

# Rohatyn, Shultz, Cheney 'Privatization' Scheme To Wreck U.S. National Security

by Jeffrey Steinberg

On Oct. 9, 2004, two leading American figures in the International Synarchy, George Shultz and Felix Rohatyn, teamed up in an assault upon the national sovereignty and national security of the United States. Under the auspices of George P. Shultz's Princeton Project on National Security, the Rohatyn Center for International Affairs at Middlebury College, and the Woodrow Wilson School of Public and International Affairs at Princeton University, jointly sponsored a conference

will set off provocations, which will be used to bring about dictatorial powers and emotion, in the name of crisis management.

"You will have small wars set off in various parts of the world, which the Bush Administration will respond to, with crisis-management methods of provocation. That's what you'll get. And that's what the problem is, and you have to face that. You've got to control this process now, while you still have the power to do so. Don't be like the dumb Germans, who, after Hitler was appointed to the Chancellorship, in January 1933, sat back and said, 'No, we're going to defeat him at the next election.' There was never a next election—there was just this '*Jawohl*,' for Hitler as dictator. Because the *Notverordnung* of February 1933, *eliminated* the political factor.

"And that's the danger you'll get here. If the Bush Administration is determined to hammer its way through on this thing, if it's not resisted, and you allow it to do so, you will find it strongly tempted. And you look at, remember what George Bush's specialty was, as I remember very well. Remember Iran-Contra, one of the biggest mass-murder swindles in modern history, run by Vice-President Bush, under special powers, given to him under special orders, with the Executive Branch. *He* ran Iran-Contra, the biggest drug-running game in the world. And behind Bush—and I know these guys very well, because I've been up against them; most of my problems came from these characters—these guys, pushed to the wall, will come out with knives in the dark. They will not fight you politically; they will get you in the back. They will use their thugs to get you. That's their method. Know it."

promoting "The Privatization of National Security," at the Middlebury College campus in Vermont. The conference brought together a dozen or so academics, former government officials, and retired military officers to chart out the vast expansion of the privatization of military functions, through PMCs—private military companies.

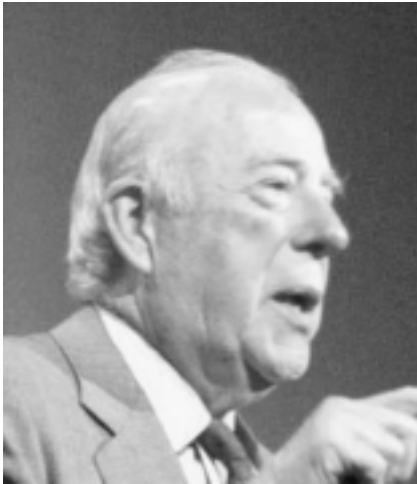
According to the Rohatyn Center's annual report of 2004-05, Shultz is the co-chairman of the Princeton Project, which is funded by the Ford Foundation, and "aims to move beyond the . . . standard ways of thinking about national security." Translated into plain English, Shultz and Rohatyn are leading the drive to eliminate the sovereign nation-state, by outsourcing to private multinational corporations, virtually all national security and military functions, including all non-combat and some core combat functions of the military itself.

In line with the Shultz-Rohatyn scheme—and under the umbrella of "privatization"—the so-called Global War on Terrorism (GWOT) of Secretary of Defense Donald Rumsfeld, former Deputy Secretary of Defense Paul Wolfowitz (now president of the World Bank), and Undersecretary of Defense for Intelligence Stephen Cambone, has already transformed segments of the U.S. military into a carbon-copy of Hitler's Allgemeine SS, deploying quasi-private bands of commandos around the globe with a license to kill, and engaging in a massive spying campaign against American citizens, far beyond anything Richard Nixon envisioned in his most paranoid moments.

According to one well-placed U.S. military source, Rumsfeld has recently radically altered the personnel regulations of the Special Operations Command, allowing Green Berets, Navy Seals, Delta Force commandos, and other "spec ops" troops, to "temporarily" retire from the military service, go to work for private contractors, and later return to active duty—with no loss of rank or service time. If this report is true, Rumsfeld has smashed the wall of separation between active-duty special forces soldiers on the one side, and mercenaries and terrorists on the other.

## Neo-Feudalism

The general theme of the Rohatyn-hosted conference was summed up by Peter Feaver, the director of the Triangle Institute for Security Studies at Duke University, who gushed, "In fact, what we're seeing is a return to neo-feudalism. If you



www.lnl.gov



EIRNS/Stuart Lewis



EIRNS/Stuart Lewis

*The “neo-feudal” scheme to privatize the U.S. military and knock down the last pillar of national sovereignty, has been associated with three names in particular (left to right): George Shultz, Felix Rohatyn, and Dick Cheney.” Shultz and Rohatyn were key players in the Pinochet coup in Chile. In 1991, then-Secretary of Defense Cheney hired Halliburton to conduct a top-secret study on how America’s military operations could be outsourced to the private sector.*

think about how the East India Company played a role in the rise of the British Empire, there are similar parallels to the rise of the American quasi-empire.”

Feaver is no mere think-tank quackademic. In June 2005, he was brought on to the National Security Council as a “special advisor for strategic planning and institutional reform,” a post he will hold at least through August 2006. Feaver was the principal author of the Bush Administration’s “National Strategy for Victory in Iraq,” a 35-page public document released by the White House on Nov. 30, 2005, as President George W. Bush was addressing the U.S. Naval Academy in Annapolis, Md. Feaver, whose Triangle Institute conducts public opinion polls on national security issues, argued that Americans could be snookered into accepting high rates of casualties and vast costs of war, for an indefinite period of time, so long as they were convinced that there was a plan for “victory.” No need to clue in the American people, or even the military brass, for that matter, on the fact that the goal is “neo-feudalism,” as he boasted in front of the Rohatyn-selected crowd at Middlebury.

In his own remarks on the final panel at Middlebury, Rohatyn, in his usual glib style, let the cat out of the bag: “I will address this issue as privatization and what goes with it, not if it’s good or bad, because I think it is here to stay and there’s no point in arguing that issue. And also because I think it will grow. I don’t think for a moment that privatization will stop with security services. . . . I believe it is inevitable that more and more ranking officers will leave the Pentagon and go with private companies, and then go back to the military as contractors, with businesses that have far greater market values. Because one actor that you haven’t included here are the securities markets. And privatization, which is a dogma as well as a process, usually brings with it two other elements. One is deregulation and the other is a need for transparency.”

Rohatyn argued that, for the privatization of national security to work on a grand scale, it must be run by large multinational corporations—i.e., cartels—which are “regulated” by the invisible hand of the stock market: “The big companies have [legitimacy] because they are transparent, because they are listed on securities exchanges, because there is a sanction if they do something wrong. That doesn’t exist with the smaller players,” he said, making a pointed reference to the torture of prisoners at Abu Ghraib, where private contractors, hired as translators and interrogators, took part in the abuses.

Rohatyn concluded: “The issue of what is it that only the government can do: It’s probably to kill people. But I don’t think there are that many issues where the government can act where the private sector can’t play a role if it is properly overseen, and if the community of interests is protected.”

Sources familiar with the Middlebury conference say that the event capped an organizing drive for the “privatization of national security” that has been under way since the collapse of the Soviet Union. During the Presidency of William Clinton, Rohatyn, who served briefly as Ambassador to France, was the leading champion of the privatization and outsourcing of as many Pentagon functions as possible.

In fact, from the outset, the “neo-feudal” scheme to privatize the U.S. military and knock down the last pillar of national sovereignty, has been associated with three names in particular: George Shultz, Felix Rohatyn, and Dick Cheney. Shultz and Rohatyn, sources close to the two men report, have been tight friends for a long time, perhaps dating back to their early 1970s collaboration on the Pinochet coup in Chile. At the time, Shultz held a string of Cabinet posts in the Nixon Administration, and Rohatyn, the chairman of the New York-London-Paris brokerage house, Lazard Brothers, was an outside director of International Telephone and Telegraph (ITT), the major corporate sponsor of the coup. Along with then-

Secretary of State and National Security Advisor Henry Kissinger, Shultz and Rohatyn were key players in the CIA-backed overthrow and murder of Chilean President Salvador Allende, and the installation of the military junta of Gen. Augusto Pinochet.

## Cheney and Halliburton

According to numerous published accounts, in 1991, shortly after “Operation Desert Storm,” then-Secretary of Defense Dick Cheney hired the Houston, Texas-based oil equipment company Halliburton to conduct a top-secret study of how America’s military operations could be outsourced to the private sector. All told, Halliburton received \$8.9 million to conduct the study, which to this day, remains classified. One Congressional source described the study as “the crown jewels,” and forecasted that, so long as Cheney is around, the content of the Halliburton privatization plan will remain buried.

*The New Yorker’s* Jane Mayer filled out the picture of the early Cheney-Halliburton collusion in a Feb. 16, 2004 story: “As Defense Secretary,” she wrote, “Cheney developed a contempt for Congress, which, a friend said, he came to regard as ‘a bunch of annoying gnats.’ Meanwhile, his affinity for business deepened. ‘The meetings with businessmen were the ones that really got him pumped,’ a former aide said. One company that did exceedingly well was Halliburton. Toward the end of Cheney’s tenure, the Pentagon decided to turn over to a single company the bulk of the business of planning and

providing support for military operations abroad—tasks such as preparing food, doing the laundry, and cleaning the latrines. . . .

“Halliburton was paid \$3.9 million to write its initial report, which offered a strategy for providing support to twenty thousand troops. The Pentagon then paid Halliburton five million dollars more to do a follow-up study. In August 1992, Halliburton was selected by the U.S. Army Corp of Engineers to do all the work needed to support the military during the next five years, in accordance with the plan it had itself drawn up.”

In January 1993, when the Clinton Administration came in, Cheney supposedly briefly flirted with the idea of running for the Republican Presidential nomination in 1996. He soon dropped that idea, and instead, was hired by Halliburton as its CEO. Urban legend has it, that Cheney was picked for the Halliburton post by a group of corporate executives, during a fly-fishing vacation in Canada. but Cheney’s earlier “special relationship” with Halliburton, while Secretary of Defense, certainly suggests that his post-Bush Administration future may have been sealed before he left office.

Over the five-year period from 1995-2000, Cheney took in \$44 million in salary as Halliburton CEO. When he left the company to become George W. Bush’s self-selected Vice Presidential running-mate, he arranged a deferred compensation deal that has given him an average of \$150,000 a year in supplemental income, and stock options currently valued at over \$18 million.

## Eisenhower’s Warning

*In his Jan. 17, 1961 Farewell Address, President Dwight D. Eisenhower warned against the “military-industrial complex”—the grouping behind Cheney today.*

A vital element in keeping the peace is our military establishment. Our arms must be mighty, ready for instant action, so that no potential aggressor may be tempted to risk his own destruction.

Our military organization today bears little relation to that known by any of my predecessors in peacetime, or indeed by the fighting men of World War II or Korea.

Until the latest of our world conflicts, the United States had no armaments industry. American makers of plowshares could, with time and as required, make swords as well. But now we can no longer risk emergency improvisation of national defense; we have been compelled to create a permanent armaments industry of vast proportions. Added to this, three and a half million men and women are directly engaged in the defense establishment. We annu-

ally spend on military security more than the net income of all United States corporations.

This conjunction of an immense military establishment and a large arms industry is new in the American experience. The total influence—economic, political, even spiritual—is felt in every city, every Statehouse, every office of the Federal government. We recognize the imperative need for this development. Yet we must not fail to comprehend its grave implications. Our toil, resources, and livelihood are all involved; so is the very structure of our society.

In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.

We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together.