

ready an estimated \$200 billion and which has probably risen to well over a trillion dollars today. Aided by U.S. and other law enforcement officials, *EIR* investigators soon determined that the world dope trade was still run by those British imperial corporations and banks which established the modern form of it in the 19th Century, as in the Opium Wars against China. The names of Bank Hapoalim, Bank Leumi, and the Israel Discount Bank (IDB) continually popped up in that investigation as de facto subsidiaries of such dirty London (and Swiss) private banks as Barclays, the Hong Kong and Shanghai Bank (HSBC, today) and other behemoths.

Leumi, for instance, financed an estimated one-third of the world's traffic in diamonds, used for untraceable laundering of drug money, while the IDB set up the notorious drug-money-launderer Edmond Safra and his Republic National Bank.

Bank Hapoalim laundered money for the drugs- and gun-running Iran/Contra affair. It was no surprise, then, that Israeli police on March 6, 2005 raided Branch 535 of Bank Hapoalim in what top police officials called "the largest money-laundering case in the nation's history," involving, at minimum, \$400 million in dirty funds. In 2001, French authorities were also investigating Leumi (and its French subsidiary), along with the IDB and the First International Bank of Israel, Israel's fifth-largest bank, for money laundering. Leumi, the IDB, and Hapoalim all have branches spanning the globe, including in such money-laundering havens as Luxembourg, the Bahamas, and the Jersey Islands, off the British coast.

Such activities by the "Big Three" are easily understood, when one considers their provenance. Leumi began life in 1899 as the Jewish Colonial Trust. Dominated by the Rothschilds, who still have a dominant influence in Israel today, it soon became known as the Anglo-Palestine Company, and served as the Jewish colony's central bank, until Israel was founded in 1948. The IDB was founded by the powerful Venetian/Salonican banking family, the Recanatis, whose members even today brag about their roots as "an old Venetian banking family." Bank Hapoalim was formally (although not in practice) dominated by Israel's labor federation, Histadrut, until it was privatized under Shultz's protégé Prime Minister Benjamin Netanyahu in 1997.

The previous year, according to a posting in the Israeli Foreign Ministry's Oct. 14, 1996 "Economic Survey," a delegation of executives of "the British arm of the American [sic] investment bank Lazard Frères," travelled to Israel to plan Hapoalim's privatization, whose controlling interest they were expected to purchase, along with Israeli businessman Eliezer Fishman. Among those who bought major shares in the privatized Hapoalim were U.S. Democratic Leadership Council (DLC) financier Michael Steinhardt, the son of gangster Meyer Lansky's jewel fence, and Danny Danker, an Israeli who made a fortune under the Shultz-run privatization of Israel.

Israel-Palestine

Cheney Unleashes The Dogs of War

by Dean Andromidas

Vice President Dick Cheney has ignited a new Middle East war that threatens to spread from Israel and Lebanon, to Syria and Iran. As *EIR* recently exposed, (*EIR* June 30, "Cheney and Netanyahu Conspiring for War"), this latest war was planned at a secret meeting between Cheney, Donald Rumsfeld, and Likud chairman Benjamin Netanyahu, during a conference organized by the American Enterprise Institute in June at Beaver Creek, Colorado.

This war is not intended to make Israel safe from Hamas, Hezbollah terrorism, or Iran's alleged intentions to build nuclear weapons, but is rather a drive by the synarchist financial forces represented by the likes of George Shultz and Felix Rohatyn, who stand behind Cheney and Netanyahu. Their aim is to escalate a global clash of civilizations, to maintain their political and financial hegemony, as their own global financial system crumbles.

Israel is their chosen instrument to launch a war against Syria and Iran, now that U.S. military forces are bogged down in Cheney's insane Iraq war. Their war plan is well known to readers of *EIR*, and is the policy the Bush Administration has been implementing, with disastrous results, for the last three years. This is based on the notorious policy paper, "A Clean Break: New Strategy for Securing the Realm," which was presented to Netanyahu when he became Israeli Prime Minister in 1996. Its authors included the "Prince of Darkness" Richard Perle, former Defense Department official Douglas Feith, and neo-conservative fanatics such as David and Meyrav Wurmser. That document called for a "clean break from the slogan 'comprehensive peace' to a traditional balance of power." They called for Israel to "seize the initiative along its northern border," against Hezbollah, Syria, and Iran, including "*striking at select targets in Syria proper*" (emphasis in the original).

Hezbollah is a Lebanese umbrella organization of Islamic Shi'ite groups, and the Shi'ites are the largest religious bloc in Lebanon.

Israel's War Policy

Netanyahu came back from his meeting on the weekend of June 17-18 with Cheney at Beaver Creek, and announced that Israel must reject any form of negotiations with the Palestinians, and instead reassert its military "deterrence."

This policy has been embraced by Israeli Prime Minister Ehud Olmert, a former Likudnik who enjoys many of the same U.S. financial supporters as does Netanyahu. The June 25 capture of the Israeli soldier Gilad Shalit, by Palestinian militants in the Gaza Strip, served as a pretext to launch Netanyahu's policy of "rebuilding Israel's deterrence" against the Palestinians, by destroying Hamas. After rejecting political negotiations with the Hamas government of Palestinian Prime Minister Ismail Haniyah, as well as President Abu Mazen, the Gaza Strip was reoccupied, after chunks of its infrastructure were destroyed, leading to a humanitarian catastrophe.

Now a second front has been opened on the Israel-Lebanon border. Contrary to media reports, Hezbollah members did not cross into Israeli territory to "kidnap" two Israeli soldiers, as the media spin claims. The captured Israeli soldiers were part of a group patrolling inside Lebanese territory. Like the capture of Israeli soldier Gilad Shalit, their capture became a pretext to launch a large military operation against Hezbollah. Another factor to be considered is that, according to the July 13 *Jerusalem Post*, the high-alert status that the northern border had been under since the capture of Shalit three weeks ago, was lifted only three days prior to the Hezbollah capture of two Israeli soldiers.

According to a report in the July 13 Israeli daily *Ha'aretz*, the Israel military had approved a plan for a major exercise along the Israeli-Lebanese border, based on a scenario of a Hezbollah capture of Israeli soldiers, after which Israel would respond with a heavy air and land assault into southern Lebanon to destroy Hezbollah. It is this plan which is now being carried out. As of this writing, Israel has begun to mobilize its reserves, including a full division, to be deployed on the already heavily fortified northern border.

The Israeli military has similar contingency plans for a strike against Syria. These plans have been the basis of exercises for the last two to three years.

While Israel has bombed targets in Beirut and put the entire country under a siege by air and sea, Hezbollah forces have launched Katyusha rockets into Israeli towns in northern Israel. The head of Hezbollah, Sheikh Hassan Nasrallah, has declared that the Israeli soldiers will be released only in an exchange of prisoners.

The conflict is now vectored to escalate, and spread to Syria. Israel's intention to attack Syria and Iran has been mooted by several Bush Administration spokesmen, each of whom immediately blamed Syria and Iran. Bush himself, while meeting with German Chancellor Angela Merkel on July 13, declared that "Israel has a right to self-defense."

The most obvious proof that the Bush Administration



Gush Shalom Photo/Rachel Avnery

Only a few hours after the start of the Israeli attack on Lebanon on July 13, 200 peace activists gathered in front of the Israeli Ministry of Defense to protest against the retributive attacks.

wants a new war does not lie in its bellicose statements against Iran, Syria, Hamas, or Hezbollah, however. It lies in the fact that it has not lifted a finger either to stop, or even mediate the crisis. Through its Ambassador to the United Nations, the non-confirmable neo-con zealot John Bolton, the Bush Administration is even preventing the issue from being brought before the United Nations Security Council.

No Military Solution

In comments to *EIR*, veteran Israeli military historian Col. Meir Pa'il (ret.) confirmed that a broad military escalation can be expected. From a military standpoint, Pa'il said, Israel will now have no choice but to occupy southern Lebanon up to the Litani River, which means a return to the so-called "security zone" from which Israel unilaterally withdrew in 2000. Nonetheless, Israel will not be able to sustain a broad land war in Lebanon, as in 1982, or even a permanent occupation of the old security zone.

Although he doubted that Syria would offer Israel a pretext for an attack, he feared that if such a pretext presented itself, a military strike could not be ruled out. While asserting that Israel is not capable of launching a major land war against Syria, and thus would not do it, Colonel Pa'il warned that there has always been a "dream" held by a faction in the military security establishment to put Damascus within range of Israeli artillery. Since the Syrian capital is less than 40 kilometers from the Israeli-occupied Golan Heights, such an event is very much within the realm of possibility.

Colonel Pa'il warned that "the real problem is that Israeli leaders are only thinking in military terms," while what needs

to be done is to build a political peace with Israel's Arab neighbors. Pa'il, who is a member of the pro-peace Meretz-Yahad party, said that the value of Israel's massive military superiority is to demonstrate to the Arab world that Israel cannot be defeated militarily. Nonetheless, that military must serve to set the stage for a real peace process. "The real issue is to raise the flag of a solution to the problem. I am crying and weeping because of the fact that this government has no political orientation to deal with the Arab world."

While the ex-lawyer Ehud Olmert and the ex-furniture salesman Benjamin Netanyahu are trying to sound like the ex-general Ariel Sharon, there are serious doubts within the Israeli security establishment over their drive to push Israel into a three-front, or even four-front war with the Palestinians, Hezbollah, Syria, and Iran. Even prior to the new crisis with Hezbollah, *Ha'aretz* cited security sources who have dealt with these situations, saying that Olmert's policy of non-negotiation "infuriates" them. *Ha'aretz* even quoted slain Prime Minister Yitzhak Rabin, who said, "When there is no military option, we do everything, including negotiations with the kidnapers, to free hostages."

Former Mossad chief Ephraim Halevy expressed similar doubts, when speaking before a business luncheon on July 11. Asked how he would have acted in the current Israeli prisoner crisis, he replied, "I believe that one should never underestimate the enemy, and it always helps and never harms, when you approach your greatest tests with just a grain of humility."

A Basis for Negotiations

Many Israelis also know that the Bush Administration has given Israel a green light to crush Hamas, and now Hezbollah.

Hamas knows this also. Palestinian Prime Minister Ismail Haniyah, in a op-ed published in the July 11 *Washington Post*, under the title "Aggression Under False Pretenses," charged that both Olmert and the Bush Administration were colluding to destroy the Hamas government.

"The current Gaza invasion is only the latest effort to destroy the results of fair and free elections held early this year," Haniyah charged. "It is the explosive follow-up to a five-month campaign of economic and diplomatic warfare directed by the United States and Israel. The stated intention of that strategy was to force the average Palestinian to 'reconsider' his or her vote when faced with deepening hardship; its failure was predictable, and the new overt military aggression and collective punishment are its logical fulfillment.

"The 'kidnapped' Israeli Cpl. Gilad Shalit is only a pretext for a job scheduled months ago. In addition to removing our democratically elected government, Israel wants to sow dissent among Palestinians by claiming that there is a serious leadership rivalry among us. I am compelled to dispel this notion definitively. The Palestinian leadership is firmly embedded in the concept of Islamic *shura*, or mutual consultation; suffice it to say that while we may have differing opin-

ions, we are united in mutual respect and focused on the goal of serving our people. . . .

"We want what Americans enjoy—democratic rights, economic sovereignty and justice. We thought our pride in conducting the fairest elections in the Arab world might resonate with the United States and its citizens. Instead, our new government was met from the very beginning by acts of explicit, declared sabotage by the White House. Now this aggression continues against 3.9 million civilians living in the world's largest prison camps. America's complacency in the face of these war crimes is, as usual, embedded in the coded rhetorical 'green light': 'Israel has a right to defend itself.' Was Israel defending itself when it killed eight family members on a Gaza beach last month, or three members of the Hajjaj family on Saturday, among them 6-year-old Rawan? I refuse to believe that such inhumanity sits well with the American public."

Haniyah called for a prisoner exchange and put forward the principles for a negotiating process, writing that, "Palestinian priorities include recognition of the core dispute over the land of historical Palestine, and the rights of all its people; resolution of the refugee issue from 1948; reclaiming all lands occupied in 1967; and stopping Israeli attacks, assassinations and military expansion. . . .

"Contrary to popular depictions of the crisis in the American media, the dispute is not only about Gaza and the West Bank; it is a wider national conflict that can be resolved only by addressing the full dimensions of Palestinian national rights in an integrated manner. This means statehood for the West Bank and Gaza, a capital in Arab East Jerusalem, and resolving the 1948 Palestinian refugee issue fairly, on the basis of international legitimacy and established law. "

Haniyah concluded, "If Israel is prepared to negotiate seriously and fairly, and resolve the core 1948 issues, rather than the secondary ones from 1967, a fair and permanent peace is possible. Based on a *hudna* (comprehensive cessation of hostilities for an agreed time), the Holy Land still has an opportunity to be a peaceful and stable economic powerhouse for all the Semitic people of the region. If Americans only knew the truth, possibility might become reality."

Olmert thinks his hard-line policies, backed by the Bush Administration, will create a new "balance of power" in the region. But Israel is facing an asymmetric war like the one the United States is conducting and losing in Iraq and Afghanistan, where there are no "balances." Already the Israeli military is warning that these operations could continue for many months, and for the first time, put hundreds of thousands of Israeli civilians in the line of fire. Can Israel sustain this, economically and politically? The 1982 Lebanon War bankrupted Israel. Israel avoided bankruptcy in the six-year-long second Intifada of 2000 to 2005 only because the Bush Administration provided \$10 billion in loan guarantees. Now, with the United States itself nearly bankrupt, will there be another bailout?