan's Ministry of International Trade and Industry (MITI) proposes that Japan take an independent place in the world and promote global development, using "new funding schemes of public-private cooperation which emulate the role the U.S. played after World War II."

**Aug. 2:** Iraq invades Kuwait at the encouragement of U.S. Ambassador April Gillespie. In addition to destroying economic development in Iraq, the Gulf war is primarily aimed at terrorizing Japan and western Europe and destroying their capital technology exports.

**Aug. 29:** Bush Tokyo Ambassador Michael Armacost demands that Japan send U.N. troops and money for Gulf war.

**Sept. 5:** Kissinger in Tokyo harshly attacks Japan for refusing to send troops; Japan donates \$13 billion after Kissinger's friend Ozawa uses "tremendous muscle," Tokyo intelligence sources say.

**Sept. 10:** MITI sends planning team to Moscow to aid in rebuilding Russian economy, attacks International Monetary Fund (IMF) shock therapy.

**Sept. 11:** U.S. defense bill demands that Japan cut its military spending and foot \$7.4 billion annual cost of U.S. troops in Japan.

**Sept. 25:** Finance Minister Ryutaro Hashimoto calls for overhaul of world monetary system at Bangkok IMF meeting. He proposes "to explore a more stable monetary system that solidly substantiates a spirit of cooperation." A Finance Ministry official says Tokyo is studying creation of a "reference range" target zone within which the rates for the dollar, the yen, and the European currencies would be fixed.

**Sept. 26:** Shin Kanemaru, Takeshita's lieutenant, heads Japanese parliamentary delegation to North Korea, with officials from MITI, the Foreign Ministry, Finance Ministry, and other agencies. Kanemaru meets North Korean leader Kim Il-sung three times; air and satellite communications are set up from Pyongyang to Tokyo.

**Oct. 28:** Dr. Hazem Nusseibeh, former foreign minister of Jordan and ambassador to the U.N., tells *EIR*, "The feeling is widespread in the Arab region that the armed deployment has amongst its other principal components, putting Japan and a united western Europe, particularly Germany, under Anglo-American economic blackmail."

---

## 1991, Nomura scandal

---

**Jan. 1:** Bush-led U.N. "coalition" begins bombardment of Iraq.

**April 4:** Finance Minister Ryutaro Hashimoto, who coined the term "financial AIDS" to denounce Wall Street deregulation, and called for a new world monetary system, is front-runner in prime minister election, scheduled for the fall.

**May 20:** U.S. Treasury Secretary Nicholas Brady and Bank of England demand that Japan adopt Hongkong-style financial deregulation, opening Japanese markets to London and New York banks. Treasury model is the U.S. International Banking Act of 1978, written at behest of Hongkong and Shanghai Banking Corp., to allow the British to buy up American banks.

**May 28:** Former Lehmann Brothers Chairman Peter Peterson charges that Japan will soon treat United States as President Eisenhower did Britain at Suez, when Eisenhower threatened to crash the pound, to make the British obey U.S. military aims.

**June 7:** Nomura scandal breaks. On tip from Hongkong and Shanghai Banking Corp. agent Robert Zielinski, Tokyo economist of Jardine Matheson, Kyodo News charges the giant Nomura and Nikko Securities companies with creating false profits for gangster boss Susumu Ishii. Ishii is also a business partner of George Bush's brother, Prescott Bush, Jr.

**June 15:** London *Economist* denounces Finance Minister Hashimoto for collusion with Nomura, calls for financial deregulation, dumping of Japanese bank stocks.

**June 21:** Nomura, Daiwa, and Yamaichi Securities confess at Tokyo press conference to making payments to compensate large clients for stock market losses. *This is perfectly legal.* Tokyo stock market begins to crash.

**June 27:** Japan Finance Ministry is forced to announce drastic financial deregulation including decontrols on interest rates, bank lending, foreign exchange, restrictions separating banks and brokerages, and abolition of Bank of Japan "window guidance."

**July 9:** Finance Minister Hashimoto is forced to apologize and take a pay cut. Tokyo market in free fall.

**July 22:** Bush administration official complains to *Business Week* that Hashimoto is "pushing Japan's interests more forcefully than his predecessors. . . . Hashimoto is of the younger generation, and has seen the strong rebirth of Japan, while older leaders knew Japan's dependence on the U.S. . . . For American investment bankers, the crackdown in Japan is welcome. For years they struggled to break into the Japanese banking business. Now the field for U.S. bankers and brokers is leveling."

**July 27:** Hashimoto confirms that a former aide was involved with questionable loans at Fuji Bank. There are

now four such "totally unrelated" scandals implicating heads of all major Japanese banks and a dozen industrial giants.

**Aug. 27:** Hashimoto tells the Diet (Parliament) that he is preparing indictments of dozens of bankers and corporate executives. Nikkei stock index has collapsed by 14% since June 7.

**Oct. 18:** Hashimoto resigns as finance minister. Hashimoto is "a patriot who would try to defend the Japanese financial system," notes a Tokyo source.

**Oct. 27:** Kiichi Miyazawa is elected prime minister, brings Nakasone and Takeshita back as "supreme advisers," to British howls. "American officials wonder whether Miyazawa will be more effective in accommodating Washington, or more willing to tell the U.S. off," writes the *New York Times*.

**Nov. 2:** Petroleum bomb attack on house of Shin Kanemaru by rightists, protesting Japan's diplomacy with North Korea.

**Nov. 11:** Bush Secretary of State James Baker in Tokyo denounces Japan for "checkbook diplomacy," demands that Japan join U.S. actions against North Korea, commit troops to U.N. policing operations, and deregulate its rice market.

**Nov. 12:** President Bush makes same demands.

**Nov. 16-19:** Gen. Colin Powell, chairman of U.S. Joint Chiefs of Staff, visits Tokyo with same demands.

**November:** Inagawa mob chief Susumu Ishii dies.

**Dec. 12:** London *Financial Times* complains that Miyazawa has failed to shove through the bill for Japan U.N. troops.

---

## 1992, Sagawa Kyubin scandal

---

**Jan. 2:** George Bush vomits on Miyazawa in Tokyo.

**Jan. 14:** Fumio Abe, MP, ally of Miyazawa, is arrested for taking a bribe from Kyowa Corp. This is the first time since the 1976 Lockheed scandal that a sitting parliamentarian has been arrested.

**Feb. 3:** Prime Minister Miyazawa criticizes Wall Street bankers; British media lie in translation that he attacked U.S. workers; scandal ensues. He actually said: "The money market does not create productive goods. . . . The problem is that everyone believes value can be created in the money market. . . . The decline in producing goods by the sweat of our brows, a type of work ethic, is related."

**March:** Shin Kanemaru shot at by rightist calling him a "traitor" for North Korean diplomacy; he is unharmed.

**March 23:** Salomon Brothers undocumented report, charging that Japanese banks have the world's weakest capital, collapses Tokyo stock market by 17% from March 23 to April 9. Tokyo sources tell *EIR*, "There is something more conspiratorial. This is manipulation. Sales of Japanese stocks in fact were led by U.S. and U.K. investors."

**April 1:** Finance Minister Tsutomu Hata tells Japan-Brit-

ish Society in London, "Japan sees its relations with Britain as a very important pillar."

**April 5:** Man armed with knife storms Prime Minister Miyazawa's residence, but is overpowered by police.

**April 23:** Shin Kanemaru receives five bullets in the mail with death threat letter from rightist gangsters.

**May 18-19:** Royal Institute for International Affairs and Japan Finance Ministry hold London conference on "Financial Reform and Global Market Integration" to demand that Japan deregulate.

**June 8:** MITI "Report on Unfair Trade Practices" charges that U.S. is the most unfair trading nation.

**July 3:** Prime Minister Miyazawa demands that U.S. and Europe turn their attention to economic development of Asia.

**July 26:** Miyazawa and LDP win election; Takeshita faction, now led by Shin Kanemaru, makes large gains.

**July 28:** Sagawa scandal breaks out. Head of Sagawa Kyubin trucking firm charges that Shin Kanemaru paid off late yakuza chief Susumu Ishii, Prescott Bush's partner, to halt the Inagawa mob 1987 attacks on Takeshita.

**Sept. 9:** Entire Miyazawa cabinet is accused of graft related to Sagawa firm. Foreign Minister Michio Watanabe and former Prime Minister Nakasone file libel suits against the charges.

**Sept. 25:** Shin Kanemaru admits taking \$4.2 million from Inagawa mob. Former Prime Minister Takeshita is also charged.

**Oct. 14:** Shin Kanemaru resigns from Diet.

**Oct. 15:** "Cleaner Japan, Easier Ally," the *New York Times* gloats in editorial headline.

**Oct. 21:** *New York Times* feature charges that the entire LDP was founded in 1950s, and is run today, by gangsters.

**Oct. 23:** LDP Secretary General Ichiro Ozawa, Kissinger's ally, is in a public brawl over his demand to head Kanemaru wing of LDP; Miyazawa government is paralyzed. Keizo Obuchi, ally of Ryutaro Hashimoto and intimate of imperial family, is named instead. Ozawa threatens to break up the LDP.

**Oct. 24:** Shin Kanemaru is indicted.

**Oct. 26:** "Japan is not a democracy," charges Chalmers Johnson, dean of "Japan bashers"; the LDP must be destroyed for making Japan an "autocratic corporatist state run by gangsters." He praises Ozawa's plan to break up not only the LDP, but the powerful ministries, too.

**Nov. 23:** Ozawa precipitates the breakup of the LDP by knifing his mentor and in-law Shin Kanemaru in the back, Tokyo sources report. Ozawa conned the elderly Kanemaru into making his public confession, to try to take over the LDP's Takeshita faction for himself.

**Dec. 10:** Kissinger visits Tokyo, meets Ozawa. Ozawa met with Kissinger frequently in the 1980s, and was "much too close" to Bush's Tokyo ambassador, Michael Armacost; he was "basically a U.S. stooge," one Tokyo source says.

**Dec. 18:** Ichiro Ozawa and Finance Minister Tsutomu

Hata resign from LDP's Takeshita faction, splitting it.

**Dec. 25:** Prime Minister Miyazawa releases a report calling for regional security agreement with ASEAN before Jan. 11 visit to Thailand, Malaysia, Indonesia.

**Dec. 29:** "Ozawa and Hata are very close to the American establishment," a Tokyo source says. "They are trying to make a reform of the Japanese political system which will make their friends in Washington such as Kissinger happy. Ozawa knows Kissinger well. Ozawa wants to break up the LDP. He agrees with Chalmers Johnson.

"Hata is also a very influential member of the Aspen Institute, very close to the American establishment. If you trace the movement of the Ozawa-Hata group you will find it is strongly supported by the Bush establishment.

"This is all very dangerous for Japan. . . . This could be like Watergate, a way for the Anglo-American establishment to try to force their ideas of change on Japan. You should remember the Tanaka case [Lockheed scandal]; the Takeshita case [Recruit scandal] is the same. Now the Sagawa scandal is like Watergate."

---

## 1993, fall of the LDP

---

**March 6:** Shin Kanemaru is arrested.

**March 10:** U.S.-South Korean war games provoke North Korea to announce intent to withdraw from Nuclear Non-Proliferation Treaty when U.S. side refuses to negotiate diplomatic recognition and economic cooperation. This is North Korea's right under the NPT.

**March 30:** Twenty Japanese construction firms have been raided on charges that they bribed Kanemaru. U.S. Special Trade Representative Mickey Kantor demands that Japan's \$100 billion construction bids be opened up to foreign companies.

**April 21:** Outgoing Bush U.S. commander in Korea Gen. Robert Riscassi says, "North Korea could explode."

**May 12:** Bush networks in U.S. State Department force through U.N. resolution condemning North Korea.

**June 4:** Ozawa quits LDP, forms new Japan Renewal Party with frontman Finance Minister Tsutomu Hata. "I am the actor and Ozawa is the scriptwriter," Hata says.

**June 18:** Ozawa leads and wins no-confidence vote against Miyazawa government; general elections are called.

**July 9:** U.S. Treasury Secretary Lloyd Bentsen in Tokyo demands that Japan open up to foreign derivative speculation, charging that Japan is "trying to exclude foreign firms."

**July 14:** President Clinton calms Korea crisis by agreeing to negotiate North Korea's proposal for reconstruction of its nuclear industry.

**July 18:** General election. Prime Minister Miyazawa and LDP lose majority for first time in 38 years. Only 4 seats are lost by LDP in election; the other 47 seats are lost by Ozawa, who induces 47 other MPs to quit the LDP.

**July 30:** Morihiro Hosokawa is named prime minister as puppet of Ozawa's anti-LDP coalition of new mini-parties and Socialists. LDP is out of power for the first time since World War II. Hosokawa is a blueblood; his grandfather, Prince Konoe, was prime minister 1937-39 and 1940-41, invaded China, and concluded Tokyo's pact with Nazi Germany.

**Nov. 3:** Kajima scandal. Kajima Corp. Chairman Rokuro Ishikawa, a top industrialist, is charged in payoffs of regional governors in construction kickbacks. Twenty executives of major construction firms are implicated.

Ozawa acknowledges payments from Kajima Corp, but denies wrongdoing, calls it a normal political donation.

**Nov. 11:** Daishowa Paper head Ryoei Saito, in-law of former Prime Minister Yasuhiro Nakasone, is arrested in Kajima construction scandal.

**Nov. 16:** MITI "Agenda 21" report to U.N. calls for saving environment by export of nuclear power plants to less-developed countries and development of nuclear fusion power.

---

## 1994, Korea crisis

---

**Jan. 30:** "Japan to Go Nuclear in Asian Arms Race" headlines London *Sunday Times*, leaking classified British Defense Ministry report charging that Japan is rearming. "The Japanese could have acquired all the expertise for imploding a weapon," one British Defense Ministry expert is quoted. A subsequent AP wire quotes the British report saying that "Japan has the expertise to go nuclear very quickly."

**Feb. 1:** British intelligence may have leaked the report on Japan's nuclear program to the *Sunday Times* in order to start up an anti-nuclear movement to try to kill Japan's nuclear power program, a Green lobby nuclear expert told EIRNS. "That was the charge of the Greens in the 1980s: that Germany had a nuclear weapons program, and they saw the strongest evidence in the German insistence on pursuing breeder reactors and plutonium in light water reactors, with no need for it," he said.

**March 21:** British Defense Ministry adviser Paul Beaver, editor of *Jane's*, says the Korean crisis is "serious, no longer soap opera" and partly needed to make Japan and China "stay in the box" of the U.N.-IMF system.

"Remember 1961, sitting on the edge of your chair, waiting for war? Every ship approaching North Korea will have to be stopped, we'll be on the brink," Beaver said. "Washington might also be interested in a little blockade here and there, to put the Japanese in a box. The Japanese now say that if North Korea is going to have missiles, we're going to go nuclear, too. It's for real, what the British Defense Ministry told the *Sunday Times*."

**March 22:** Japan tells Asian finance ministers meeting that Asia must resist U.S. calls for financial deregulation, so

as not to “disrupt economic growth. . . . Japan’s postwar economic growth was made possible due to regulations and protective measures, such as interest rate controls and concentrated investment.”

**March:** Ichiro Ozawa, in his new bestseller *Blueprint for Building a New Japan*, cites Venice as his model. He calls for breaking down what he calls the “golden triangle” of the Japanese political system—politicians, bureaucrats, and business leaders.

**April 8:** Prime Minister Hosokawa is forced out after a scandal over his old loans from Sagawa Kyubin.

**April 21:** Foreign Minister Tsutomu Hata, Ozawa’s puppet, becomes prime minister. Ozawa announces that Japan will raise taxes, join U.N. military activities, and support any U.N. sanctions against North Korea.

**April 24:** *New York Times* reports that Ozawa is in a campaign to change Japan’s Constitution to join any offensive U.S. naval blockade against North Korea. Hata, at urging of Ozawa, phones Clinton to say Japan will support sanctions.

Ozawa wanted to push Japan into “the Brent Scowcroft doctrine” in the Korea crisis, Tokyo intelligence sources tell *EIR*. Under this, the U.S. would bomb “whoever does not submit” to the U.N.’s NPT in Asia, and Japan would join with U.N. troops to help police the area. Ozawa was “continually receiving privileged information on North Korea” from George Bush’s National Security Adviser Brent Scowcroft, Director of Central Intelligence Robert Gates, and “their friends in the Pentagon—Ozawa always had it first,” the source said.

**May 23:** LDP Former Defense Minister Taku Yamasaki attacks unlimited extension of NPT. “Why should a has-been economy like Britain be allowed to produce nuclear weapons, and not Japan? Let Britain cut back,” one Japanese diplomat tells *EIR*.

**June 17:** Jimmy Carter concludes agreement to rebuild North Korean nuclear industry, with Kim Il-sung in Pyongyang.

**June 18:** LDP parliamentarian Hirokimi Oki recommends that Japan not agree to extend the NPT when it expires in 1995. The NPT is “a treaty of inequality which perpetuates the existing nuclear club,” he said.

**June 25:** Prime Minister Tsutomu Hata is forced out when Socialist Party leaves Ozawa coalition over refusal to back Ozawa’s sanctions against North Korea.

**June 29:** Socialist Party Chairman Tomiichi Murayama is elected prime minister in “odd couple” coalition with LDP. LDP Secretary General Yohei Kono is foreign minister, former Finance Minister Ryutaru Hashimoto is MITI minister.

British bankers complain that Murayama ditched Ozawa’s bank regulation plans. “Deregulation is something for a future government to handle,” says a Barclays official.

Murayama and Vice Prime Minister and Foreign Minis-

ter Yohei Kono, chief of the LDP, say the new government is against sanctions against North Korea. “We will aim to resolve the dispute over North Korea through peaceful dialogue, and try to avoid sanctions,” Kono states.

**June 30:** London *Financial Times* denounces LDP chief Kono and LDP Finance Minister Masayoshi Takemura, who has met Kim Il-sung and also come out against sanctions or military actions against Pyongyang, as “pacifists.”

**July 2:** The Murayama government has “put off” Ozawa’s financial deregulation plans, a Tokyo Finance Ministry source tells *EIR*.

**July 6:** The new Socialist-LDP government is “a sea change,” a Tokyo source tells *EIR*. “This is not a Socialist government, but a conservative government with a Socialist prime minister. President Clinton will find Murayama very useful in dealing with North Korea.”

**July 6:** Prime Minister Murayama says he hoped to talk about the economies of the less-developed countries, global unemployment, and the Korea crisis at Naples summit.

**July 28:** Ozawa, in a speech at the Washington National Press Club, takes full credit for the 1980s deregulation of Japan, and calls for overthrow of Japan’s political system.

**July 29:** U.S. Special Trade Representative Mickey Kantor threatens Japan with trade sanctions.

**Oct. 21:** U.S.-North Korea Geneva accord.

---

## 1995, terror explodes

---

**March 20:** Sarin nerve gas released on Tokyo subways targets Kasumigaseki headquarters of major ministries.

**March 21:** Kissinger in Bombay says that India, China, and Japan must fight each other, “similar to the competing nations of Europe in the last century.”

**March 27:** Prime Minister Murayama announces trip to China to urge Beijing to join Clinton’s Korean nuclear pact.

**March 28:** Michio Watanabe of LDP’s Nakasone wing leads delegation to Pyongyang to normalize relations. “The Japanese are being very helpful,” says Clinton aide.

**March 30:** Takaji Kunimatsu, director of Japan’s National Police Agency, in charge of Tokyo subway gassing investigation, is shot and seriously wounded by professional hitman. Death threats are telephoned to Japan intelligence chief Yoshio Omori and to Kunimatsu’s deputy.

**March 30:** Diet ratifies U.N.’s Chemical Weapons Convention which, under cover of banning weapons, is meant to eliminate production of vital agricultural chemicals.

**April 1:** Death threat to Prime Minister Murayama.

**April 19:** Over 500 are injured in Yokohama Station by phosgene poison gas spread through the ventilation system.

**April 21:** Some 25 are injured by noxious gas spread through a Yokohama department store complex.

**April 24:** Hideo Murai, director of Aum group’s science section, is stabbed to death on national television.

# Britain's Baroness Chalker defends massacres in Rwanda

by Linda de Hoyos

Alone among the world's governments, Britain has come out defending the murder of thousands of Hutu refugees at the Kibeho refugee camp on April 22, carried out by troops of the Rwandan Patriotic Front (RPF), now in power in Kigali. As reported by Reuters on April 25, Baroness Lynda Chalker, British minister of overseas development, "backed the Rwandan government policy of trying to clear the refugee camps. In remarks lending support to the government version of events [that only 300 people were killed], which U.N. officials say led to the deaths of up to 8,000 people, Chalker told BBC radio in an interview: "These camps are full of Hutu extremists with weaponry who were breaking out at night, terrorizing the villages where people have gone back and settled. It was in trying to empty these camps that some breakouts took place organized by Hutu extremists and that's what started the stampede. The government troops panicked, undoubtedly, over the weekend, which added to the deaths and injuries. . . . It must be for the government of Rwanda to restore order.' "

Chalker promised more bloodshed: "I'm afraid we have a long way to go and probably some more tragedies on the way, but we'll try and prevent them."

Chalker's defense of the RPF was applauded by the London *Times*, speaking for the British Foreign Office, which intoned on April 25: "Britain's reaction to the weekend massacre, unlike that of France and Belgium, has been a measured one. Baroness Chalker of Wallasey . . . was correct to emphasize the wider context of events."

Chalker's defense of the RPF constitutes Britain's admission of its own role in instigating the ongoing horrific bloodletting in East Africa, as *EIR* has documented. The RPF is but a section of the Ugandan Army, equipped, armed, and financed for its invasion of Rwanda by Ugandan President

Yoweri Museveni, the British warlord of the region and personally close to Chalker. Chalker's brazen defense of the RPF claim of only 300 killed—in contrast to statements from eyewitnesses—is also testimony to Britain's newfound confidence, after the March 29 conference at the Royal Institute of International Affairs on "Britain in the World," at which Chalker was present.

Apart from Chalker, the massacre in Kibeho earned universal condemnation, including from South African President Nelson Mandela, who called it "beyond genocide," and U.N. Secretary General Boutros Boutros-Ghali who "condemned it energetically." However, it accurately signifies British policy for the region: the unleashing of multiple wars using Museveni, his Ugandan National Resistance Army (NRA), and the Tutsi-dominated militaries of Rwanda and Burundi to push for a "final solution" to what Baroness Chalker claims is "the population problem" in central Africa.

Uganda is also being built up as a base of operations against Sudan, and possibly Kenya and Zaire—two other targets of the Britain-Uganda combine. It is not clear to what extent British or other forces are slated to become directly involved in the military operations in the region. On May 3, Reuters reported that Assist U.K., a "Scottish-based transport and logistic agency," plans to establish a base in Kampala, Uganda, as "Africa's first professional quick-reaction base for aid missions." Such an operation can have an obvious dual use. *Africa Analysis* already has reported that there are American "military advisers" in Uganda, a report corroborated by Ugandans in the country.

Museveni is also getting a financial boost. In March, Uganda became the first country to win a two-thirds reduction in debt owed to the Western creditors, cutting the amount owed by Uganda to the Paris Club from \$235 million to \$100



million. Britain is further demanding that Uganda be given a "super-Esaf" facility, to aid in its large debt to multilateral institutions. The money saved will not go to the population, whose death rate continues to soar, even under Museveni's "peace," but more likely to financing military operations.

### **Targets: Sudan and Kenya**

With this backing, Museveni severed relations with Sudan, Uganda's neighbor to the north, on April 23. Earlier in the month, Uganda and Sudan had attempted negotiations in Tripoli, Libya, but any progress made there has since been nullified. At issue is Uganda's backing—with financial and logistical encouragement from Britain, Sweden, the United States, and the United Nations Development Program—of the Sudan People's Liberation Army insurgency led by Museveni's close friend John Garang. According to both Ugandan and Sudanese forces, Garang's last holdout—the town of Nimrule, right on the Sudanese border with Uganda—is now being defended by Ugandan troops. Without direct Ugandan military intervention, well-informed sources observe, Garang's insurgency would be militarily finished.

In preparation for a buildup against Sudan, Museveni broke relations with Sudan, ordering his troops to seal off the home of the Sudanese military attaché in Kampala. Museveni charged that Sudan was behind a major attack on Ugandan forces by the Ugandan Lord's Resistance Army, which has been fighting Museveni in northern Uganda since 1986.

Uganda is also marauding Kenya. Kenya is one of the three African countries from which British investors are now retreating, reported the *Financial Times*, the other two being Nigeria and Zimbabwe. "We hope to sever relations with Kenya soon," the Ugandan representative to the May 3 conference of the National Endowment for Democracy in Washington told *EIR*.

In March, relations between the two countries—never excellent—reached a nadir, when the "February Eighteen Movement" [FEM]—an organization with the "leftist" tinge Museveni likes to wear—began raids into Kenya. Kenya immediately demanded that Museveni extradite FEM's head, John Odongo, a Kenyan refugee. According to Kenyan Home Affairs Minister Francis Lotodo, there are three FEM guerrilla bases now operating against Kenya from Uganda. Kenya has moved up its Armed Forces to the Ugandan border. The FEM, reported the *Kenyan Nation* on March 21, is mostly comprised of southern Sudanese in Uganda—the same base from which Idi Amin sprang to power in 1971.

Uganda is the thug for operations to fracture Kenya, steered by London. The human rights mafia has launched a systematic campaign against Kenyan President Daniel Arap Moi, and now international donors are planning to meet in July "to discuss their mounting concerns about political and economic trends" in Kenya, Reuters reported on May 2.

While the world was being shocked by stories of starved refugees being gunned down by the RPF at Kibeho, the kill-

ing has proceeded more quietly in Burundi. In this country, the Ugandan-armed military, 99% of which is Tutsi, is seeking to overthrow the elected, primarily Hutu, government, under the protective coloration provided by the U.N.

### **'Final solution' to the Hutu problem**

Since the afternoon of April 24, the Kamenge district of Bujumbura was sealed off by the military, with no one permitted to leave, while fighting was reportedly going on in the district during the day on April 25. The Tutsi military has carried out a systematic campaign to remove all Hutus from the capital city—thereby surrounding the Hutu civilian government—since February 1994. The first district to be forcibly "cleansed" was Nyakabiga, close to the university. Hutus were killed and their homes burned. In March 1994, the military began operations against Kamenge, but this proved to be resistant.

In January 1995, the military assaulted the Bwiza district, in massacres which were denounced by U.S. Ambassador Robert Krueger. At the end of March 1995, the Buyenzi district was "cleansed," and 50,000 Hutus fled to neighboring Zaire. Now, the military is finishing the job in Kamenge district. Between 150,000 and 200,000 Hutus have either fled Bujumbura or been killed.

Rwanda itself is being turned into a death camp. There are more than 60,000 people incarcerated in Rwanda today, according to former Rwandan Ambassador to Washington Alois Umivama, who have been charged with "genocide." None of these people has been brought to trial; none has been handed over to the U.N.-sponsored tribunal.

*New York Times* correspondent Donatella Lorch reported on April 14, with pictures to prove it, that prisoners are stacked so close together that they "cannot lie down or sit because there is no room. . . . There is no protection against the daily downpours, and many of the prisoners' bare feet are rotting from gangrene. Every day 5 to 10 die and many more are taken to a local hospital with pneumonia and dysentery. . . . An unchecked military carts 2,000 people to jail each week."

Meanwhile, the RPF on April 14 stopped all food convoys from crossing from Rwanda into Zaire, to feed the 1 million refugees from Rwanda there. Even so, the French press agency AFP reported April 16 that people are returning from the camps who had earlier gone back to Rwanda, out of fear of death at the hands of the RPF.

As for the charge that "Hutu extremists" are responsible for the massacre at Kibeho, as proclaimed by Lady Chalker, Ray Wilkinson, spokesman for the U.N. Commission on Refugees, told AFP that people first started running out of the RPF military cordon, where they had been for five days, on April 22, to get out of a torrential rain, and were greeted with mortar attacks by the RPF. Another member of the Unamir team told France Inter-Radio Network: "There are mountains of dead children there."

# Assault on Ibero-American militaries enters new stage

by Valerie Rush

In a nationwide television address on April 25, Argentine Army commander Gen. Martín Balza offered a mea culpa in the name of his country's military institution for conducting what has been dubbed by the international press and human rights mafia as a "dirty war" against terrorism in the 1970s. That "illegal repression," claimed General Balza, stemmed from a "messianic ideology" rooted deep within the Armed Forces which see themselves as "the sole reserve of the Fatherland." Balza added, "It is disingenuous to try to find a single individual to fault, since the blame ultimately lies in the collective unconscious of the entire nation."

Ironically, in denouncing "messianism" in the military, General Balza was explicitly targeting one individual who represents a rallying point for nationalist military forces in Argentina and around the continent—Col. Mohamed Ali Seineldín. Currently a political prisoner in Argentina, Colonel Seineldín, who opposed the 1976 military coup as an unlawful "break in the constitutional order," has been repeatedly accused of having a "messianic" complex precisely because of his definition of the Armed Forces as a bulwark of the nation "dedicated to safeguarding its highest interests."

Balza's confession was hailed by human rights lobbyists, "former" terrorists, and others as setting a precedent which should now be emulated in other countries whose armed forces are still afflicted with the "messianic" belief that their role is to defend the political, economic, and territorial sovereignty of their nation against the "new world order" crowd around the United Nations and International Monetary Fund. Over two years ago, *EIR* warned that attacks on the military would lead in this direction (see *Documentation*). Now, as Horacio Verbitsky, the former head of intelligence for the Montonero terrorists of the 1970s, put it in the leftist daily *Página 12*, Balza's message has "changed the political scene" in Argentina by creating a "collective conscience" from which there is no turning back.

This same concept of "collective guilt" was imposed on postwar Germany by London's intelligence warfare division known as the Tavistock Institute. Not only has that "collective guilt" charge shrouded a proud national heritage for half a century, but, more importantly, it has deliberately obscured the real British roots of Nazism. If Tavistock and its one-worldist sponsors succeed in obscuring the truth about Argentina's war against subversion, with the help of various

and sundry cowards both inside and outside the military, the result will not be "national reconciliation," as these cowards claim, but rather the descent of Argentina into a maelstrom of renewed terrorist violence and civil war.

For, unlike Nazi Germany, Argentina in the 1970s was faced with a bloody offensive sponsored by foreign-backed terrorists, which specifically targeted the military for annihilation. (The destruction of the Argentine military has, in fact, always been a British obsession; that obsession led to the 1982 Malvinas War, and has not yet ended.) Those terrorist forces waged brutal irregular warfare against several Ibero-American nations; in Colombia and Peru, they are still doing so today. The targeted governments and defense forces had to either respond, or roll over and play dead. Were excesses committed in individual cases by government forces? Undoubtedly. And yet, we are now being told that national defense forces committed to defending their country from a rampaging terrorist enemy were nothing more than a Nazi killing machine which institutionally committed crimes against humanity. Why?

## A nation under siege

In an April 13 letter to the editor published in *La Nación*, former Planning Minister for the 1976-83 military junta Gen. Ramón Díz Bessone (ret.) wrote about the "other side of the coin" of the so-called dirty war, the side that no one ever talks about: how, before the junta came to power, the country was under siege from armed guerrillas who on a daily basis murdered innocent civilians and military personnel, kidnapped businessmen, indiscriminately set off car bombs, and used every tool of irregular warfare to destroy the nation. Atrocities committed included putting a bomb under the bed of the Buenos Aires chief of police in 1976, holding victims in "people's jails," and then torturing and strangling them, and so on. Sixty-eight guerrilla camps were dismantled in Tucumán province alone, reported General Díaz Bessone. "Fortunately for the country," the general reminds us, "the guerrillas were defeated."

In his August 1991 testimony to the court which sentenced him to life imprisonment, Colonel Seineldín identified the political trap that was set for his country's Armed Forces. He observed that, starting in the mid-1970s, the international financial elites moved to replace productive economy with

a world economy “of speculation and dependency,” while simultaneously launching an attack on “the historic and traditional pillars” of the nation-state, including the Armed Forces. Thus, says Seinfeldin, in 1976 “the fight against terrorism began, but at the same time, we observed that from those very same international financial centers, the human rights campaign was orchestrated. . . . Thus, the success obtained in the anti-terrorist war would, in the future, become a political defeat. . . . We then understood that the Armed Forces had fallen into the trap.”

In fact, a key figure in setting that trap was the military junta’s finance minister, José Martínez de Hoz, a leading Anglophile and David Rockefeller intimate who more than any single violator of human rights in the Argentine military truly deserves a war-crimes trial.

The mistake the military junta made, under pressure from the British-led human rights lobbies, was in not declaring open war against the terrorists, but running it instead as a secret war which was therefore difficult to oversee and control. María Lilia Genta, wife of an Army doctor during the years of the war against subversion, and daughter of a Catholic philosopher murdered by the guerrillas in 1974, wrote a letter to *EIR* on March 22, in which she draws the critical distinction between a “just war” and a “dirty war” (see *Documentation*). In that letter, she insists that, “in the name of truth, we must recognize that behind all this painful and intricate affair there was a political—not military—error by the military junta that assumed power in 1976. No one in that junta wanted to call a spade a spade, that is, to call war, war. There lies the crux of the problem. But the fact is that there was a war, with two very different fronts. . . . It was the official political fear of saying the word *war* that made it possible to talk about repression.”

### Now, the legal offensive

Ironically, the very fact that the junta failed to respond to the terrorists’ offensive with a *declared war* within a formal juridical framework, provided the pretext for those same forces of chaos and destabilization to resurface today and to seek, with the full backing of the international human rights non-governmental organizations, the very destruction of the nation-state which they failed to achieve in the 1970s. Within days of General Balza’s “confession,” television commentator Mariano Grondona brought two “former” terrorists, one a Montonero leader and one from the Revolutionary People’s Army, onto his show to say they repented of nothing and would commit terrorism again if necessary.

Grondona, a longtime mouthpiece for British geopolitics in Argentina, is the man who earlier this year provided former Navy officer Adolfo Scilingo a forum for making the first admission of atrocities committed against the terrorists in the 1970s. It was the orchestrated outcry around Scilingo’s dramatic “confessions” that eventually led to General Balza’s televised performance.

And on May 2, amnestied Montonero chieftain Mario Firmenich told a television interviewer that he had no regrets about kidnapping and killing Argentine Gen. José Pedro Aramburu in 1970. “It was an act that was not decided by us,” said Firmenich. “It was decided by the people.” He explained that his Montoneros were facing an “authoritarian and militaristic culture . . . and in that context, political violence was always legitimate.”

Human rights lawyers and the so-called “victims groups” they advise have begun to clamor for taking the offensive to the next stage. Collective admission of guilt is insufficient, they say, and insist on being given the names of the guilty ones, their purge from the military, and their punishment. Along with the military, the Catholic Church is also under attack. There are growing demands that military chaplains who allegedly condoned the atrocities, and bishops who supposedly tolerated them, be identified and defrocked. 1980s Nobel Peace Prize-winner Adolfo Pérez Esquivel went public to insist that General Balza’s confessions were “inadequate.” “We don’t support this form of collective distribution of guilt. The victims were not responsible, nor were all of us,” he said.

At the same time that human rights networks are advising “victims groups” to take their cases to international courts to force the Argentine government to reopen trials against military personnel, they are also demanding the overturning of two Executive orders decreed in the 1980s by then-President Raúl Alfonsín and current President Carlos Menem, which granted pardons and exemptions from prosecution to military personnel involved in the 1970s war. One of those decrees is based on the universal military doctrine of “due obedience”; its repeal would set a disastrous precedent for the continent.

### The escalation

In the aftermath of Balza’s confessions, human rights organizations, backed by elements of the Catholic Church linked to the Marxist theology of liberation, have been activated to demand the humiliation of other Ibero-American militaries. For example, Benjamín Cuéllar, director of the Human Rights Institute of the liberation theology-centered Central American University in San Salvador, said General Balza’s confessions would have repercussions across the continent. A similar admission of guilt by the Salvadoran military, he said, would help achieve national reconciliation. Other human rights figures described Balza’s statements as setting “an important precedent that should be emulated here and elsewhere.” The Salvadoran church, a captive of theology liberation, has demanded that the Armed Forces of that country “publicly confess their sins.”

El Salvador’s military disagrees. Defense Minister Gen. Humberto Corado declared on May 2, “There is no reason for us to apologize, because we did nothing unlawful. . . . In any case, all Salvadorans who took part in the conflict in

one way or another would have to accept that excesses were committed” on both sides.

In Haiti, dictator Jean-Bertrand Aristide has just announced the elimination of even the 1,500-man remnant of an army that he had initially agreed to preserve, because a poll indicated that “that is what the people want.” Standing at Aristide’s side as he spoke was Costa Rican ex-President Oscar Arias, a militant demilitarizer who declared that eliminating the Army in next-door Dominican Republic was the next step. A well-informed political column in the Dominican daily *Hoy* responded, “The Dominican Armed Forces, in the organized chaos in which this nation lives, constitute perhaps the most solid and respected institution. And that should not be played with.”

---

## Documentation

---

# ‘Just war’ versus a ‘dirty war’

*The following letter was sent to EIR by Mrs. María Lilia Genta, on March 22, 1995.*

I have the double honor of being the daughter of the Catholic philosopher Jordán B. Genta, who was murdered on Oct. 27, 1974 by Marxist guerrillas, and the wife of an Army doctor who was a captain during the years of the war against subversion, better called “the war which never existed.”

Recently, according to certain news and television programs, the opinion of certain brilliant political commentators, and society in general, it seems that one fine day, just for the heck of it, the Argentine military went crazy and launched a witchhunt out of “pure malevolence” (surely they inherited this from the genocidal Nazis!) against sweet young women and pious young men, all of them as innocent as a St. Maria Goretti or St. Tarcisius, and tortured them, put them on the “picana,” raped the women (and why not the men, too?), and later, in the festive spirit of a sporting event, threw them from planes into the river. We might even be tempted to think that these “monsters,” incarnations of Satan, wouldn’t have thrown their “victims” dead or even asleep into the sea, but rather kept them alive and awake in order to derive greater satisfaction from the act while feeding their military sadism. It reminds me of a Boris Karloff movie.

Irony to one side, there is an enormous fallacy here and a no less enormous hypocrisy which almost everyone appears willing to tolerate in silence. In the name of truth, we should recognize that in the origin of this whole painful and intricate

affair, there is a *political—not military—mistake* by the military junta which took power in 1976. This junta did not for anything want to call a spade a spade, that is, call a *war, war*. That is the root of the problem.

But the truth is that there was a *war* with two very distinct fronts. An irregular army (ERP, FAR, Montoneros) launched the offensive against the Argentine nation, and the Argentine Armed Forces responded to that offensive with the goal of “total annihilation” of the armed enemy in defense of the nation. The official government fear of pronouncing the word *war* led to the possibility of speaking of repression. From the pages of *Cabildo* magazine (I could cite numerous articles), we tirelessly warned the government of the *Proceso* [the 1976-83 military junta] that there is no alternative to calling things by their right name, at the same time that we demanded an adequate legal framework for the actions carried out as part of the counteroffensive. Fortunately, our demands at that time haven’t led us today to adopt the simple and hypocritical position of seeking benefit from what has taken place.

Let me make clear that I am referring exclusively to political mistakes; I have great respect for those officers who fought with their men, and who never gave orders that they wouldn’t also carry out themselves and who were exemplary leaders. I shall name only three of them—not because there aren’t others who showed similar courage—but because paradigmatically they all represent different political ideas which also differ from mine: General Vilas, a Peronist, the first commander of Operation Independence in Tucumán; Gen. Luciano Benjamín Menéndez, a liberal, commander of the III Army Corps; and General Ramón Camps, a conservative, then a colonel, and chief of police of the province of Buenos Aires. I name them because they prove that the *permanent* defense of the Fatherland brings out the highest qualities common to men, in this case exemplary military leadership. There were, of course, armchair commanders, but we don’t even remember their names. We know very well that extreme situations bring out the best in each person, and war is an extreme situation.

On the battlefield of this war, there were no banners or trumpets, or shining armor. The enemy chose the tactics: ambush, stealth, obligatory silence, the jungle, and the cement jungle. For the wives, and I include myself here, the worst was the loneliness and the inability to communicate with our closest friends and family members. One “leak” could ruin an operation. Nor could we directly communicate with our husbands. . . . Perhaps those of us who had read about similar wars—almost all of them of our own era—here or in any other part of the world, had built up a better intellectual armor. But emotionally, we were all similarly affected. Who speaks of our nights of waiting, of our fear, and our attempts to hide our terror from our children? In memory of the forgotten Captain Leonetti (killed in a battle with ERP leader Santucho), I want to pay homage to those young officers and non-commissioned officers who valiantly

fought this *just war* in Argentina's defense.

War is a consequence of original sin. It has accompanied man since the time of Cain and Abel. In all wars, in all times and places, excesses have been committed. To be able to fight in a war with a clear conscience, one must be sure that it is a *just war*. Yes, it is true that the military vicars and chaplains comforted the combatants and their families by talking to them of the *justness* of the war . . . not of the kindness of the sins which they inevitably committed. And who today remembers that that lucid and saintly military Vicar General, Monsignor Tortolo—viciously attacked by certain leftist press—spent his Christmases in Paraná with the families of dead or jailed guerrillas, perhaps among them those who brutally killed the Cáceres Monié couple, whose bodies were mutilated? Monsignor Tortolo was one of a kind. I am waiting for some of those families of Montoneros to publicly acknowledge how much that great bishop comforted and aided them. That would be justice!

Two reflections in closing. First, the journalist Verbitsky,

reportedly a Montonero captain and ex-chief of intelligence (that is, responsible for preparing operations), a charge he has not denied—is he an excellent swimmer or did he get his lifesaver on before they threw him from the plane? Second, a request to the priests of the Catholic flock. At least 99% of the military family is Catholic. Do not abandon this reviled family! If you are going to make a mea culpa as the pope has requested, let it also include a sincere repentance and an "honest acceptance of the truth" for the thousands of Christian youth who, guided by certain priests such as [leftist] Father Mujica, made up those "special formations" in the war. And let it also include those ideological priests who preached "armed revolution" and "theology of liberation," and many more of their ilk, who gave their support to the "idealistic youth." To suffer a partial amnesia is not possible or just, and much less Christian. In the decade of the 1970s, Argentina already had its "Samuel Ruiz" phenomenon. Forgetting, indifference, or the silence of the priests would be the greatest pain for the military family.

## Legal assault planned on Ibero-American armed forces

For the last several years, the Anglo-American political establishment has directed a propaganda campaign against Ibero-America's armed forces, harping on their supposedly "undemocratic" nature and demanding that the institutions be completely dismantled. Now the Anglo-Americans are threatening to escalate this offensive by taking it into the realm of international law, in violation of the precept of national sovereignty.

A first indication of this strategy was seen in the annual report issued in late March by the Inter-American Commission on Human Rights, which functions under the aegis of the Organization of American States (OAS). The report warned that the Argentine government's laws which granted pardons and exemption from prosecution to military leaders involved in the 1970s war against communist subversion, are "incompatible with its international treaty obligations under the American Convention on Human Rights." The commission also took issue with amnesties approved in Uruguay and more recently in El Salvador.

The amnesties in Argentina and Uruguay were passed in the late 1980s to help put an end to internal debate which threatened political stability in those countries, following an internationally orchestrated campaign portraying the armed forces as brutal murderers in their war against communist guerrillas.

The amnesty in El Salvador was passed in March, following the issuance of the U.N. Truth Commission report, which accused the Armed Forces of carrying out Nazi-style atrocities over the past 12 years of the war and demanded both the punishment of officers and the dismantling of the military.

U.S. Secretary of State Warren Christopher told a House Appropriations subcommittee on March 25 that the United States was studying the possibility of thwarting El Salvador's amnesty law by prosecuting Salvadoran military officers *in U.S. courts* for alleged atrocities committed in their own country. Christopher argued that under international law, foreign nationals—in this case, American citizens whose family members may have been killed in El Salvador—might be able to bring Salvadoran officers to trial in the United States.

A precedent for what Christopher is talking about is seen in the recent U.S. Supreme Court ruling that the Law of Foreign Sovereign Immunity cannot protect the Argentine government from prosecution in U.S. courts by citizens seeking indemnization for alleged torture by the 1976-83 military junta. While refusing to hear an appeal from the Argentine government, the court ruled in March that Argentine citizen José Siderman, now a U.S. resident, has the right to seek \$2.7 million in damages for alleged torture by the military in the mid-1970s.

Implied in this debate is the false premise that there is no difference between what the Armed Forces of El Salvador did over the past 12 years and the crimes of the Nazis in World War II, or what the Serbians are doing today in former Yugoslavia.—*Cynthia R. Rush*

# As crisis deepens, rare truths are spoken of in Britain

by Mark Burdman

Considerable political turmoil is erupting in Great Britain. Within elite circles, the question is less “whether,” than “when” Prime Minister John Major will be dumped, likely to be replaced by the Labour Party’s Tony Blair. Several Thatcherites, including writer Paul Johnson and Tory Party chief fundraiser Lord McAlpine, have either jumped ship and come out overtly in favor of Blair, or have recommended that the Tories drop out of power, and become the opposition party again for a number of years.

The tumult brought about by the impending end of the Thatcher-Major era is worsened by the crises hitting some of Britain’s most stalwart institutions, including the recently collapsed Barings Bank, and the currently imploding Lloyds insurance company. These events are symptomatic of the global trends toward disintegration of a speculative-ridden financial system that has long had the City of London as one of its chief bastions.

Under such conditions, one reflex of the British elites has been to increase instability and tensions around the rest of the globe. But there is another phenomenon as well. The consensus around crucial historical, strategic, and philosophical questions that has prevailed inside the Establishment over a significant period of time, shows signs of cracking. Certain British influentials feel emboldened to speak truths that have long been buried, or are normally regarded as taboo in “respectable” quarters.

## ‘Nazism started with a handful of clever Englishmen’

For example, in the April 30 weekly London *Sunday Telegraph*, mouthpiece of the Hollinger Corp., for the upcoming May 8 Victory in Europe over Nazism celebrations across Europe, commentator Mary Kenny argued that the British tendency to blame Nazism solely on “German characteristics” must be tempered by the fact that Nazism itself was largely the product of *British* racist-eugenicist theories. Kenny’s argumentation cut against the grain of decades of British propaganda portraying the Nazi Holocaust as a function of so-called “German collective guilt.” While she might have identified how British interests placed Hitler in power in the first place, that she went as far as she did is revealing of the policy brawls now taking place inside the U.K.

Her article was entitled, “How British Theories Fuelled

Nazism.” She wrote: “Most people would agree that one of the objectives of celebrating victory over Nazi Germany is to pledge that it should never happen again. But the advent of National Socialism . . . was not a simple phenomenon due to a single cause. Neither can it be ascribed merely to peculiar characteristics of the Germans. . . . The truth is, a major component in the rise of the Nazi ideology came from England itself: the cult of eugenics, which underpinned the entire structure of race theory.” She charged that “four Englishmen, notably, were responsible for popularizing the theory, later taken up by the Nazis, that some superior human beings were fit to live and breed, while some inferior human beings contaminated society by their very genes.”

The first of the four is Charles Darwin, who begat “social Darwinism,” i.e., the notion of the “survival of the fittest.” According to Kenny, “the second man to popularize the theories adopted by the Nazis was Francis Galton, who founded the science of eugenics.” After outlining some of his lunatic “eugenic” ideas, Kenny wrote that “God played a good joke on Francis Galton and made him infertile; his notion of an aristocracy of brains makes one grateful, too, that the British aristocracy is no such thing.”

Her third culprit is Karl Pearson, an admirer of Karl Marx, and close to the Fabian Society grouping around Bernard Shaw and Beatrice and Sidney Webb. His idea was “social imperialism,” that a nation could not advance unless “the better stocks” flourish. He warned, at the turn of this century, that Britain was declining because of the proliferating genes of “the habitual criminals, the professional tramp, the tuberculous, the insane, the mentally defective, the alcoholic, the diseased from birth or from excess.”

Pearson, she noted, had a big influence on the Germans, as did Houston Chamberlain, “one of the first to inspire the German race theorists,” with his notion of the “dominant folk-nation, dominant because of its superior genetic gifts. He launched the theory that Aryans were born to rule, and believed that Germans were the highest form of Aryans.”

Kenny indicated that the four were not weird mavericks, but in the mainstream of a trend within the British Establishment: “The theories of a superior race and of eugenic excellence were supported by a wide range of extremely respectable [sic] people, from Winston Churchill to the Haldanes and the Huxleys, and including, tragically, some distinguish-



ed Jews. The Nazis seized on the entire canon of eugenics, and made them a main prop of their hateful ideology of racial superiority and *Lebensunwertes Leben*—‘life unworthy of living.’ The first victims of Nazi death camps were mentally handicapped children.”

When the British insist, as V-E Day nears, that “it must never happen again,” she concluded, “we must be aware that it did not *start* with stormtroopers goose-stepping over Europe: It started with a handful of clever Englishmen developing the idea that some genes were better than others.”

### The Churchill-Mussolini friendship

One would expect that, as the 50th anniversary of the defeat of Nazism approaches, the British would enthusiastically support Winston Churchill, the man around whom so many mythologies have been built respecting his ostensibly stalwart leadership in “rallying the population to defeat the Hitler menace.” But quite the reverse has happened.

On April 29, the London *Times* publicized new revelations from Italian historians, suggesting that British intelligence agents killed Italian dictator Benito Mussolini, so that he wouldn’t be around to reveal the details of his close relationship with Churchill. The friendship with Mussolini certainly belies Churchill’s “freedom-loving” image.

The paper reported on work by historian Franco Bandini, who claims that Mussolini was “shot by English agents, to prevent him from revealing secret negotiations he had held with Churchill.” The *Times* cited work by journalists for the Italian magazine *Panorama*, who have insisted that when Mussolini was arrested, “two cases of documents were seized, one of them supposedly stuffed full of documents of his negotiations with Churchill. These were taken first to the Dongo town hall, and then to an inn, the Albergo Bazzoni, at the nearby town of Tremezzo. British Intelligence, upon learning of the dictator’s capture, officially mirrored the view of the Americans that he should be tried for war crimes. ‘But the existence of the Churchill-Mussolini papers in the hands of Il Duce justifies more than a little doubt over British motives,’ the magazine claims. ‘Was it by chance that the Albergo Bazzoni was bombed by two RAF [British Royal Air Force] airplanes on April 30, leaving dozens of dead and wounded?’ ”

This story intersects a controversy now erupting in Britain, about the purchase from the Churchill family, by Britain’s National Heritage Lottery, for the equivalent of \$18 million, of the private papers of the late Winston. The deal was correctly characterized by British critics, as a way of providing fabulous new—and unearned—wealth to such Churchill descendants as current Conservative parliamentarian Winston Churchill II, and as a gross misuse of public funds. The head of the Lottery is Lord Jacob Rothschild, a business partner of George Soros, Sir Jimmy Goldsmith, and other disreputable characters.

As the rotten deal was being publicized, Winston II put

out a statement warning that “selfish immigrants” with “hungry mouths and bellies” were seeking to come to Britain “on banana boats.” These comments revived the controversy he had set off in May 1993, when he claimed the British way of life was being undermined by a “relentless flow” of people from the Indian subcontinent. The London *Guardian* correctly emphasized on April 29 that Winston II is squarely in the tradition of his racist grandfather, who once called Indians “the beastliest people in the world, next to the Germans.”

### Yes, the ‘Triple Entente’ exists

Elements of the truth about other strategic realities are also beginning to emerge. For example, *EIR* has emphasized the importance of the pre-World War I Triple Entente relationship between Britain, France, and Russia, as a geopolitical model today for British thinkers and their epigones like Henry Kissinger, as they try to counter the increasingly close relations between the Clinton administration and Germany. Lo and behold, a British commentator working for the Hollinger chain of newspapers told a conference on the Balkans, that fashioning such an axis is precisely the aim, now, of the British Foreign Office-centered policy elites in London.

During the week of April 17, a conference on Bosnia-Herzegovina took place in Ankara, Turkey, hosted by Turkish President Suleyman Demirel and Vice Prime Minister Hikmet Cetin. One speaker there was Noel Malcolm, who writes for the Hollinger-owned *Daily Telegraph* and *Spectator* magazine. According to the Bosnian TRWA news agency, he spoke about the “unofficially but firmly renewed alliance among Britain, France, and Russia,” and said that the actions of Paris and London come from a “panicked effort to restrict German influence in Europe.” As an example of how things work, Malcolm reported that on Feb. 5, 1994, after the massacre at the market in Sarajevo, French Defense Minister François Léotard, then in Moscow, appealed to his Russian counterpart, Pavel Grachov, to unite French and Russian efforts to “stop the pro-Bosnian policy of the U.S.” A second example, is a confidential 1993 document written by the British Foreign Office, stressing the important “Russian contribution” to resisting the American initiative for lifting the arms embargo against Bosnia. The document asserted that the British and French could afford to be diplomatically “reserved” about this subject, as the Russians’ veto would accomplish what were required.

Malcolm was backed up at the conference by other Britons opposed to British government policy in the Balkans, including Oxford historian Norman Stone.

Within the British intelligence-spook world, certain tremors are also being felt. In its latest edition, the leftist-maverick magazine *Lobster* published a piece attacking the British press for its incessant attacks on President Clinton, singling out such key operatives as the London *Sunday Telegraph*’s Ambrose Evans-Pritchard, Hollinger Corp. head Conrad Black, and former London *Times* editor Lord Wil-

## Stalemate on a shifting front

The move on May 2-3 by Croatian troops to seize the stretch of the Zagreb-Belgrade highway held by Serb forces, and to retake the Serbian-occupied areas of Western Slavonia, is not, in itself, of great military significance; it risks, unless there be a popular explosion against the status quo in Croatia, to be yet another of President Tudjman's diversions to cover up his secret agreements with Serbian dictator Slobodan Milosevic.

Western Slavonia, which was occupied by about 15,000 Serbians, is of no particular interest to Serbia; it is a salient, about 400 square kilometers; a major thrust by Serbian forces coming up over the Bosnian border into Serbian territory inside Croatia proper would be needed to expand it. In truth, the Serbian General Staff is quietly euphoric at being able to redeploy men back onto other fronts in Bosnia, their front line now having been shortened by about 200 kilometers. The U.N. "brokered" the passage at Bosanska Gradiska of 5-6,000 Serbian soldiers, "fleeing" the Croatian advance, back into Serbian-occupied areas of Bosnia, where they can get back to mounting a major campaign against the reorganized and increasingly well-armed Bosnian Army.

It is a virtual certainty that the Serbian forces were tipped off by Tudjman's men about the Croatian offen-

sive: A ceremony at Jasenovac, on the front line, was cancelled and the town of Okucani was abandoned without a shot being fired; there are almost no reports of casualties on either side; 600 Serbian troops surrendered. Since the Serbians occupying Western Slavonia have about twice the tanks of the Croatians, and can call to their aid both the Yugoslavian People's Army and the Serbian forces over the border in Bosnia, they would not pull out unless the pull-out is a plan. Also, there was no sign of movement from the Croatian side, to join forces with the Bosnians and cut the Brcko corridor, the Serbian life-line, in many places less than 500 meters wide, which joins Serbia proper, to her occupied territories.

Why then did the Serbians fire Orkan rockets, armed with cluster bombs, on May 2-3 into the center of Zagreb? The first short answer is, it was lunch-time in Zagreb, and the Serbian leadership likes to kill unarmed civilians. It was, also, a reminder, timed to second the European Union's statement threatening to sink economic cooperation with Croatia, that Tudjman must not break the rules of the game, and move to break through the Unprofor lines and retake East Slavonia and the Krajina.

But there are unpredictable factors in this whole affair. The Croatian people, emboldened by the tactical success in Western Slavonia and enraged over the terror bombing of Zagreb, are clamoring for action to retake Vukovar and Knin. Second, the government of Bosnia has refused to renew the cease-fire, in expectation of great military activity this summer.—Katharine Kanter

liam Rees-Mogg. *EIR* has continually reported on the role of these three in the various anti-Clinton campaigns.

Editor Stephen Dorril wrote: "One of the strangest and longest media sagas has been the British press pursuit of Bill Clinton. It has been the British papers, principally the *Telegraph*, clearly at the instigation of Canadian Conrad Black, and then hot on the trail, the American/Australian-owned *Sunday Times*. . . . The U.S. press did eventually pick up the stories after they had been 'surfaced' in Britain. They were mostly the product of the *Telegraph's* Ambrose Evans-Pritchard, who relied to a great extent on the material pumped out by fringe groups on the extreme right of the Republican Party.

"This anti-Clinton campaign has become a conspiracy-laden industry worthy of the outer fringes of the JFK assassination. In an extraordinary series of articles in the *Times*, William Rees-Mogg showed his obsession with the minutiae of the Vincent Foster suicide, whose death, according to the former editor of the paper, bore the marks of 'professional criminals.' Rees-Mogg wrote about the exit wounds as if poring over the autopsy photographs of President Kennedy.

As a true conspiracist, he wrote, 'where the story becomes really worrying, is when one reaches the six suspicious suicides, not to mention a murder or two' [emphasis added].

"Just to show that even apparently rational and intelligent people can believe just about anything, Rees-Mogg backed up his article with a mind-blowing illustration. If anyone on the left had used a similar graphic, I am sure that he would have been the first to call for the men in white-coats."

Later in the magazine, in a section exposing "Spooks," there appeared a short biographical item on Evans-Pritchard, taken from "the Schiwer Institute in the United States" (evidently a mis-rendering of "Schiller Institute," founded by Helga Zepp-LaRouche). This institute "claimed that Evans-Pritchard, who has been at the forefront of promoting the 'Whitewater' affair, 'made no secret of his close relations with the British Secret Intelligence Service, known as MI6.' A stringer in Latin America in the '80s and contributor to the *Economist*, later the *Daily Telegraph*, he admitted that his father was in MI6 during the war." This is the first detailed report on the "Clintongaters" to appear in the British media, and one of the few such accounts outside of *EIR*.

# Trilaterals having trouble 'staying relevant'

by Scott Thompson

The Trilateral Commission, founded by David Rockefeller in 1973 when he was chairman of Chase Manhattan Bank, held its annual meeting on April 22-24 at the Sheraton Hotel in Copenhagen, Denmark. According to reliable sources, this year's meeting expended great energy covering up for the fact that the \$16 trillion per quarter derivatives bubble is about to burst, plunging the world into the deepest depression ever.

Still, the Potemkin Village of well-being that the Trilateral Commissioners tried to erect was paper-thin. One of the members of this year's meeting was Jean Defassieux, honorary chairman of Crédit Lyonnais, whose gigantic losses in derivatives speculation necessitated bailouts by the French government. It's getting harder and harder for the Trilats to convince even themselves that they are relevant any longer.

## Denying reality

Exemplary of how the Trilats denied reality was the speech of E. Gerald Corrigan, now chairman of the international advisers of Goldman, Sachs and Co. Corrigan allegedly was fired as chairman of the New York Federal Reserve because of his insider trading on the currency futures markets with George Soros, who made \$1-2 billion speculating against the pound sterling in late-1992. Corrigan made no mention of the derivatives bubble, only suggesting that there is a need for more official involvement to keep the economy going.

In his remarks, Corrigan boasted that over the past dozen years, the system has "held up well despite many serious disruptions." Nonetheless, "large-scale official involvement was needed on many occasions to help maintain the system. While systemic disruption was avoided, there have been many close calls. . . . Many observers have a nagging sense of unease that all is not well and that the system is simply too vulnerable."

Corrigan cited three areas of concern: currency volatility, massive short-term capital flows which trigger "runs" on entire countries or currencies, and whether the multinational institutions, such as the International Monetary Fund (IMF) and World Bank, are up to the task. Corrigan then went into various proposals floating around for changing the present system:

"A tripolar system of zones—yen-based, ECU-based, and dollar-based has little or no appeal to me," he said, because even if it were to be created, it would exclude huge parts of the world and produce regional tensions, as well as undermine the IMF, World Trade Organization, etc.

He also dismissed the alternative of a "super stabilization fund," such as was created for Mexico, as impracticable. "To be blunt, I don't see a long line of countries standing in line waiting to write checks to finance such a fund," he said.

While dismissing any such "grand designs" as unworkable, Corrigan came up with a feeble laundry list he calls "building blocks," including strict IMF surveillance to spot future "Mexicos," sharp cuts in budget deficits and debt of all of the Group of Seven (G-7) countries, and adoption of recent Basel standards for greater bank transparency in off-balance-sheet derivatives transactions.

At the conclusion of his cautious central bankers' review of the global fragility, Corrigan concluded, "I remain convinced that in the event of a serious disruption in the international financial system, weak payment, clearance, and settlement systems could easily be the vehicle that transmits a shock across institutions."

## First Russian spokesman

The Trilateral Commission succeeded in getting Russian Federation Minister of Foreign Affairs Andrei Kozyrev to come to speak, but his statements were largely oriented toward a Russian national audience. While calling for an economic position for Russia within the G-7, he strongly rejected the expansion of NATO. Instead, he called for a slow process of merging East-West defenses, such that within 10 years there would be a common defense pact.

Trilateral steering committee member and self-described British agent-of-influence Henry Kissinger created a soap opera in opposition to these views. And, a more serious fight erupted between Kozyrev and fellow guest speaker Lennart Meri, President of the Republic of Estonia.

For western consumption, Kozyrev said that ruinous IMF economic reforms would continue in Russia: "The second area of strategic interaction is the development of a strategy aimed at fostering Russian reform. . . . So many words have been said about the necessity of a large-scale assistance to economic reforms in Russia and the CIS [Community of Independent States]. . . . Indeed, there was much more talk about assistance than assistance as such. . . . I will say even more: This is one of the reasons, if not the main reason, for the appearance of the likes of [Vladimir] Zhirinovskiy on the Russian political scene. They rose precisely on the wave of the disappointment felt by some sectors of the society over the results of partnership with the West, and now they themselves are intimidating the West. . . . [Still] the most important thing, say, in the economic sphere is the real and, perhaps, already irreversible transition of Russia to the market economy."

# International Intelligence

---

## ***Fujimori's post-election cleanup targets García***

President Alberto Fujimori, fresh from his landslide victory in the April 9 Presidential elections, has described the Peruvian Congress's decision to vote up new constitutional charges against ex-President and fugitive Alan García as "a transcendent decision" which will start a new era of clean government in Peru.

A close business partner of García's, a fugitive from Interpol for several years, decided to give himself up under Fujimori's "surrender decree 25582." The partner, Alfredo Zanatti, was put under protection in a police hospital. According to the editor of the daily *Expreso*, Zanatti is "a man in danger," whose testimony "could be lethal for many who made up García's circle between 1985 and 1990."

The word in Lima is that Zanatti's testimony will also put the final nail in the coffin of García's APRA party. APRA lost its registration as a legal party in the presidential election.

---

## ***Philip demands religions make war on population***

Philip of Edinburgh, the royal consort, the chief overseer of British policies for global genocide, spoke at Windsor Castle in his capacity as outgoing president of the World Wide Fund for Nature-International (WWF) during an April 29-May 3 conference. The meeting gathered leaders of nine world faiths with leading advocates of "conservation," to discuss a strategy to follow up the WWF's 1986 "religion and conservation" extravaganza in Assisi, Italy. The events were co-sponsored by the WWF, Britain's Pilkington Trust, and the Japanese Mokichi Okada Association.

According to the London *Times*, Prince Philip insisted that "vital action" had to be taken to protect the environment from "the dramatic increase in the world's human population." This increase, he asserted, is "the only significant factor that coincides with

the deterioration of the planet's health over the last century. . . . The key issue for the conservation of our natural environment is to find ways of protecting it from the consequences of the human population explosion."

Among participants were the Ecumenical Patriarch of Constantinople Bartholomeos, head of the Orthodox Church; Crown Prince Hassan of Jordan; Rabbi Arthur Hertzberg of the World Jewish Congress; and George Carey, primate of the Church of England.

The conference resolved to create an "international research institute on religion and conservation," the *Times* reported on May 2, and a "foundation to fund religious activity on conservation."

---

## ***Earth First! plans spree in Canada***

The self-avowed terrorist group Earth First! is "calling on all earth warriors" to converge on Canada for a month of actions to defend the earth. Prince Philip's favorite eco-terrorist outfit is planning a "rendezvous" in British Columbia and a "Basecamp" in Manitoba, across the border from Minnesota and near Winnipeg.

The "rendezvous" is defined by Earth First! as an "opportunity to strengthen the tribe," and "a time to plot the collapse of industrial civilization." This is the first time Earth First! will hold a "rendezvous" on the Canadian side of the border. The "rendezvous," planned for May 18-22, is being held in collaboration with Bear Watch, the Grizzly Forest Campaign, Vancouver EF!'s Wetlands Campaign, and the Forest Action Network. Participants are asked to "stick around . . . to create some serious tourism," EF! parlance for acts of eco-terrorism.

The "Basecamp," being staged through the offices of an animal rights group called People Acting for Animal Liberation (PAAI) over a thousand miles away in Winnipeg, will last for all of May, and will be used to stage actions in defense of the Nopiming Forest Bioregion, an enormous area from Lake Winnipeg south into Ontario and

Minnesota. Part of the plan is to encourage an uprising of Canadian Indians who are members of the Sagkiing First Nation of Canada.

The April issue of the *Earth First! Journal* has a detailed fold-out map of the Bioregion outlining 18 targets, including a nuclear research station, a gold mine, a sawmill, rail lines, a peat mine, and roads.

---

## ***Nigeria plays up defense by Ugandan ex-President***

The Nigerian government took out a full-page advertisement on April 30 in the Nigerian daily *Today*, to publicize the response to a CBS television slander of Nigeria made by Dr. Godfrey Binaisa, who visited Nigeria with a Schiller Institute-sponsored delegation. The advertisement's text read in part:

"While some Nigerians were busy celebrating the denigration and insults heaped on our fatherland by the Sixty Minutes program, an African nationalist, patriot, and statesman, the former President of Uganda Dr. Godfrey Binaisa, was so concerned that he issued the rejoinder below, which was broadcast on the 'Hello Africa' program of a black radio station in the United States."

Dr. Binaisa was quoted: "The [CBS] program can only be described as a well-calculated plan to slander not only Nigeria, but the whole of black Africa by portraying our most populous country as being the most corrupt in the world. . . . Why does Sixty Minutes not investigate the rampant corruption right here in America. Before we condemn Nigeria, some of us would like to see Sixty Minutes on American officials here and overseas.

"General Abacha, the President of Nigeria, is blamed for refusing to recognize Chief Abiola as the winner of the Presidential election, but western media does not tell us anything about Abiola's virtues after he looted ITT. Abiola, as a man born in the Yoruba area of Nigeria, is nothing to be compared to the great Yoruba patriot, statesman, and a man of the highest incorruptible mind, the late Chief Obafemi Awo-

lowo. Handing Nigeria to Abiola would be like handing him a signed blank check for him to fill in the amount of money he wants.

"The real reason why General Abacha is being hounded out as a villain is because he has rejected the economic policy of his predecessor, General Babangida, of playing the game of the IMF [International Monetary Fund] and World Bank, who set such stringent conditionalities on Third World countries that their economies end up completely devastated; but it is only the western bankers who benefit. . . . If business tycoons and buccaneers of the West don't go out of their way to bribe African leaders on the scale they are doing, corruption in Africa would be reduced drastically."

## Italian organist speaks at LaRouche music seminar

On April 25, a seminar near Wiesbaden, Germany was led by Lyndon LaRouche, with Arturo Sacchetti, organist and former artistic director of Radio Vatican, as special guest. Sacchetti, who was accompanied by his wife Natasha, a Russian pianist and organist, is editor of the forthcoming Italian version of the Schiller Institute's 1992 *Manual on the Rudiments of Tuning and Registration, Vol. 1*, authored in large part by LaRouche.

The topic of the seminar was Vol. II of the book, which will expand on musical instruments, taking off from the human singing voice which is the focus of Vol. I. Maestro Sacchetti spoke for an hour on the chapter dedicated to the organ, going through the instrument's history as an imitation of the human voice and the development of the organ repertoire as a demonstration of the principles worked out in the first volume. "The attempt to derive Classical music and its instruments from the human voice has never been made before," he said, praising the Schiller Institute for its campaign, "and it clearly represents a challenge to the music world, demanding a level of study and research which is normally not done."

Particularly interesting for the audience

were his quotes from early Italian writings by musicians like Frescobaldi and Cerrone, who in the 16th century wrote treatises on "how the organ should be played," demanding that the organist "imitate the human voice and its affections," for example not sticking to a mechanical tempo but breathing as if the instrument were a human voice. He explained that the terms used to indicate both the registers of the organ are all taken from the human voice (*vox humana, vox angelica, vox celestis*, etc.). The same is true of its repertoire (mass, choral, motet—all terms which indicate organ pieces for organ solo, but as an imitation of the chorus of voices). He demonstrated with a Bach cantata, "Wachet auf," transcribed by Bach himself for organ solo, that this was brought to its high point in Bach's time.

## Germany hit by biggest anti-nuclear wave of '90s

Civil disobedience coupled with acts of sabotage of the railway system during anti-nuclear protests were reported in Germany on a broad scale as of late April, in connection with the transport of nine nuclear waste containers from the power plant in Philippsburg to the waste storage camp at Gorleben.

The protest actions culminated on April 24 with numerous cases of serious sabotage of the railway structure, such as the temporary interruption of all three north-south rail tracks in the central Frankfurt region, anonymous bomb threats against several train stations, and a bomb placed at a highway bridge near Göttingen that, fortunately, was defused in time.

There were mass protest rallies and sit-in blockades of railway tracks and highways along the five alternate transport routes that have been chosen by the government. Altogether, up to 6,000 policemen were deployed to guard the safety of the nuclear waste transport. These were the biggest anti-nuclear protests in Germany since the mid-1980s. A national day of protest and action is planned for May 13, centering on the state of Lower Saxony, where the nuclear waste is to be stored.

● **HYPER-ACTIVE** Henry Kissinger popped up in Germany, repeating his attacks on President Clinton's foreign policy, after attending the April 21-24 Trilateral Commission meeting in Copenhagen. He was particularly worked up against the U.S. President's proposal of a special partnership with Germany, replacing the former U.S.-British special link.

● **HAFEZ AL-ASSAD**, the President of Syria, reportedly sent a message on April 24 to Indonesia's President Suharto, current chairman of the Non-Aligned Movement. He urged the reactivation of the NAM and asked that NAM members not sign the nuclear Non-Proliferation Treaty unless all countries joined in.

● **RUSSIA** announced its exit from the CFE treaty on limiting conventional forces in Europe. In an April 27 interview to Interfax, Gen. Col. Vladimir Semyonov, commander-in-chief of Russian Ground Forces, cited the "difficult situation in the North Caucasus" and "especially the unstable situation in Chechnya," as security reasons for the move.

● **AUSTRIAN** Holocaust survivor and Nazi-hunter Simon Wiesenthal laments, in an interview in the May issue of the German magazine *Focus*, that "Judaism has lost its elite and is leaderless in every country." In the past, the Jewish people created top thinkers, because parents were ready to sacrifice for their children. Today, "the aristocrats of money are at the helm of Judaism, and that makes me sad."

● **TWO ELECTORAL** blocs were announced on April 25 by President Boris Yeltsin and Prime Minister Chernomyrdin for the Dec. 12 Russian parliamentary elections. Yeltsin was quoted, after meeting with Chernomyrdin: "One bloc will be led by Chernomyrdin and the other by Parliament President Ivan Rybkin. They will be able to drive all the extremists out of the political arena."

## The Rehnquist Court joins the Conservative Revolution

by Edward Spannaus

The Supreme Court has suddenly and thrillingly rediscovered the plain meaning of the Constitution. . . . Since 1937, after Franklin D. Roosevelt's villainous court-packing scheme, the Supreme Court has rubber-stamped statist legislation and justified nearly all of it under the Commerce Clause.

The result has been a dreadful erosion of property rights, economic freedom, states' rights, and the liberties of the people. More than any other legal perversion, the misuse of the Commerce Clause has fueled government power and hobbled the economy. It is the basis of everything from public housing to disabilities regulations to farm subsidies.

With last week's decision in *U.S. vs. Lopez*, this 58-year distortion appears to have come to an end.

—Llewellyn Rockwell, Jr., *Washington Times*, May 3, 1995

Before we talk about the *United States vs. Lopez* Supreme Court decision over which Rockwell can scarcely contain himself, it is useful to ask just who is Llewellyn Rockwell, and what does he mean by the "Constitution"?

Rockwell's favorite Constitution is not the U.S. Constitution, but rather the Constitution of the Confederate States of America, adopted in 1861. A few years ago, Rockwell wrote another column entitled "The Southern Solution," which offered the following solution to the nation's ills: "Bring the Constitution up to Confederate standards." He was serious. Among the features that Rockwell said he liked about the Confederate Constitution, were its elimination of the "general welfare" clause, its prohibition of protectionism and internal improvements, its line-item veto, and its elimination of entitlements.

Rockwell is also the president of the Ludwig von Mises

Institute in Auburn, Alabama, named after one of the leading lights of the "Austrian School" of economics and a mentor of Friedrich von Hayek. The Mises-Hayek networks, operating through the fascist Mont Pelerin Society since the 1940s, are especially dedicated to destroying the United States as a constitutional republic. (See *EIR*, Feb. 17, 1995, "Phil Gramm's 'Conservative Revolution in America.' ") Rockwell doesn't only admire the Confederate Constitution: He genuinely wants to break up the United States. In the June 1992 issue of the von Mises Institute newsletter, Rockwell argued at length that secession from the United States might be the only way of freeing the states from the "tyrannical" federal government.

Why is such an enemy of our Republic so enthusiastic about what the Supreme Court did on April 26?

### Crime and commerce

By a narrow 5-4 majority, the Supreme Court in the *Lopez* case invalidated a law passed by Congress in 1990, which made it a federal crime for anyone to possess a firearm within 1,000 feet of a school. In striking down the statute, Chief Justice William Rehnquist, writing for the majority, ruled that the statute exceeded the authority of Congress under the clause of the U.S. Constitution which gives Congress the power to regulate commerce "among the several States."

Rehnquist argued that the law, as a *criminal statute*, had nothing to do with interstate commerce or any sort of economic enterprise. The government, arguing in support of the statute, had contended that violent crime has a significant effect on education, which in turn has a significant effect on the overall national economy. Rehnquist proposed that, under this reasoning, there would be almost no limitation on federal power, "even in areas such as criminal law enforcement or education where the States historically have been sovereign."

Justice Anthony Kennedy—who voted with Rehnquist in



this case—made the most sensible argument: that most states already have laws banning guns in or around school grounds, and that a federal law is not only unnecessary, but preempts local enforcement of local and state laws.

From the narrow standpoint of criminal law, the court's ruling is reasonable. The law which was invalidated was one of many instances in which acts which would normally be considered crimes under state law, have been improperly defined as federal crimes. The federal "mail fraud" and "wire fraud" statutes, for example, have been used for decades to transform state crimes into federal crimes falling under the jurisdiction of the FBI and other federal law enforcement agencies.

The framers of the Constitution never envisioned the type of national police force which today's FBI has become; under the Constitution, federal criminal jurisdiction should properly be limited to acts which impinge on the security of the nation, such as treason, espionage, and terrorism, and those which interfere with the proper exercise of powers granted the national government under the Constitution, i.e., credit and currency, commerce, etc., or to actions which threaten federal property or officials.

It must have pained Rehnquist and his closest allies on the court to have had to invalidate a federal criminal law to make their point; one could almost say that Bill Rehnquist never met a criminal law he didn't like. The Supreme Court "conservatives" carve out a gigantic exception for police-state measures, in their otherwise-axiomatic opposition to "big government."

But, as is clear from the opinion written by Rehnquist—and much more so in Clarence Thomas's concurring opinion (see *Documentation*)—they see themselves as using this case to get a foot in the door to reopen issues of the scope of federal economic power which were thought to have been settled in FDR's second term. This was made most explicit by Thomas, who suggested that current law is an "innovation of the 20th century," and who proposed that "the Court's dramatic departure in the 1930s from a century and a half of precedent" was a "wrong turn."

After all, if House Speaker Newt Gingrich (R-Ga.) and his gang of glassy-eyed freshmen can march on Capitol Hill threatening to roll back the so-called welfare state, the New Deal, and everything since the days of Herbert Hoover, why should the Supreme Court be left behind?

### What happened in 1937?

Not without reason, did the *Lopez* ruling send shock waves through academic and political circles, and glee through the ranks of those who want to tear down the federal government and its constitutional powers. Listen again to the von Mises Institute's Llewellyn Rockwell:

"The majority's opinion bears an uncanny resemblance to *Schechter Poultry Corp. v. U.S.* (sic), the magnificent 1936 ruling that overturned Franklin D. Roosevelt's National Industrial Recovery Act."

Apart from the fact that Rockwell got the name and the date of the 1935 *Schechter* case wrong, he was astute enough to notice that this case and all the other landmark New Deal cases were cited throughout the more than 100 pages of concurring and dissenting opinions in the *Lopez* case. But what Rehnquist only hinted at (and what Kennedy cautioned against), Thomas plunged into enthusiastically: the dogma that the Supreme Court was right up until 1936, when it regularly struck down state and federal legislation attempting to establish minimum working conditions or other economic regulation.

In 1937, in the wake of FDR's sweeping electoral victory and the threat of his "court-packing" proposal, the Supreme Court reversed itself in a series of dramatic rulings which upheld state minimum wage laws, farm mortgage relief, the Wagner Labor Relations Act, and then federal and state programs for unemployment compensation and old-age relief (Social Security). The Social Security case was the first time that the Supreme Court had ever been called upon to rule upon the power of Congress to tax for the "general welfare."

By affirming the powers of Congress under the Constitution's general welfare and interstate commerce provisions, the Supreme Court, for the first time since the era of John Marshall, consigned to the scrap heap the British economic prescriptions of Adam Smith—against which Americans had launched a revolution in 1776.

Following our successful Revolutionary War, we Americans adopted a Constitution which was a total repudiation of Adam Smith and the British free-trade system, which gave the national government all the powers necessary to carry out the great purposes set forth in the Preamble: "to form a more perfect Union, establish Justice, insure domestic tranquility, provide for the common defense, promote the general Welfare, and secure the blessings of Liberty to ourselves and our posterity."

President Washington then commissioned a series of reports from Treasury Secretary Alexander Hamilton, the famous Report on Credit, on a National Bank, and on the Subject of Manufactures, which provided the framework for what became known as "the American System of Political Economy." The American System became the envy of the world, but through constant British subversion it was lost to our nation, and certainly to the Supreme Court in the latter part of the 19th century and the first decades of the 20th century. But at least, since 1937, the Supreme Court has generally adhered to a broad view of federal economic powers under the general welfare and interstate commerce clauses.

Is it therefore any wonder that the pro-Confederate, pro-secessionist Llewellyn Rockwell is so ecstatic about the recent *Lopez* ruling? It is not the New Deal or the modern "regulatory state" which is at stake, but the very existence of the United States as a sovereign, constitutional republic. It's as if Phil Gramm, Richard Armev, and Gingrich had just taken over the Supreme Court.

## U.S. Supreme Court in 'United States v. Lopez'

*The following are excerpts from the opinion issued on April 26, in case No. 93-1260. The first are from the opinion of the court delivered by Chief Justice William Rehnquist. Legal citations have been omitted.*

In the Gun-Free School Zones Act of 1990, Congress made it a federal offense "for any individual knowingly to possess a firearm at a place that the individual knows, or has reasonable cause to believe, is a school zone." 18 U.S.C. 922(q)(1)(A). The Act neither regulates a commercial activity nor contains a requirement that the possession be connected in any way to interstate commerce. We hold that the Act exceeds the authority of Congress "[t]o regulate Commerce . . . among the several States" . . .

Section 922(q) is a criminal statute that by its terms has nothing to do with "commerce" or any sort of economic enterprise, however broadly one might define those terms. . . .

The Government's essential contention, in fine, is that we may determine here that 922(q) is valid because possession of a firearm in a local school zone does indeed substantially affect interstate commerce. The Government argues that possession of a firearm in a school zone may result in violent crime and that violent crime can be expected to affect the functioning of the national economy in two ways. . . .

We pause to consider the implications of the Government's arguments. The Government admits, under its "costs of crime" reasoning, that Congress could regulate not only all violent crime, but all activities that might lead to violent crime, regardless of how tenuously they relate to interstate commerce. Similarly, under the Government's "national productivity" reasoning, Congress could regulate any activity that it found was related to the economic productivity of individual citizens: family law (including marriage, divorce, and child custody), for example. Under the theories that the Government presents in support of 922(q), it is difficult to perceive any limitation on federal power, even in areas such as criminal law enforcement or education where States historically have been sovereign. . . .

**Justice Thomas**, concurring: Although I join the majority, I write separately to observe that our case law has drifted far from the original understanding of the Commerce Clause. In a future case, we ought to temper our Commerce Clause jurisprudence in a manner that both makes sense of our more

recent case law and is more faithful to the original understanding of that Clause.

We have said that Congress may regulate not only "Commerce . . . among the several states," but also anything that has a "substantial effect" on such commerce. This test, if taken to its logical extreme, would give Congress a "police power" over all aspects of American life.

Our construction of the scope of congressional authority has the additional problem of coming close to turning the Tenth Amendment on its head. . . .

I am aware of no cases prior to the New Deal that characterized the power flowing from the Commerce Clause as sweepingly as does our substantial effects test. My review of the case law indicates that the substantial effects test is but an innovation of the 20th century. . . .

As recently as 1936, the Court continued to insist that the Commerce Clause did not reach the wholly internal business of the States. . . . [F]rom the time of the ratification of the Constitution to the mid-1930's, it was widely understood that the Constitution granted Congress only limited powers. . . .

At an appropriate juncture, I think we must modify our Commerce Clause jurisprudence. Today, it is easy enough to say that the Clause certainly does not empower Congress to ban gun possession within 1,000 feet of a school.

### Dissenting opinions

**Justice Stevens:** The welfare of our future "Commerce with foreign Nations, and among the several States" is vitally dependent on the character of the education of our children. I therefore agree entirely with Justice Breyer's explanation of why Congress has ample power to prohibit the possession of firearms in or near schools—just as it may protect the school environment from harms posed by controlled substances such as asbestos or alcohol. I also agree with Justice Souter's exposition of the radical character of the Court's holding and its kinship with the discredited, pre-Depression version of substantive due process. . . .

**Justice Souter:** It was not ever thus, however, as even a brief overview of Commerce Clause history during the past century reminds us. . . . A look at history's sequence will serve to show how today's decision tugs the Court off course. . . .

Thus, it seems fair to ask whether the step taken by the Court today does anything but portend a return to the untenable jurisprudence from which the Court extricated itself almost 60 years ago. The answer is not reassuring. . . .

Because Justice Breyer's [dissenting] opinion demonstrates beyond any doubt that the Act in question passes the rationality review that the Court continues to espouse, today's decision may be seen as only a misstep, its reasoning and its suggestions not quite in gear with the prevailing standard, but hardly an epochal case. I would not argue otherwise, but I would raise a caveat. Not every epochal case has come in epochal trappings. . . .

# Oklahoma bomb probe points to conspiracy

by Jeffrey Steinberg

Two weeks after the April 19 bombing of the Murrah Federal Building in Oklahoma City—which left an official toll of 165 dead and two people still missing when search and rescue efforts ended on May 4—federal agents are convinced that at least four to six people were involved in the plot, which they believe was hatched by no later than September 1994. Based on testimony by an FBI Special Agent at a hearing in El Reno, Oklahoma on April 27, prosecutors are also convinced that former U.S. Army Sergeant Timothy McVeigh, the only individual so far directly facing charges for the atrocity, was a central figure in the plot, but was probably not the architect of the worst domestic terrorist incident in American history.

But beyond these basic facts, investigators appear to be stymied. Lacking a clear investigative hypothesis, federal agents are systematically following up on an estimated 15,000 leads, many generated by the wide circulation of composite sketches of “John Doe 2,” the one other person seen with McVeigh in the days and hours leading up to the blast that leveled the Oklahoma City federal building.

Although the U.S. mass media have continued to promote theories about the possible involvement of the so-called “militia movement,” federal investigators, to the extent that they have any clear focus, are concentrating on McVeigh’s closest circle of acquaintances following his December 1991 voluntary early discharge from the Army. One of their principal forensic weapons in the hunt: a massive computer data base that is cross-gridding minute details of the travel itinerary of McVeigh and his cronies.

## The global picture

Two weeks before the Oklahoma bombing, this news service received word from a well-placed government source that U.S. authorities were on alert for a major international terrorist incident. However, the concern was that a foreign head of government or state, like Pakistan’s Prime Minister Benazir Bhutto, might be the target. After April 19, the source conceded that U.S. authorities had been taken completely by surprise at the fact that the incident occurred in America’s heartland.

Nevertheless, the fact that at least some U.S. national security authorities were already on alert points to the reality

that the Oklahoma bombing did not occur in a vacuum, and that a serious probe of the terrorist attack must *begin* with a top-down assessment of the global context. Three key elements of the global picture must be considered:

1) Since the outset of the Clinton Presidency, the United States has been the target of an escalating “strategy of tension” aimed at paralyzing the Executive Branch and creating “shock trauma” in the American public. The World Trade Center bombing; the tragic government assault on the Branch Davidian compound in Waco, Texas, which was orchestrated from *outside the government* by the Anti-Defamation League of B’nai B’rith (ADL) and its Cult Awareness Network (CAN) assets; the nearly two dozen threats and attacks on the President and the White House; and the Oklahoma bombing are all part of this pattern.

Moreover, the recent phase of this strategy of tension has seen a global escalation in irregular warfare. While the March 20 and April 19 chemical gas attacks against Tokyo and Yokohama, Japan are the two most widely publicized incidents, there have been scores of other serious acts of irregular warfare, including a string of terrorist incidents aimed at destroying the Middle East peace process; foiled assassination plots against Pakistani Prime Minister Benazir Bhutto, Turkish Prime Minister Tansu Ciller, and Pope John Paul II; a revival of the Basque ETA terrorist attacks against Spanish government targets; and a string of new atrocities in Rwanda and Burundi (see *EIR*, May 5, 1995, p. 26, for an overview).

2) Since February 1993, the Clinton administration has been in an escalating policy war with the British Crown and the London-based oligarchic Club of the Isles. In effect, the United States has broken with British geopolitics.

3) This U.S.-British rift comes at a time when the international financial system is about to blow apart, and when President Clinton could be thrust into a critical decision-making role over the fate of the world economy. The Windsor-Club of the Isles apparatus is intent on burying the Clinton Presidency under a pile of scandals, crises, etc.—and under worst-case circumstances, of replaying its assassination of President Kennedy.

## British role is evident

In this context, the probe of the Oklahoma bombing takes on special national security significance. There are already a series of leads suggesting that key British intelligence figures were at minimum complicit, before the fact, in creating the climate of paranoia that facilitated the Oklahoma attack. British intelligence propaganda specialists Lord William Rees-Mogg and Ambrose Evans-Pritchard are two critical figures in this conditioning; and British news organs, since April 19, have continued to trumpet the Oklahoma bombing as “evidence” for the absurd thesis that the United States is faced with a domestic “warlord” revolt like that sweeping the Caucasus region of Russia.

---

# National News

---

## Turners to pump \$1 billion into world depopulation

Ted Turner and Jane Fonda have begun a deadly crusade to build up radical environmentalism and population control, using \$1 billion of Turner's \$2 billion "personal" fortune. The scheme was reported in the May 4 issue of *The Chronicle of Philanthropy*, the leading rag of the foundation world.

The money will be channeled through the Turner Foundation, which already funds such leading eco-terrorist groups as the Rainforest Action Network, an offshoot of Greenpeace and Earth First! According to the article, Turner's philosophy is to give money to the small action groups, the "tree huggers," as Turner calls them.

Jane Fonda reportedly will run the foundation's population control programs, while Peter Bahouth, former executive director of Greenpeace USA, will oversee environmental grantmaking under Turner's direct supervision. The article quotes State Department depopulation maniac Timothy Wirth, hailing the foundation as the only organized effort to implement the plan to reduce global population unveiled at the Cairo conference last year.

---

## Cartels demand further farm support cutbacks

Despite government reports that U.S. surplus food reserves have disappeared, think-tanks for the financial and "agribusiness" cartels are pouring forth more demands for budget cutbacks in vital federal farm programs.

Targeting the upcoming congressional debate over the next five-year farm bill, the World Resources Institute and the Food and Agriculture Policy Research Institute issued their proposals on April 28. Similar demands were presented earlier that week by the British-run Heritage Foundation.

The World Resources Institute, chaired by Canadian genocidalist Maurice Strong, released a report entitled "Growing Green:

Enhancing the Economic and Environmental Performance of U.S. Agriculture." It calls for "major cuts in farm subsidies," to slash \$5 billion a year from the U.S. budget, and for diverting more acreage from food production for "environmental" reasons.

The Food and Agriculture Policy Institute offered three policy "options," beginning with putting an end to all farm support programs. Its report also suggested that loans might be offered to farmers based on expected "marketings." In any case, the institute declared, farmers should continue diverting acreage into non-food use, to ensure "conservation" of the land.

---

## Governors now question welfare block grants

The National Governors' Association (NGA) continues to have second thoughts about taking out a "Contract on America"—especially after taking another look at what state governments would have to manage, under the welfare reform bill passed by the U.S. House of Representatives. The legislation is currently under review in the Senate.

The NGA's staff recently released a broad critique of the bill's workfare scheme, noting that "most states do not believe they can achieve" the goals of the House bill, which would require half of all adult welfare recipients to work by 2003. The NGA report asks the Senate "to avoid prescribing narrow federal work standards for cash assistance block grants," which would replace Aid to Families with Dependent Children, under the House legislation. The states want more latitude to develop "innovative" work programs, because regular jobs do not exist.

The NGA also urges the Senate not to deny aid to hundreds of thousands of disabled children, now receiving cash assistance under the Supplemental Security Income program. And, the governors would also oppose provisions of the House bill that would prohibit federal welfare payments to unmarried teenage mothers, and to additional children born to women already receiving welfare.

---

## Traffic in banned freon now second only to drugs

Freon, the vital refrigerant used in cooling systems worldwide, has become the most lucrative contraband traffic in the United States next to illegal drugs—thanks to the criminal lobbying efforts of the environmentalist movement. The federal ban on the use of chlorofluorocarbons (CFCs), scheduled for the end of 1995, has already opened the door for a vast smuggling and underground distribution network, profiting from skyrocketing increases in retail prices for freon.

The nearly prohibitive federal tax of \$5.35 a pound, already imposed on all products containing CFCs, has pushed retail prices for freon to \$15 a pound, up from \$1 in 1989, the *New York Times* reported on April 30. "Short of illegal trafficking in controlled substances, in dollar value freon is one of the most significant illegal imports," the *Times* quoted Tom Watts-Fitzgerald, an assistant U.S. Attorney in Miami.

In the biggest criminal case yet, a Fort Lauderdale, Florida woman was indicted in April for smuggling more than 3,000 tons of the compound, with a street value of up to \$52 million, into the United States over the course of a year. From Miami and other ports it is distributed throughout the United States, according to law-enforcement officials.

---

## Budget-cutters attack entitlements, again

The "bipartisan" parade of misguided accountants/continues on Capitol Hill, waving placards and pie-charts in support of further dismantling of vital federal programs. Among the latest entries was the Concord Coalition on May 1, when former Senator Paul Tsongas (D-Mass.) and former Congressman Tim Penny (D-Minn.) presented their "Zero Deficit Plan" to eliminate the federal budget deficit by the year 2002.

Tsongas said that plan includes no tax cuts or defense spending increases, and that entitlements are the key. "You can't balance

## Briefly

the budget without looking at entitlements," he said. The "zero" plan would squeeze \$25 billion out of the Medicare program for the elderly—by increasing the deductible for Supplementary Medical Insurance to \$150 from the current \$100, requiring co-payments for clinical laboratory services and home health visits, and increasing SMI premiums to 30% from the current 25%.

During the press conference announcing the scheme, Tsongas added that "moving into managed care would bring more savings, as would extending the age eligibility." That bit of genteel rhetoric translates into eliminating many forms of treatment, and denying any Medicare coverage until, for many recipients, it may be too late.

At another press conference later the same day, former pro footballers Jack Kemp and Rep. Steve Largent (R-Okla.) teamed up to release Kemp's "Empower America" ploy, with a dazzling brochure entitled "Your Turn to Balance the Budget." Complete with color graphics and charts, the brochure included options for spectators to make their own cuts of \$60 billion, to start "down the path" toward the goal of a balanced budget by 2002.

Largent, now a freshman congressman instead of a wide receiver, said of the Medicare program, "I think that when the facts are laid out, most Americans would agree that we can't afford to take it off the table." He added that "there's a dark cloud on the horizon. Our house of cards will fall if we don't make tough decisions soon."

### Harvard policy peddler offers nuclear terrorism

Graham Allison, the Anglophile director of Harvard University's Center for Science and International Affairs, declares that if the United States does not have a "determined program of action" against terrorism, then "we have every reason to anticipate acts of nuclear terrorism against American targets before this decade is out."

"What is the message of the Oklahoma City bombing for American national security?" asks Allison, in an April 30 commentary in the *Washington Post*. First, he says

the assertion that the United States faces no direct or immediate threat to its security following the Cold War, "is dead wrong." America's democracy, says Allison, is "most open to terrorists' attack," and such actions "not only threaten our security but our freedom."

"Second, more deadly acts are surely yet to come," warns Allison, who cites the accessibility of "weapons-grade uranium and plutonium" due to the collapse of the Soviet empire, which he says can be used to make "100,000 additional nuclear weapons."

Instead of using a van full of explosives, the "terrorists could have used 100 pounds of highly enriched uranium," and "Oklahoma City would have disappeared," he writes. "The American government must recognize the threat and get real in combating it." He concludes this scenario, in the manner of the evil H.G. Wells and Bertrand Russell, by asking: "Must we wait for the nuclear morning after?"

### Health conditions worsen on U.S.-Mexico border

Appalling sanitary conditions in the temporary work camps on both sides of the border pose the risk of dangerous outbreaks of infectious disease, the *Washington Post* reported on April 30. The so-called "colonias" are prime targets for epidemics of tuberculosis and hepatitis, health officials in San Diego warn.

Mexican officials are now worrying that the U.S. failure to immunize more than 40% of young children in some border areas could lead to sustained transmission of childhood diseases to Mexico, where child immunization is now over 90%, according to the *Post*.

The North American Free Trade Agreement is expected to draw even more families to the slave-labor assembly plants along the Mexican side of the border, which would add to the already crowded and impoverished colonias. On the U.S. side alone, an estimated 300,000 people now live in colonias, which often lack running water and adequate sewage facilities.

● **BRITISH RAGE** over President Clinton's Irish peace initiatives spilled over into the State Department's briefing on April 28. A questioner cited Clinton's White House meeting with Irish Republican Army leader Gerry Adams, whining that "Margaret Thatcher last night wondered how President Clinton would have felt if the Oklahoma bombers had been invited to 10 Downing Street."

● **WINSTON CHURCHILL II**, Sir Winston's grandson, puffed the destructive "special relationship" Britain claims with the United States, during an address to a 50th reunion dinner of World War II veterans in Monroe, Louisiana on April 22. Lying about FDR's postwar plans to break it (and omitting Clinton's challenges), Churchill intoned that it "runs far deeper than the relations between two transient politicians."

● **OLIVER NORTH** was asked, on CNN's "Inside Politics" on April 25, whom he thought President Clinton was talking about, in his recent attacks on purveyors of hate and division. "Well, he darn well better not be talking about me," North replied, attacking the President for proposing "deviations from America's long civil liberties traditions."

● **ANGIER BIDDLE DUKE**, 79, died on April 29, after falling into the path of an oncoming car while "rollerblading" near his home in Southampton, N.Y. A leader of the Anglo-American establishment, he headed the International Rescue Committee during the 1950s. He was chief of protocol in the administration of President John F. Kennedy.

● **GROWING POVERTY** in the United States has been masked by official statistics, but the Academy of Sciences will soon recommend changes in the way poverty is measured. The new criteria would substantially increase the official number of working poor, the *New York Times* claimed April 30. The latest figures classify 39.3 million Americans as impoverished.

# *Cynical journalism in service of the British*

While Americans in general welcomed the bombing of Hiroshima and Nagasaki at the time, now, 50 years later, there is no reasonable doubt that it was morally wrong. The Japanese were in fact already at the point of surrender, and Harry Truman knew it. This is a hard point for Americans to accept; and certainly the memories of the bombing are painful for Japanese. The publication in the May-June *Bulletin of the Atomic Scientists* of an article asserting that the decision to use atomic weapons against Japan was made well in advance of the actual bombing, can only exacerbate tensions between the two nations, especially in the present climate of trade disputes. This is particularly so because of the timing, coming as it does in the midst of the trade talks.

A press conference was held by Arun Makhijani, the author of the *Bulletin* article, to ensure the widest possible circulation of his thesis. And it was reported on by *New York Times* writer William Broad on April 18.

Makhijani headlined his article with a question, “‘Always’ the Target?” Broad upped the ante with the even more inflammatory headline: “Japan Was Always Atom Bomb Target.” The thesis being suggested is that the reason President Roosevelt created the Manhattan Project was to use atomic weapons against the Japanese, rather than as a deterrent to prevent Adolf Hitler from gaining sole control of these deadly weapon. Certainly, the obvious fact that the war in Europe was coming to a victorious close, meant that Germany would no longer be a possible target for use of the bomb. But what is implied in both articles is a cynicism which did not characterize the American military or the political policy of Franklin Roosevelt during the Second World War. It did, however, fit in with Winston Churchill’s determination to maintain Britain’s empire at all costs.

If either Makhijani or Broad were interested in historical truth, they should have revealed how President Roosevelt was working through the Vatican to try to negotiate honorable surrender terms with the emperor of Japan, and how after his death this effort was brutally sabotaged.

The final decision to drop the bombs was based on political rather than military considerations—there was no need to consider invading a Japan already on its knees. It was a terror tactic intended to force a one-world version of the British Empire on the postwar world. Truman, unlike Roosevelt, was, to a large extent, a pawn of pro-British advisers such as Averell Harriman.

Makhijani quoted from an April 23, 1945 memorandum by General Groves, who was military head of the Manhattan Project. The quotation is: “While our plan of operations is based on the more certain, more powerful, gun-type bomb it also provides for the use of implosion type bombs as soon as they become available. *The target is and always was expected to be Japan.*” A proper reading of his remark would take into account that even at the time of writing, the scientific difficulties had not been overcome with regard to the manufacture of implosion (i.e., plutonium) bombs.

Makhijani cites minutes from a military policy committee meeting in May 1943, in which a Japanese fleet concentration in the Pacific was considered to be a probable target for the new weapons. But this would have been very different from bombing a population center such as Hiroshima.

He also includes excerpts from a summary of a September 1944 meeting between Franklin Roosevelt and Winston Churchill, which included the statement: “It [an atomic bomb] might perhaps, after mature consideration, be used against the Japanese.”

Makhijani has a record as a Japan-basher. An article by him, in the April 2 *Washington Post*, claimed that Japan had secretly developed its own bomb. Its title was: “What ‘Non-Nuclear’ Japan Is Not Telling the World,” subheaded, “And How Tokyo Keeps Its Options.” Makhijani is president of the Institute for Energy and Environmental Research, an active collaborator of Greenpeace; he has vigorously opposed the Japanese program to reprocess plutonium.

These articles can only serve the purpose of widening the rift between Japan and the United States. As historiography, they are worse than irresponsible.

# SEE LAROCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted.

## ALASKA

- ANCHORAGE—ACTV Ch. 40  
Wednesdays—9 p.m.

## ARIZONA

- PHOENIX—Dimension Ch. 22  
Wednesdays—1 p.m.

## CALIFORNIA

- DOWNEY—Conti. Ch. 51  
Thursdays—9:30 p.m.
- E. SAN FDO. VALLEY—Ch. 25  
Thursdays—4:30 p.m.
- LANC./PALMDALE—Ch. 3  
Sundays—1:30 p.m.
- MARIN COUNTY—Ch. 31  
Tuesdays—5 p.m.
- MODESTO—Access Ch. 5  
Fridays—3 p.m.
- ORANGE COUNTY—Ch. 3  
Fridays—evening
- PASADENA—Ch. 56  
Tuesdays—2 & 6 p.m.
- SACRAMENTO—Ch. 18  
2nd & 4th Weds.—10 p.m.
- SAN DIEGO—  
Cox Cable Ch. 24  
Saturdays—12 Noon
- SAN FRANCISCO—Ch. 53  
Fridays—6:30 p.m.
- SANTA ANA—Ch. 53  
Tuesdays—6:30 p.m.
- STA. CLARITA/TUJUNGA  
King VideoCable—Ch. 20  
Wednesdays—7:30 p.m.
- W. SAN FDO. VALLEY—Ch. 27  
Thursdays—6:30 p.m.

## COLORADO

- DENVER—DCTV Ch. 57  
Wednesdays—10 p.m.

## CONNECTICUT

- BETHEL/DANBURY/RIDGEFIELD  
Comcast—Ch. 23  
Thursdays—5 p.m.
- NEWTOWN/NEW MILFORD  
Crown Cable—Ch. 21  
Thursdays—9:30 p.m.

## DISTRICT OF COLUMBIA

- WASHINGTON—DCTV Ch. 25  
Sundays—12 Noon

## IDAHO

- MOSCOW—Ch. 37  
(Check Readerboard)

## ILLINOIS

- CHICAGO—CATN Ch. 21  
*Schiller Hotline-21*  
Wednesdays—5 p.m.  
*The LaRouche Connection*  
Fri., May 26—10 p.m.  
Tues., May 30—10p.m.

## INDIANA

- SOUTH BEND—Ch. 31  
Thursdays—10 p.m.

## MARYLAND

- BALTIMORE—BCAC Ch. 42  
Mondays—9 p.m.
- MONTGOMERY—MCTV Ch. 49  
Weds.—1 pm, Fri.—8:30 pm

## MASSACHUSETTS

- BOSTON—BNN Ch. 3  
Saturdays—12 Noon

## MICHIGAN

- CENTERLINE—Ch. 34  
Tuesdays—7:30 p.m.
- TRENTON—TCI Ch. 44  
Wednesdays—2:30 p.m.

## MINNESOTA

- EDEN PRAIRIE—Ch. 33  
Wed.—5:30 pm, Sun.—3:30 pm
- MINNEAPOLIS—Ch. 32  
*EIR World News*  
Saturdays—9:30 p.m.
- MINNEAPOLIS (NW Suburbs)  
Northwest Comm. TV—Ch. 33  
Mon.—7 pm; Tue.—7 am & 2 pm
- ST. LOUIS PARK—Ch. 33  
*EIR World News*  
Friday through Monday  
3 p.m., 11 p.m., 7 a.m.
- ST. PAUL—Ch. 33  
*EIR World News*  
Mondays—8 p.m.

## MISSOURI

- ST. LOUIS—Ch. 22  
Wednesdays—5 p.m.

## NEW JERSEY

- STATEWIDE—CTN  
Saturdays—5 a.m.

## NEW YORK

- ALBANY—Ch. 28  
Capitol Cablevision  
Mon., May 15 & 22—9 pm  
Mon., June 5—9 p.m.

- AMSTERDAM—TCI Ch. 11  
Thursdays—5 p.m.
- BRONX—BronxNet Ch. 70  
Saturdays—6 p.m.
- BROOKHAVEN—(E. Suffolk)  
TCI 1 Flash or Ch. 99  
Wednesdays—5 p.m.
- BROOKLYN  
Cablevision (BCAT)—Ch. 67  
Time-Warner B/Q—Ch. 34  
(call station for times)
- BUFFALO—BCAM Ch. 18  
Wednesdays—11 p.m.
- CATSKILL—Mid-Hudson  
Community Channel—Ch. 10  
Wednesdays—3 p.m.
- HUDSON VALLEY—Ch. 6  
2nd Sunday monthly—2 p.m.
- ITHACA—Pegasys  
Tuesdays—8:15 Ch. 57  
Thursdays—7 p.m. Ch. 13  
Saturdays—4:45 p.m. Ch. 57
- MANHATTAN—MNN Ch. 34  
1st & 3rd Sun. monthly—9 am
- MONTVALE/MAHWAH—Ch. 14  
Wednesdays—5:30 p.m.
- OSSINING—Continental  
Southern Westchester Ch. 19  
Rockland County Ch. 26  
1st & 3rd Sundays—4 p.m.
- POUGHKEEPSIE—Ch. 3  
1st & 2nd Fridays—4 p.m.
- RIVERHEAD  
Peconic Bay TV—Ch. 27  
Thursdays—12 Midnight  
1st & 2nd Fridays—4 p.m.
- ROCHESTER—GRC Ch. 15  
Fri.—11 p.m.; Sun.—11 a.m.
- ROCKLAND—P.A. Ch. 27  
Wednesdays—5:30 p.m.
- SCHENECTADY—P.A. Ch. 11  
Fridays—5:30 p.m.
- STATEN ISL.—CTV Ch. 24  
Weds.—11 p.m., Sat.—8 a.m.
- SUFFOLK, L.I.—Ch. 25  
2nd & 4th Mondays—10 p.m.
- SYRACUSE—Adelphia Ch. 3  
Fridays—4 p.m.
- SYRACUSE (Suburbs)  
NewChannels Cable—Ch. 13  
1st & 2nd Sat. monthly—3 p.m.
- UTICA—Harron Ch. 3  
Thursdays—6:30 p.m.

- WEBSTER—GRC Ch. 12  
Wednesdays—9:30 p.m.
- YONKERS—Ch. 37  
Fridays—4 p.m.
- YORKTOWN—Ch. 34  
Thursdays—3 p.m.

## OREGON

- PORTLAND—Access  
Tuesdays—6 p.m. (Ch. 27)  
Thursdays—3 p.m. (Ch. 33)

## PENNSYLVANIA

- PITTSBURGH—PCTV Ch. 21  
Mondays—7 p.m.

## TEXAS

- AUSTIN—ACTV Ch. 10 & 16  
(call station for times)
- DALLAS—Access Ch. 23-B  
Mon.—2 pm; Fri.—11:30 am
- HOUSTON—PAC  
Mon.—5 p.m.; Fri.—12 Noon

## VIRGINIA

- ARLINGTON—ACT Ch. 33  
Sun.—1 pm, Mon.—6:30 pm  
Tuesdays—12 Midnight  
Wednesdays—12 Noon
- CHESTERFIELD COUNTY  
Comcast—Ch. 6  
Tuesdays—2 p.m.
- FAIRFAX—FCAC Ch. 10  
Tuesdays—12 Noon  
Thurs.—7 pm, Sat.—10 am
- LOUDOUN COUNTY—Ch. 3  
Thursdays—8 p.m.
- MANASSAS—Ch. 64  
Tuesdays—8 p.m.
- ROANOKE—Cox Ch. 9  
Wednesdays—2 p.m.
- YORKTOWN—Conti Ch. 38  
Mondays—4 p.m.

## WASHINGTON

- SEATTLE—Access Ch. 29  
Fridays—8:00 a.m.
- SNOHOMISH COUNTY  
Viacom Cable—Ch. 29  
(consult bulletin board)
- SPOKANE—Cox Ch. 25  
Saturdays—7:30 p.m.
- TRI-CITIES—TCI Ch. 13  
Mondays—11:30 a.m.  
Tue.—6:30 pm; Thu.—8:30 pm

If you are interested in getting these programs on your local cable TV station, please call Charles Notley at (703) 777-9451.

## Executive Intelligence Review

U.S., Canada and Mexico only

- 1 year . . . . . \$396
- 6 months . . . . . \$225
- 3 months . . . . . \$125

### Foreign Rates

- 1 year . . . . . \$490
- 6 months . . . . . \$265
- 3 months . . . . . \$145

I would like to subscribe to  
*Executive Intelligence Review* for

- 1 year  6 months  3 months

I enclose \$\_\_\_\_\_ check or money order

Please charge my  MasterCard  Visa

Card No. \_\_\_\_\_ Exp. date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Company \_\_\_\_\_

Phone ( ) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Make checks payable to EIR News Service Inc.,  
P.O. Box 17390, Washington, D.C. 20041-0390.



You will be  
way ahead of  
the news if you  
subscribe to  
**EIR** CONFIDENTIAL  
ALERT



September 13, 1994 *EIR Alert* reports, "Mexico's Banking System Begins to Crack," refuting claims of the "Mexican miracle."

December 20, 1994 Mexican President Zedillo announces devaluation of the peso, as reserves plunge below \$6.5 billion.

March 29, 1994 *EIR Alert* headlines, "Credit Lyonnais Entering Financial Mega-Crisis," reporting that "only now have the dimensions of the problem emerged," as the huge French bank suffers from losses in real estate and derivatives.

March 24, 1995 The French government is forced to come up with an emergency loan of 130 billion francs to save Credit Lyonnais from bankruptcy.

Isn't it time you knew months, sometimes years, before the rest of the world, what policy options were in the works? *EIR Alert* has its finger on the pulse of London and Washington, where such skullduggery is devised. We also present the alternatives, which are being increasingly discussed in Europe and Ibero-America, and reported by our special correspondents. We cover economics and strategic stories—some of which will never be published anywhere else.

*EIR Alert* brings you 10-20 concise news and background items, twice a week, by first-class mail—or by fax (at no extra charge).  
Annual subscription (United States): \$3,500.

Make checks payable to:

**EIR News Service**

P.O. Box 17390

Washington, D.C. 20041-0390