

plenty of other instances, where he mixes half-truths with facts and straight misrepresentations.

Hence, for most people, the book is worthless to read, since only a very few have the opportunity to check out which of the details the author reports are true, and which are not—and that is indeed necessary for every single assertion he makes.

For those familiar with the author, this comes as no surprise. Fred Pearce, a contributor to British publications, including the *Guardian*, the *Independent*, the *Observer*, and the *New Scientist*, has been on the forefront of every ecological scare the international news media have decided to impose on the world. As with the scare stories expounded in his books *Acid Rain* and *Turning Up the Heat*, the allegations Pearce makes in his newest volume might well turn out to be more hot air than all global warming will ever produce.

Britain and the geopolitics of oil

by Peter Rush

A Century of War: Anglo-American Oil Politics and the New World Order

by F. William Engdahl

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The 1974 “oil crisis” was not created by the Arab governments of the Organization of Petroleum Exporting Countries (OPEC), as most people still believe, but by the ruling elites of the West. This one of the revelations of this book by *EIR*’s European Economics editor. The underlying reality was exposed by *EIR* at the time, but William Engdahl has investigated the conspiracy for the first time in detail, and made it the subject of a book written for a popular audience.

Conventional wisdom has it that the fourfold increase in oil prices in early 1974 was OPEC’s retaliation for losing the October War with Israel in 1973. But in reality, in April 1973, six months before the war, and almost a year before the oil price increase, a collection of Europe and America’s most influential people attending the meeting of the Bilderberg Society in Sweden were briefed on the coming “crisis” by U.S. oil analyst David Levy, who announced that OPEC would shortly be quadrupling its oil prices.

Given the devastation this would cause, especially in Europe, the reaction ought to have been one of anger and concern to avert this. Instead, the entire discussion after

Levy’s presentation focused on how to “recycle” the huge inflow of dollars that would pour into Saudi Arabia, Kuwait, and other OPEC countries. A year later, the topic was called “petrodollar recycling,” but the Bilderberger gentlemen discussed it nine months before there were any “petrodollars.”

Author Engdahl also shows how Henry Kissinger, who attended that Bilderberger meeting, proceeded to provoke the war by systematically lying to both Israel and the Arabs about each other’s plans. All the ensuing devastation to the world economy caused by the OPEC oil price hike—gasoline lines and inflation in the United States, western Europe, and Japan, and economic disaster for the Third World—was thus the result of a plot by behind-the-scenes powers for motives having nothing to do with Arab-Israeli conflicts.

Engdahl’s source for this revelation comes from the mouths of conspirators themselves, a story which he related in a recent public seminar but chose not to include in the book. Five years ago, he spotted a volume containing the 1973 Bilderberger proceedings, marked “Not for Public Distribution,” in a used bookstore in Europe. Hoping the bookseller would not see the inscription, Engdahl paid a pittance for the book and left the bookstore. Inside was a transcript of Levy’s speech, and the discussion that followed, as well as a list of all the participants, and information on the other panels. Since all Bilderberger meetings are wrapped in secrecy, and leaks are rare, this was a most fortuitous find.

But why did these circles seek to provoke the oil shock? Engdahl answers that question, beginning with the mid-19th century decision by Great Britain to become the dominant world power. The British System was based not on an effort to develop the largest economy, but to control world finance, world trade, and the world’s natural resources, toward which goals it also sought to maintain the largest colonial empire. After World War II, the United States became the supreme financial power, and Britain developed “the special relationship” with the United States, which means that leading circles in Great Britain pull the strings of American policymakers.

After World War II, the United States began copying the British blueprint for decline: Rather than investing in new technologies or needed infrastructure, with the partial exception of the Kennedy period, the United States shifted its economic focus from production to the “post-industrial” economy, in which the tangible production of useful goods is suffocated in a mountain of useless paper values. By the early 1970s, the rise of more productive economies in Japan, Germany, and France, relative to U.S. stagnation, was undermining the U.S. dollar. The point was fast approaching when these nations would have dumped the dollar as the primary reserve currency.

But that would have undermined the ability of the Anglo-Americans to run the world financial system. As Engdahl documents, at the same time that OPEC quadrupled the price of oil, it also demanded that all payments for oil be made in dollars. Suddenly, the entire world became dependent on acquiring enormous quantities of dollars to pay for oil. And

the accumulation in OPEC nations' coffers of tens, soon hundreds of billions in petrodollars, which found their way into Swiss, U.S., and British banks seeking financial investment, ensured that the bulk of international lending would still be made in dollars. Control of world finance by Wall Street was assured for another two decades, and a new lease on life was extended to the delapidated City of London.

France, 1968

Engdahl sheds light on another well-known event, the destabilization of French President Charles de Gaulle, through the unleashing of the student revolt that nearly toppled him, and did force him to retire a year later. In 1967, during an international monetary crisis, France had been buying American gold with dollars accumulating in France, because of a chronic U.S. balance of payments deficit. France was urging the United States to rescue the international gold-exchange system by doubling the official price of gold, in effect devaluing the dollar against gold by 100%. This would have doubled the value of the U.S. gold reserves, and rescued the U.S. from its crisis, at least for a while.

The U.S. refused, despite direct appeals from General de Gaulle. Why? To have devalued the dollar would weaken the ability to maintain the U.S. as the center of world finance. Instead, the U.S. government sought the creation of international funny money, called Special Drawing Rights (SDRs), to be issued by the International Monetary Fund. De Gaulle vetoed the proposal in early 1968. Within a few weeks of the veto, the student riots began. Coincidence? Engdahl doesn't think so. He presents the evidence for British intelligence infiltration of the student movement in France. The effect was to remove from the scene the only serious obstacle to Anglo-American world domination.

Britain started World War I

The book also offers a fresh view of what led to World War I. Conventional histories blame Austria for triggering the war, and Germany for backing Austria, which supposedly forced Russia into the war, and then France and England. Germany's guilt in starting the war was the excuse for U.S. entry on the side of France and Britain, and the rationale for the Versailles Treaty, which forced defeated Germany to pay astronomical reparations.

Engdahl shows that the war was fundamentally the outcome of Britain's aim to be the preeminent world power without working for it by developing its own economy. When the German industrial economy took off, after national unification in 1870, Britain had to find the means to cut Germany down, or become a second-rate power.

Britain had built its imperial delusions on gaining control of the world's seaways, and the maritime chokepoints. It was able to achieve this control by deployment of the Navy, acquisition of resource-rich colonies, and manipulating special trade relations such as with the countries of South America. It outmaneuvered France to effectively control the Suez Canal and to

take Egypt as a colony from the French. It took over Capetown, South Africa, to rule the sea route around Africa, and it courted the governments of Chile and Argentina which controlled the sea route around South America.

Germany built its power on rapid industrialization and use of its resources of iron and coal. But by the turn of the century, oil was becoming crucial for some industries, including for powering naval vessels. Germany had to import oil. Nonetheless, as Engdahl paints the picture, it pioneered in the use of oil for warships, threatening British dominance of the seas. At the same time, Germany allied with Turkey and began building the Baghdad to Berlin railway, to benefit both the Turkish and German economies.

The first years after 1900 saw frantic growth in the world oil industry. British-linked oil interests were busy acquiring oil rights throughout the Middle East, including taking over Iran's oil. About 1910, oil was discovered along the right of way of the proposed final spur of the Berlin-Baghdad railway, the spur into Baghdad and on to the sea near Kuwait, in what is now central Iraq. Had the rail line been completed, and the oil reserves been developed, Germany would have unlimited access to oil. It would be all but immune to a British naval blockade in the event of war. Britain had to act.

The weak link of the railroad was that it had to traverse Serbia, a de facto British protectorate. British intelligence was hyperactive in Serbia, creating a guerrilla movement which harassed the rail line, among other activities. And, as Engdahl documents, Serbian guerrillas allied to the British touched off the First World War by the assassination of Archduke Ferdinand in Sarajevo in 1914.

Britain, as part of its imperial aims, set up the diplomatic games that gradually isolated Germany from its relations to Russia, and broke Germany off from ties to France. Britain had by 1910 created a ring of allies around Germany—Russia, France, and Italy chief among them—just waiting for a pretext to have a war. While many of these events can be found in other history books, the role of Britain at the center of the spiderweb is always buried.

The book concludes with the 1970s and 1980s, documenting the systematic attack on the world's nuclear industry. Today, nuclear energy (which would have overturned the "petrodollar" gamble) is all but dead, including in the United States and the Third World. The wrecking operation was carried out to prevent the world from decreasing its dependence on oil—controlled by Anglo-American finance and their oil multinationals. Engdahl shows that Bush's Operation Desert Storm was fought not to liberate Kuwait, but to prevent western Europe from responding in a healthy way to the breakup of the former Soviet Union and its empire.

The target of Anglo-American operations, as it has been for over a century, is still Germany, which is seen in these circles as the greatest danger, and whose economic linkup with Russia is as much feared today as it was in 1922 when the British had German Foreign Minister Walter Rathenau murdered for concluding the Rapallo trade treaty with Russia.