

pulously adhere” to meeting its foreign debt obligations, and that its oil production fall under supranational authority.

May 21: Former Indian Prime Minister Rajiv Gandhi, running for office once more, is assassinated.

July: Pope John Paul II issues *Centesimus Annus*, which calls for building a just new world economic order against the policies of both the East and West, noting that despite the fall of communism in East Europe, “Vast multitudes are still living in conditions of great material and moral poverty. . . . For this reason, another name for peace is development.”

August: There is an attempted coup against Mikhail Gorbachov in Soviet Union.

September: Boris Yeltsin takes over from Gorbachov, and the Soviet Union is on its way to dissolution.

October: The UN Security Council Resolution 715 against the Iraqi nuclear program extends the notion of “dual-use technology” to ban an array of technologies including lasers, high-temperature furnaces, high-strength steel, and the like. The resolution bans any scientific research in physics and chemistry.

Postscript

In February 1992, Dick Cheney’s new strategic doctrine for the world’s sole superpower, contained in the draft “Defense Planning Guidance,” is leaked to the press. The key element of the draft states:

“This Defense Planning guidance addresses the fundamentally new situation which has been created by the collapse of the Soviet Union, the disintegration of the internal as well as the external empire, and the discrediting of communism as an ideology with global pretensions and influence. The new international environment has also been shaped by the victory of the United States and its coalition allies over Iraqi aggression—the first post-Cold War conflict and a defining event in U.S. global leadership. In addition to these two victories, there has been a less visible one, the integration of Germany and Japan into a U.S.-led system of collective security and the creation of a democratic ‘zone of peace.’

“Our first objective is to prevent the re-emergence of a new rival, either on the territory of the former Soviet Union or elsewhere, that poses a threat on the order of that posed formerly by the Soviet Union. This is a dominant consideration underlying the new regional defense strategy and requires that we endeavor to prevent any hostile power from dominating a region whose resources would, under consolidated control, be sufficient to generate global power. These regions include Western Europe, East Asia, the territory of the former Soviet Union, and Southwest Asia.

“[W]e will retain the pre-eminent responsibility for addressing selectively those wrongs which threaten not only our interests, but those of our allies or friends, or which could seriously unsettle international relations. Various types of U.S. interests may be involved in such instances: access to vital raw materials, primarily Persian Gulf oil.”

George Pratt Shultz: Profile of a Hit Man

by Scott Thompson and Nancy Spannaus

If there is any one figure who stands out as a consistent, evil representative of the philosophy of the Economic Hit Man over the last 35 years, it is George Pratt Shultz. Shultz is a second-generation operative for the international synarchist banking network; he operates largely behind the scenes, but decisively toward carrying out the global fascist agenda of those international bankers.

Exemplary is the crucial role which Shultz played in August 1971, when he was Director of the Office of Management and the Budget for President Nixon. According to the first-hand testimony of then-Secretary of the Treasury John Connally (see box), members of a working committee on the economic crisis urged Connally to take the crucial step of removing the dollar from its link to gold. This was the first move toward establishing the floating exchange rate which has been used by the synarchists to destroy the world economy in the three decades since. The most forceful advocate of the move was Shultz, a devotee of the fascist free-market economist Milton Friedman.

The second crucial, but little-known example of Shultz’s importance is his role in putting together the team behind the Presidency of George W. Bush. According to author James Mann, who wrote the *Rise of the Vulcans* book about Bush’s inner Cabinet, Shultz initiated a discussion with George W. in the Spring of 1998, whereby the future President sat down in Shultz’s living room on the Stanford University campus, in order to be vetted (in effect) to run for President. At that meeting were Martin Anderson, the former advisor to both Richard Nixon and Ronald Reagan; Abraham Sofaer, a former Shultz aide; John Cogan and John Taylor, two economics professors; and Stanford’s provost, and Shultz protégé, Condoleezza Rice. After the “scholars” associated with the Hoover Institution indicated that they thought Bush would make a good Presidential choice, Bush invited Shultz, Rice, and Anderson down to Austin, Texas for a follow-up meeting in the Summer. Out of that meeting, which was joined by Dick Cheney and Paul Wolfowitz, came the public decision for Bush to run for President.

By early 1999, Rice pulled together a broader group of foreign policy advisors, who agreed to be called the “Vulcans,” at her suggestion. Also present, and effectively supervising them, were none other than Cheney and Shultz.

But George Shultz, the 84-year-old grey eminence, has



George Shultz, the Godfather of the neo-con “Vulcan” group of controllers of George W. Bush, has represented the interests of the financier oligarchy in the United States for more than 30 years, including his key role in destroying the post-war Bretton Woods System.

not retired, after setting up the Bush W. Administration. By the Fall of 2003, he had a new project, this time serving as the co-chairman of the economic taskforce for California gubernatorial candidate (and now would-be President of the United States) Arnold Schwarzenegger.

Clearly, anyone who understands the danger which Nixon’s 1971 decision, the Presidency of George W. Bush, and Arnold Schwarzenegger all represent to the United States republic, needs to know just who is George P. Shultz.

The Pedigree

George Shultz is the second person in his family to play a crucial role in the policy establishment of the United States. The first to do so was his father, Birl Earl Shultz, whose history is most relevant to the later activities of his son.

Birl Shultz, born in Indiana in 1883, went East to college, getting his masters and Ph.D. from Columbia University in New York. During his time at Columbia, Birl became a friend and collaborator of Charles A. Beard, the revisionist historian who argued that the Founding Fathers of the United States were just a gang of plutocrats, seeking personal enrichment. Beard was part of the *New Republic* crowd, which the Morgan bankers were using to promote the likes of Benito Mussolini. The elder Shultz co-authored a book with Beard.

In 1918, Birl Shultz obtained a job which brought him into the circle of leading synarchist bankers, and obviously shaped his thinking for life. He became personnel director with the American International Corporation (AIC), where he remained until 1923. In 1922, he founded the New York Stock Exchange Institute, an institution dedicated to training future stock market employees.

EIR published extensively about the AIC back in 1986, in the course of tracking down the treasonous circles who were controlling Henry Kissinger, and other operatives who were attempting to destroy Lyndon LaRouche’s, and President Reagan’s, policy of strategic defense, which Reagan called the Strategic Defense Initiative. *EIR* identified the AIC, which was located at 120 Broadway in New York City, as an integral part of the supranational, bankers-controlled entity called “The Trust.”

As personnel director of AIC, Birl Earl Shultz became an integral part of the “Trust” arrangements that existed under the New Economic Plan of Vladimir Lenin and Cheka secret police founder Felix Dzerzhinsky, whereby leading oligarchical families in the West and the Soviets in the East, sought to make deals in their mutual interest.

Founded in 1915 by Frank A. Vanderlip of the Stillman-Rockefeller-controlled National City Bank, the AIC had a \$50 million capital investment fund drawn from such other top Establishment names as Morgan, Schiff, Winthrop, Grace, and Armour. Also, at 120 Broadway was a complex of firms that were trading and investing in Russian raw materials. This was also the address of the Federal Reserve Bank of New York, whose founding board overlapped that of the AIC, and which, early on, offered \$1 million credits to the Bolshevik Revolution. And, 120 Broadway was home to such “Trust” espionage agents as Lt. Sidney George Reilly of British Intelligence.

Ironically, records from the archives of that very State Department where George Shultz would one day serve as Secretary, show his father to have been involved through AIC with: 1) planning all the engineering projects of the

Soviet Five-Year Plan, over eight years before they were implemented; 2) negotiating secret treaties between the Bolsheviks and the U.S. State Department, when the Bolsheviks barely controlled St. Petersburg and Moscow; 3) lobbying to stop Western military intervention of any consequence against the Bolshevik Revolution, while calling for “economic assistance” and ending the State Department blockade upon trade and credits for the Bolsheviks; and, 4) creating the first “back channel” to the Bolsheviks through the “controlled” Communist John Reed, and possibly through Armand Hammer, who later served George Shultz in this capacity until Hammer’s death.

The AIC did not limit itself to extensive business with the Soviet Union. More than a third of its investment activity was in Ibero-America, where AIC was affiliated with the United

Fruit Company and W.R. Grace, both of which companies were notorious for their political involvement.

The existing record of AIC’s treachery is based largely upon documents written by Dr. Birl Shultz’s contemporary, William Franklin Sands, who was assistant to AIC’s president Charles A. Stone from 1917 to 1922. Because Sands was a former career diplomat, he was charged by AIC with the job of liaison to the U.S. government. Fortuitously for him and AIC (and perhaps not so accidentally), Sands found himself in Russia at the time of the Bolshevik Revolution, where he had been working on a U.S. State Department relief program for German and Austrian POWs. Sands describes his accomplishments in Russia during this period as unique; he said his was “probably the only organization to bring a profit out of the Revolution.”

Connally: ‘Shultz Did It’

Far removed from the buzz of more than 500 people, in the back corner of the Hart Galleries in Houston, a tired John Connally surveyed the scene before him. It was Jan. 23, 1988, the second day of a bankruptcy auction held to sell off a lifetime of possessions collected by him and his wife. With millions of dollars in debts, and little in the way of liquid assets, Connally could do little but watch as the auctioneer took bids on his worldly goods, with the proceeds earmarked to go to his creditors.

For the moment, Connally was alone. Although the press had written of his strength, how he had been standing firm in the face of adversity, he appeared tired, somewhat slumped. I approach him and asked if I could ask him a few questions. He straightened up and said, “Only if they are not about bankruptcy.”

I asked about his memories of Aug. 15, 1971, and the announcement by President Nixon of the end of the post-war system of fixed exchange rates. He immediately brightened, saying: “Yes, that was my idea. I took that to the President two nights earlier.” He continued, saying that we were facing a terrible crisis and that no one else would face it. He said it was his most difficult decision as Treasury Secretary, but events of the subsequent 16 years had proven it was the right decision.

I told him I disagreed, that the shift away from fixed exchange had led to a series of devastating crises. In particular, I mentioned the August-September 1982 debt crisis for Mexico, with the vulnerability of the U.S. banking system to a default or moratorium; and the October 1987 stock collapse, as a result of the shift of the economy from

production to speculation, a shift made inevitable by the action of Aug. 15, 1971.

As he listened intently, I told him that I work with Lyndon LaRouche, who forecast that Nixon’s actions of Aug. 15, 1971 set in motion what would become the worst financial crash in history. I asked if he had any comments on that.

“Well,” he replied, “I’m not sure about that. Of course, the crisis was already under way before I arrived.” He told me that he had little familiarity with international finance prior to his appointment by Nixon, and that he was first made aware of the problem during regular briefings from William McChesney Martin.

I asked him, “So how was the decision made?”

He said that there was a working committee, which included himself, Henry Kissinger, Paul Volcker, and George Shultz. Sometimes, Herb Stein (Chairman of the Council of Economic Advisers) attended, sometimes Arthur Burns. Of this group, only Arthur Burns was opposed to closing the gold window. They met on Aug. 13. Kissinger was not there, but Shultz was the most forceful in insisting that the fixed exchange system must end, and that Connally must brief Nixon immediately.

“Did you object?” I asked.

“No,” he replied. These were the smartest men around. I figured they knew what they were doing. He added that he briefed Nixon the next day, and Nixon had only one question—have you run this by Shultz? When told that Shultz was for it, Nixon asked him to get a draft to his speechwriters, and it was announced the next morning that he would give a major policy address.

I asked Connally if he had any regrets about the decision. He looked wistfully around the room and said, “Right now, I have lots of regrets about a lot of things.” Any about Aug. 15? With that, he walked away, saying he didn’t want to think about it just then.—*Harley Schlanger*

There is evidence that Sands may have pursued far more than “business” with the Bolsheviks. U.S. State Department files contain an exchange which seems to indicate that Sands had negotiated secret treaties with the Bolsheviks at a time when they barely controlled St. Petersburg and Moscow!

These documents are indicative of the fact that AIC, and a good number of the firms that cohabited with it at 120 Broadway, were operating not as business enterprises per se, but as extensions of oligarchical families, who see their role as ensuring that the global financial oligarchy, centered in London and New York City, maintains decisive power over world resources and developments. It is noteworthy that a number of the firms involved were not financial, but specialized in construction and production, such as Stone & Webster, DuPont, and General Electric. This is a *modus operandi* parallel to that described in *Confessions of an Economic Hit Man* by John Perkins, who worked for an engineering firm, and then for Stone & Webster itself, while serving as an Economic Hit Man for the oligarchy.

Enter George Shultz

George Shultz was trained for his role as a Economic Hit Man in Eastern Establishment schools, including the Loomis School in Connecticut, Princeton University, and the Massachusetts Institute of Technology. Between his stints at Princeton and MIT, he spent three years in the U.S. Marine Corps during World War II. Later, he ended up at the University of Chicago, where he worked closely with that Nobel-certified monetarist idiot, Milton Friedman.

Shultz’s first known nefarious mentor was Kurt Lewin, an operative of London’s Tavistock Institute who had set up a Research Center for Group Dynamics on the MIT campus. Included among Lewin’s objectives for mind control was to lower the cost of labor. In the mid to late 1940s, Shultz collaborated at the center with John T. Dunlop, with whom he did a study which found that speed-up of labor and wage-gouging could be accomplished, not only through the “human side,” but also by the threat of economic depression and unemployment. Shultz was appointed chairman of the Industrial Relations Division of MIT in 1954.

Three years later, Shultz moved on to the University of Chicago, where his close friend and mentor, in addition to Friedman, was W. Allen Wallis. Wallis’s career went from promoting racial eugenics, to the counterculture, to, ultimately, the monetarist Mont Pelerin Society, which he served as the founding treasurer. It is at secret Mont Pelerin Society meetings that many of the economic policies of the international financial oligarchy get disseminated to the bankers and government bureaucrats who will carry them out.

Shultz became a professor of Industrial Relations and ultimately the dean of the University of Chicago Business School. By the late 1960s, he had moved to the Stanford University Center for Advanced Study in the Behavioral Sciences, thus establishing a base at that university in which he continues to the present day.

Shultz’s economic ideas reflect those of the so-called Chicago School, the extreme “free-market economics” ideas that lead to draconian looting of the working population, in favor of the financial oligarchy. In an interview with Public Broadcasting in 2000, Shultz forthrightly explained that the Chicago School had taken over the economy of Pinochet’s Chile, creating what he called “the only decent economy in South America in the mid-’80s.” He gave only a nod to the fact that there were “no doubt . . . some unnecessarily brutal things in the process.”

Positions in Government

Shultz’s long career in government began in the 1950s, as a senior staff economist with President Eisenhower’s Council of Economic Advisors. In the 1960s, he was involved with the Nixon campaign, and was appointed Secretary of Labor upon Nixon’s election in 1968. Two years later, he became the first Director of the Office of Management and Budget, a position he held until he was appointed Secretary of the Treasury in June 1972. It was from that position that he took his most decisive action, in consolidating the arrangements for the post-industrial floating-exchange-rate monetary system.

Upon leaving the Nixon Administration in 1974, Shultz went to the Bechtel Corporation, where he became president and director, until he entered government once more with the Reagan Administration, in 1982. (According to James

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Mann's *Rise of the Vulcans*, Shultz was actually involved in vetting Reagan before his run for President.) He remains on the Board of that powerful corporation.

In 1981, Shultz was made chairman of the incoming President Reagan's Economic Policy Advisory Board. In that position, he did nothing to reverse the ravages upon the physical economy—industry, agriculture, infrastructure—wrought during the previous Carter Administration by Federal Reserve Chairman Paul Volcker's usurious interest rates. Rather, Shultz embraced the New York Council on Foreign Relations' "1980s Project" work of 1976, which had called for "controlled disintegration" of the world economy.

It is noteworthy that Perkins considers Shultz's entrance into the Reagan Administration as leading to the crucial tilt against Gen. Omar Torrijos, the Panamanian leader who had negotiated the transfer of control over the Panama Canal to his nation, and who was then in negotiations with the Japanese for the construction of a second sea-level canal. This tilt ultimately led to his assassination in 1981. Perkins argues that Shultz's company, Bechtel, strongly objected to the construction of a new canal, for which it would not get the contract, and that Shultz used his influence with government accordingly.

In 1982, Shultz was promoted to become the 60th Secretary of State, and served until Jan. 20, 1989. As Reagan's Secretary of State for six years, Shultz pursued economic and geopolitical policies consistent with the synarchist bankers' intent to destroy the nation-state, and prospects for economic development, particularly in the developing sector. Exem-

plary of his outlook is a speech he gave in 1984, which is a clear precursor of the Cheney-Wolfowitz doctrine of preemptive war and American empire, first officially put forward in 1991.

According to *EIR*'s sources in the U.S. intelligence community, Shultz used his position to try to nip the investigation of the Jonathan Pollard spy scandal in the bud. Under investigation was the existence of, and members of, what was called the "Mr. X Committee," which was thought to be collaborating with Israeli national Pollard in his espionage activities. For this purpose, Shultz deployed the Legal Advisor of the U.S. State Department, Abraham Sofaer, who was a former Federal judge nominated by President Carter, and alleged to be an agent of Israel's Mossad. Judge Sofaer had presided over the lawsuit brought by then-Gen. Ariel Sharon against *Time* for its straightforward coverage of the slaughter of Palestinian refugees in Lebanon by Falange militia, under General Sharon's oversight, during Israel's war on Lebanon.

No sooner did Shultz tip Sofaer to try to bury the Pollard case, than Sofaer led a delegation in late 1985 to Israel to interrogate Rafael Eitan. Eitan had been the head of Lekem—the "off-the-reservation" technological intelligence unit that was believed to have been the Israeli counterpart of the "X Committee." Not only did nothing come out of this interview with Eitan, but, while in Israel, Sofaer—according to columnists Rowland Evans and Robert Novak—gave an interview to the Israeli daily *Ha'aretz*, where he praised Sharon's inva-

Shultz and Bush's Vulcans

In the Summer of 1998, a Bush family war council took place at their Kennebunkport, Maine, vacation compound, where it was decided to make George Pratt Shultz the head of then-Gov. George Bush's Presidential Exploratory Committee. Shultz's deputy on the Committee, launched shortly thereafter, was former President Bush "41's" Secretary of Defense, Dick Cheney, who has since emerged as one of the most powerful Vice Presidents in history.

Like Shultz, Cheney brought with him baggage, such as his 1990 Defense Secretary's brief advocating a Roman-style *Pax Americana*. Clearly, Shultz did not disagree, because almost every member of Bush 41's foreign policy team shared the post-Cold War mirage of building an "American empire." It was these two Anglo-American Establishment members of the Republican "Old Guard" who greased the skids for Bush 43's successful Presidential campaign.

One of the first selections made by Shultz—who was himself then a Distinguished Fellow at the Hoover Institu-

tion, among other positions—was Condoleezza Rice, also a Hoover Fellow, who had just finished a term as Provost at Stanford. It was she who dubbed Bush 43's strategic policy team "The Vulcans," after a statue of the Roman god of metal-forging in the steel center of Birmingham, Alabama, her hometown. (Some wags have suggested since, that she ought better to have dubbed the team "Martians," after the Roman god of war.)

Shortly after the Kennebunkport summit, Bush 43 visited Shultz's home in Palo Alto, Calif., and approved the woman who was to be part "nanny," part "school marm," and today Bush's nominee for Secretary of State. With Condi Rice as the self-described "quarterback of the Vulcans," one of the first drafts by Shultz and Cheney was Paul Wolfowitz, Deputy Secretary of Defense. Wolfowitz, as a member of the Cheney Defense Department under Bush 41, had argued loudly that the time was ripe for a *Pax Americana* empire. Wolfowitz, in turn, is believed to have brought in Richard Perle, who became chairman of the Defense Policy Board, having served as Assistant Secretary of Defense for International Security Affairs from 1981-87 in President Reagan's Administration.

—Scott Thompson

sion of Lebanon, Israel's bombing of the Palestine Liberation Organization (PLO) in Tunisia, and its interception of an Egyptian airliner.

So, Shultz used an avowed advocate of Israel's fascist "Terror Against Terror"-style tactics, to cover up the extent of the Pollard espionage network. And, he rewarded Judge Sofaer by seeing that he became a Fellow at the Hoover Institution, along with Shultz.

Toward the end of the Reagan Administration, following then-Prime Minister Margaret Thatcher's advice that Soviet President Mikhail Gorbachov was a "man with whom you can do business," Shultz proposed what was then known as a "global condominium" or "New Yalta" arrangement with Gorbachov. Ironically, by 1989, Soviet hardliners, fearing an impending economic collapse, were preparing for a potential "global showdown," and Gorbachov was President in name only.

Exemplary of the "New Yalta," is the case of the Middle East, where Shultz rudely rejected Israeli and other suggestions that an economic development program for the region ought to be the key component of negotiating political solutions. Taking a page from Zbigniew Brzezinski's "Arc of Crisis," Shultz carried out secret diplomacy, offering Israel the West Bank (which had been part of Jordan), plus a part of southern Lebanon, if Israel would grant Syria, which was then a Soviet satrap, the remainder of northern Lebanon. Thus, the map of the Mideast would be redrawn into a "Greater Syria" and a "Greater Israel"—an arrangement which left the Palestinians, with whom Shultz refused to deal, nothing.

The Post-Reagan Era

Since leaving office, Shultz has not changed his disregard for the general welfare. He teamed up with "British Golem" and mega-speculator George Soros to promote a series of referenda to legalize narcotics, making him truly the "Godfather" of the Vulcans. Thus, in an Oct. 7, 1989, speech to the Stanford Business School, Shultz said that the time had come "to make it possible for addicts to buy drugs at some regulated place at a price that approximates cost. . . . We need at least to consider and examine forms of controlled legalization of drugs." Shultz's program, in historical effect, has resulted in skyrocketing addiction wherever it has been implemented.

In semi-retirement in the Hoover Institution's ivory towers, Shultz has done very well indeed, giving economic advice to many companies gullible enough to accept it from the man who helped bring about their impending demise. He is a member of the board of directors of Bechtel Group, Fremont Group, Gilead Sciences, Unnext.com, and Charles Schwab & Co. He is also chairman of the International Council of J.P. Morgan Chase, which *EIR* analysts believe may have been taken under protection of the Federal Reserve after it nearly went under in 2003.

Shultz is being well rewarded for his years of servitude to the Anglo-American Establishment.

To be continued.

Book Review

'Washington Consensus' Indicted for Genocide

by Jeffrey Steinberg

Confessions of an Economic Hit Man: How the U.S. Uses Globalization To Cheat Poor Countries Out of Trillions

by John Perkins

San Francisco: Berrett-Koehler, 2004

264 pages, hardbound, \$24.95

The great European republican philosopher and scientist Gottfried Wilhelm Leibniz wrote that this is the best of all possible worlds. Those thoughts came to my mind several weeks back when a colleague, John Hoefle, while using the Internet for research, came upon an interview that author John Perkins had given to "Democracy Now's" Amy Goodman. The interview text and audio-voice stream were shared with Lyndon LaRouche, who immediately concluded that the remarks by Perkins were of remarkable strategic significance—particularly in the wake of the events of Nov. 2-3, 2004, pointing towards the prospect of four more years of the Bush-Cheney abomination in the White House.

The subject of the Perkins-Goodman interview was the author's latest non-fiction work, an autobiographical account of his several-decade-long stint as what he called "an economic hit man." In that interview, and in far greater detail in his book, *Confessions of an Economic Hit Man*, Perkins presented his own bird's-eye view of the inner workings of what professional economists call "the Washington Consensus," the post-Bretton Woods system of top-down arrangements among the International Monetary Fund, the World Bank, the world's leading central banks, and an interlocking combine of several thousand multinational banks and industrial and raw material extraction corporations, that control upwards of 80% of the world economy, including the lion's share of the strategic raw material wealth of the planet. These forces have no allegiance to any particular nation-state. Indeed, they are above the law of nations, and seek a one-world "globalized" empire, under their top-down vice-grip control. They constitute what Perkins describes as the most sophisticated global imperial apparatus that the world has ever known. Their power rests in their ability to enslave entire nations through