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Right: The original mediaeval seal of Westminster Abbey employed in the Exchequer Houses of the Treasury of the Kings of England, held in Westminster Palace. We have adopted this seal as our symbol – to signify continuity, civilisation, freedom, faith and the continuing relevance and utility of the nation state at the beginning of the 21st century, when it is under relentless attack from Leninist, globalist revolutionary forces dedicated to its abolition.



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Editor and Publisher: Christopher Story FRSA

FEBRUARY-MARCH 2006

OFF-BALANCE SHEET FRAUD PROBES MAY TRIGGER A GLOBAL SHOWDOWN

Hitherto, to call the future of the Euro into question has been considered akin to blasphemy by Euro-ideologues, with inconvenient critics such as ourselves routinely consigned to outer intellectual darkness. But when a prominent former European Commissioner, no less, at long last came to his senses and voiced his fears for the Euro publicly, some EU apologists started to panic. As well they might – but not, short term, for the reasons he advanced.

On 26th January 2006, a former EU Internal Market Commissioner, **Frits Bolkestein**, rocked the insecure Europhile community by calling the long-term survival of the EU Collective Currency into question. In a speech delivered to Dutch business leaders in London, Mr Bolkestein, who served in the Prodi European Commission from 1999 to 2004, said that the Euro would face a 'huge test' in about ten years' time, when there would be a massive growth in the numbers of people reaching pensionable age throughout Europe. The ageing of the European population would, he said, hit the Continent 'ruthlessly', with countries like Italy totally unprepared for the inevitable jump in pensions claims.

These 'states', he said, would be 'forced by political pressure to borrow more and to increase their budget deficits, with consequences for interest rates and inflation... The real test for the Euro [therefore] is not now, but in ten years' time. **In my view, the long-term chances of survival of the Euro should be questioned**'. In 2005, several City of London economists cast doubt on the Euro's future, while certain Italian political figures are operating a campaign to ditch it. The European Commission's response to such critics is always to dismiss them as cranks or ill-informed. However since **Peter Jay**, the distinguished British economist and former UK Ambassador to Washington, wrote a paper, published in our financial journal *International Currency Review* prior to 1999, in which the clear dangers of currency collectivisation were spelled out, it is manifest that critics of this scheme are far from being universally mentally delinquent. In Italy, Germany and the Netherlands, local currency 'substitutes' are being used more and more as means of exchange – a sure sign that confidence in the Euro is at a low ebb. These 'complementary currencies' and local exchange systems are growing in number all over the world, but the last thing that the European collectivists anticipated was their appearance right inside the collectivised monetary and currency environment.

Opinion polls have shown that large numbers of 'Europeans' blame the Euro for the Continent's struggling economy, and for

persistently sky-high levels of unemployment (Germany, 11.5%, France, 9.7%; Italy, 7.7%, according to recent OECD data). Some economists, who remained silent during the run-up to the Euro's launch, have now finally joined us in predicting that the Euro system could be pulled apart by the divergences between EU 'Member States' economic performances – all of which was predicted here, and predictable, but which these 'experts' did not anticipate.

However the Euro's problems are actually *much worse* than Mr Bolkestein – one of the most rigorous defenders of the entire EU collectivisation project throughout his period in office – revealed in his London speech. **For instance, underlying assets supporting the Euro appear to have been attacked and misdirected by criminal elements within the European System of Central Banks.**

In other words, the rampant criminalism threatening the US dollar Ponzi Game, which is in the process of being exposed by our services and is liable to explode into the biggest nexus of interlinked financial scandals in history, resides in the Euro system, too, and may be endemic at European banks as well as in the United States.

Behind the scenes, some of the trustees of Chang Kai-Shek's 1945 Trust, who were required to execute certain huge transactions through European banks, were reliably reported to have had to extend their stay at London's Savoy Hotel in February, after scheduled giga-transactions were stalled in the context of stand-offs involving banks which may have misallocated funds, perhaps using them to underpin precarious derivatives positions.

Most annoyingly for the secretive crooks involved, the original Chinese (Formosan) Trust required an audit to be conducted after 50 years, namely **right now**. So official and other auditors are, as we mention elsewhere in this issue, prowling in the banking system's undergrowth seeking diverted funds. It is more than likely that historically unprecedented frauds will be exposed, and that people will be reported to have jumped out of skyscraper windows, or even perhaps out of official residences. Given this context, we suggest that Mr Bolkestein's predictions, based on the pensions 'time-bomb', are more than likely to have been *overtaken by events long before 2016*. **In fact the events to which we refer are staring the international financial community in the face 'as we speak'.** ■

ECONOMIC INTELLIGENCE REVIEW: 10, 5 & 6

This intelligence service is published for a select global list of subscribers who agree, with Machiavelli, that in international economics, finance and geopolitics, nothing is as it seems. This reality does not relieve the serious analyst of the duty to seek the truth wherever it may be found – which may frequently be uncomfortable, and in conflict with the consensus-minded, who may consider the truth to be 'outrageous'. ■

NSA'S 'EAVESDROPPING' PROGRAM: A COVER FOR THEFT AND FRAUD

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MORE ABOUT THE BRITISH DRUG CRISIS [SEE EDITORIAL]

According to official figures, up to 35,000 children under the age of 16 are using heroin. One leading academic has suggested that the number of British schoolchildren using heroin could be as high as 60,000. Dr Paul Skett, an addiction expert in Glasgow, states the obvious: 'Heroin affects the brain, hormonal and sexual development, which means that children won't develop properly and girls might not be able to have children when they are older'. The official findings, which were filed away in an obscure study entitled 'Smoking, Drinking and Drug Abuse Among Young People in England in 2004', revealed that in each year since 2000, 1% of all schoolchildren used heroin at least once. The findings were based on interviews with more than 9,700 children aged between 11 and 15 years. A similar survey was conducted in Scotland, where a similar percentage of heroin users was discovered among a sample of 7,000 schoolchildren.

Elizabeth Fuller, the lead statistician for the official survey, said that the figure was rounded up from 0.7%, but margins of error meant that the figure could be 0.5% or 0.9%, so that the nationwide number of schoolchildren in England would be between 19,500 and 35,100. However, Professor Neil McKeganey, a Glasgow University narcotics expert, retorted that the figure could be much higher than 35,000, and would continue to rise. He elaborated that 'about 300,000 children growing up in Britain today have one or both parents addicted to heroin. These children assume heroin is quite normal'.

The UK Department of Health, which fosters sexual permissiveness as official policy (masked by revolutionary aesopian weasel language) responded complacently with the statement: 'We have made sure that all schools receive guidance on solvents, drugs and alcohol'.

Great! But has the Department of Health done anything at all to 'make sure' that GO-2 ceases its drug-related operations? Have the Prime Minister and other holders of high office intervened in any way, at any time, to order this abomination to cease forthwith? Has the new 'Conservative' Party leader, whose wife had an unfortunate experience with drugs, so that the family suffers long-term consequences, thrown his new weight behind a demand that this activity must stop? Not as far as we know. Because, you see, laundered proceeds from drugs support British political parties. ■

About this intelligence service

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Editor's Comments

THE DRUG-TRAFFICKING BRITISH AUTHORITIES

Buried in the recesses of the hideous building in Vauxhall, south of the River Thames, in Central London, which houses MI6, are a number of 'Black' intelligence agencies which 'do not exist', but the existence of which has been revealed to this service. One of these, labelled simply GO-2, is, we are reliably informed, engaged in drug-trafficking operations. Specifically, it controls, supervises, facilitates or otherwise interacts with two (not one, but TWO) drug-trafficking and distribution cartels which distribute narcotics into British society.

John Reid, the British Minister of Defence, recently waxed eloquent over the tasks facing the 3,500 troops (part of a contingent of 6,000) who have been/are being sent to Afghanistan. One of their tasks will be to help eradicate the heroin trade – for, quite correctly, Mr Reid believes that drug addiction can only be eradicated by *liquidating supply*. The other task that British troops will be performing is to 'prevent the return of the Taliban'. Is Mr Reid stupid, or has he not been briefed?

At the level of the Defence Secretary's thinking, surely the British Minister of Defence must be aware that under the Taliban, Afghan opium production fell to 150 tonnes, compared to the worst years prior to its 'removal', of 3,500 tonnes. It follows that, if Mr Reid is sincere in his desire to eradicate heroin production, the Taliban should be allowed back to control the Afghan Government without further ado.

Further, is Mr Reid not aware that Robert Armstrong, the alleged drug king of the US official structures, rudely declined to accept a continuing high-level post under Condoleeza Rice at the State Department because, it was rumoured, 'we gotta get back into business'? By that he meant that he was off to establish an 'import-export agency' in Kabul. Importing and exporting WHAT? Bedsteads? Cushions? Handkerchiefs? Or fire extinguishers? Pancakes? Drugs, of course, stupid. That's what he's there for. And lo, immediately following the chaotic US occupation, Afghani drug production soared to 4,500 tonnes *per annum* – higher than at any time in history. Why? because the 'hidden' purpose of the US occupation was to restore heroin production to its former lucrative levels.

For when Afghani drug production was at its lowest under the Taliban, the dollar money supply suffered a considerable 'contraction', in the sense that nothing like enough 'new' liquidity could be laundered through the Chicago Mercantile Exchange and into the stock market, so that stock prices fell sharply and a dangerous state of affairs threatening the stability of banks and certain corporations developed. Accordingly, Afghanistan was actually a higher priority for the geo-crooks in charge than Iraq. Mission accomplished.

Obviously, no criticism of the corrupt, criminalised US Government structures that have allowed the CIA to become the biggest drug-running organisation in the world, ever has any effect. But the participation in this heinous Illuminati practice by a British 'Black' intelligence organisation, is totally unacceptable. We have long since come to regard the amoral cadres of the colossal controlling US Government intelligence community as beyond correction. But the fact that British intelligence cadres are involved in this satanic activity is much more than we, and many others we know, can silently tolerate. ■



THE STATE OF THE UNION: HARDLY A PRETTY SIGHT, FOR THOSE WHO CAN SEE IT

The condition of the Republic of the United States can be gauged through the prism of how present and past holders of the highest offices are behaving. Unfortunately, the picture that recently obtained intelligence reveals is that of gangsterdom masked by a veneer of false respectability. Few understand that it's a free-for-all up there.

PRESIDENTS IN HATE-FEST AT CORETTA FUNERAL

The CNN broadcast of Mrs Coretta King's funeral service provided anyone watching with eyes to see, with a fascinating glimpse of the hellish world of Outer Darkness in which holders of the highest offices in the United States live and have their being. The Black pastor tells the congregation, in the presence of four living US Presidents, that there were no weapons of mass destruction in Iraq, and that funds squandered on developing overwhelming military might should be redirected, in part, to improving the lives of poor Blacks in the South. President Bush Sr, the first of the Presidents to address the congregation, retorted that the pastor should keep his nose out of politics and concentrate on the job he was consecrated for, or words to that effect. Whereupon '42' (Clinton), who is the next to speak, hits back at his presidential predecessor with the following extraordinary remark: **'That's rich, coming from a member of the FROZEN CHOSEN'**.

This exchange was broadcast by CNN at approximately 1.30 am UK time on 8th February 2006. What on earth can President Clinton have meant by that vicious remark?

According to British intelligence sources, confirmed by sources in the United States, President Bush Sr was placed under house arrest, probably in mid-December. When intelligence officers (whether Presidents or not) suffer this fate, they may be allowed out for certain special purposes. Interestingly, neither Bush Sr nor his wife attended President Bush Jr's State of the Union Address at the end of January.

On that occasion, C-Span played a curious game with its viewers, asking them to guess who was absent from the ceremony. In the course of that broadcast, C-Span inadvertently drew attention to an astonishing fact (*detailed below*). The answer to their little 'riddle' was: Jim Nicholson. Who on earth is he? He turns out to be the United States' envoy to the Vatican, and he is a member of the Cabinet. C-Span was at pains to point out that this Cabinet member was missing from the assembled company because he had temporary charge, while President Bush was delivering his Address, of the aptly named 'Black Bag', containing all the nuclear codes and other secret information available only to the President of the United States.

But what C-Span was *actually* doing was obliquely drawing attention to the fact that George Bush Sr and his wife were absent from the ceremony – an extraordinary state of affairs which, it would appear, the US media had been precluded from reporting. In the course of playing this little game with its viewers, C-Span 'inadvertently' revealed that

the US Envoy to the Vatican is a member of the American Cabinet. The implications of this are colossal, especially as it is known that a Rome-based CIA operative briefs the Pope every Friday evening, and that substantial sums of money which were 'misappropriated' during the giga-funding operation in 1989-92 found its way to Opus Dei, a 'new form' of the 'Society of Jesus' (Jesuits) which appears to have got the upper hand in the 'Holy See', and now controls the Papacy at the highest level. (None of the institutions and entities mentioned here have *anything whatsoever* to do with Jesus of Nazareth, in case you wondered – a point that will be meticulously elaborated in the Editor's book *'The New Underworld Order'* [[website: www.worldreports.org](http://www.worldreports.org)]).

Reverting to the matter of the 'now-you-see-him-now-you-can't' 41st President of the United States, the next obvious question is: **why** was he allegedly placed under house arrest?

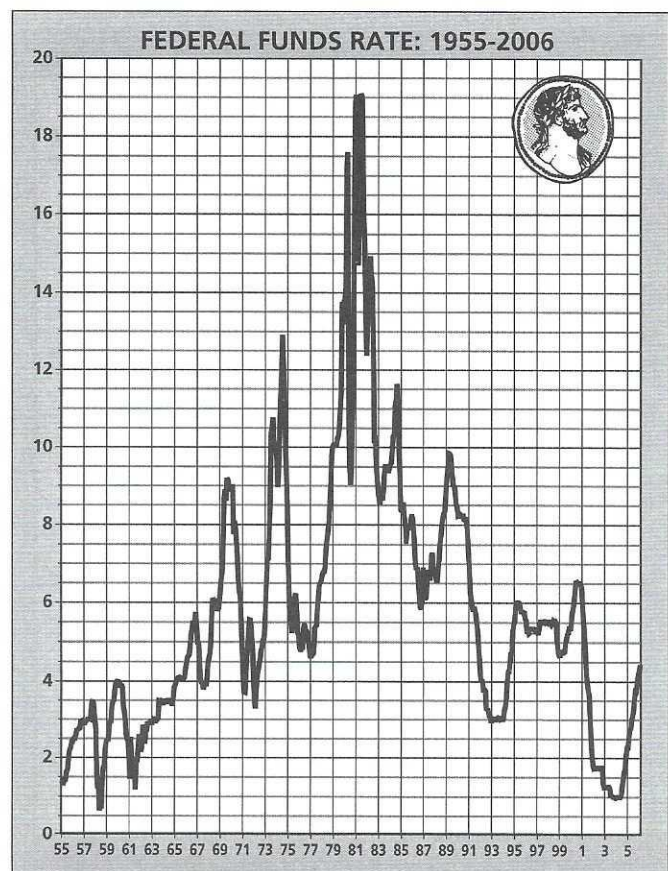


Figure 1: US Federal Funds Rate targeted by the Federal Reserve, from 1955 to 2006. The Federal Funds Rate is the cost to the banks supervised by the Federal Reserve of borrowing immediately available funds, primarily for one day. Data source: Board of Governors of the Federal Reserve System.

Interest rate/yield	25 Nov	02 Dec	09 Dec	16 Dec	23 Dec	30 Dec	06 Jan	13 Jan	20 Jan	27 Jan	03 Feb
Federal Funds	4.00	4.02	4.00	4.19	4.24	4.22	4.16	4.23	4.29	4.26	4.44
30-day commercial paper	4.06	4.12	4.18	4.26	4.26	4.25	4.24	4.31	4.36	4.44	4.47
90-day CDs	4.78	4.82	4.87	4.85	4.86	4.82	4.78	4.80	4.76	4.84	4.94
2-year Interest Rate Swap	4.78	4.82	4.87	4.85	4.86	4.82	4.78	4.80	4.76	4.84	4.94
Corporate Aaa bonds	5.35	5.40	5.44	5.41	5.34	5.24	5.26	5.29	5.24	5.33	5.40
Corporate Baa bonds	6.35	6.36	6.39	6.36	6.28	6.19	6.21	6.24	6.19	6.26	6.32
Municipal bonds	4.51	4.53	4.49	4.48	4.42	4.38	4.35	4.37	4.33	4.42	n.a.
3-month US Treasury bill	3.87	3.88	3.91	3.83	3.89	3.92	4.10	4.20	4.26	4.32	4.37
2-year US Treasury securities	4.35	4.41	4.42	4.40	4.40	4.38	4.33	4.39	4.35	4.44	4.55
5-year US Treasury securities	4.36	4.41	4.43	4.40	4.38	4.33	4.30	4.34	4.29	4.38	4.48
10-year US Treasury securities	4.45	4.48	4.52	4.49	4.45	4.37	4.37	4.41	4.36	4.46	4.55
20-year US Treasury securities	4.77	4.79	4.80	4.77	4.71	4.60	4.62	4.65	4.59	4.69	4.76

Selected historical US interest rates and yields: percent per annum. Data source: Federal Reserve Bank of St Louis

A small part of the answer is illustrated in the document shown on page 23, in which the senior US Treasury/Secret Service intelligence officer Leo Wanta refused to hide the contravention of statute in respect of the illegal acquisition of assets by the President of the United States of the day, George Bush Sr. However it should be understood that this confirmation of wrongdoing at the highest level represents just a very small tip of the submerged iceberg of pitch black criminal activity that continues without ceasing at the inter-governmental level – where the rule of law does not apply, and where enforcement is achieved by the same means as those employed in Chicago's gangland: extortion, blackmail, false witness, threats and murder.

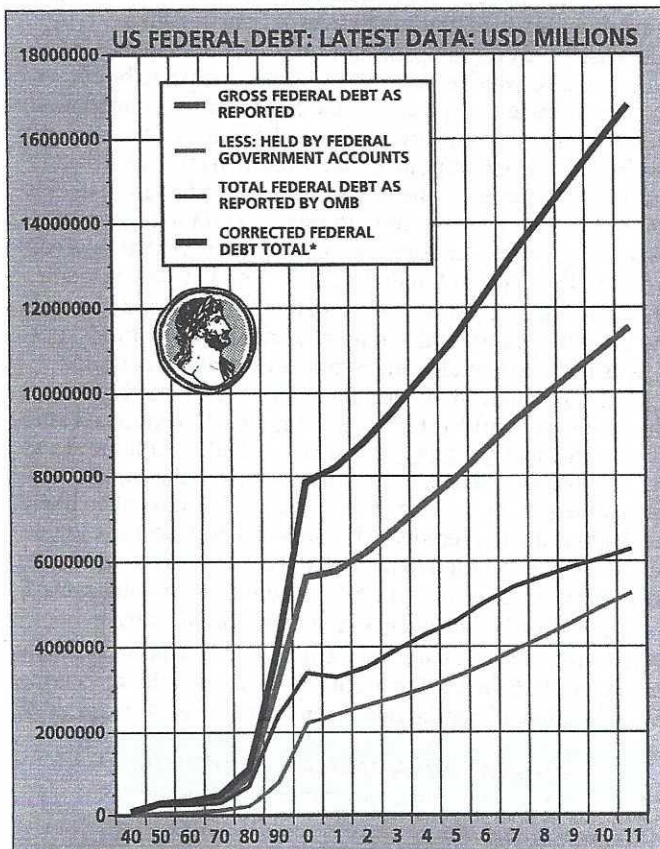


Figure 2: Latest breakdown of reported US Federal sector debt, with the actual debt total 'corrected'* to add back the balances held by US Government accounts (mainly Trust Funds). See preceding issues of this service. Data source: Office of Management and Budget

ATTEMPTED COUPS AGAINST PRESIDENT BUSH JR.

At that level, too, family ties (actual, rather than mafia-style) are also evidently expendable. Please understand that we are dealing with 100% cynicism, nothing less. There is nothing that these desperate gangsters will not do – which is why unilateral military aggression against 'régime change' target countries is 'no problem' for these people. Shortly after the United States launched its vicious and illegal assault on Iraq on 19th March 2003, President Bush Jr. was recorded in the White House video punching his fists in the air and muttering 'Feels good, feels good'. So, if a son stands in the way of his father, what is that between generational criminalists?

According to intelligence sources, double-checked on both sides of the Atlantic, at least two attempts have been made on the life of President George Bush Jr. The UK intelligence sources concerned were involved in thwarting at least one of these events. The first was to have occurred at President Reagan's funeral, when both President Bush, the US Vice President, Richard Cheney, and the Speaker of the House of Representatives and the Chairman of the Senate, were targeted for 'liquidation' simultaneously – a state of affairs that would have catapulted General Colin Powell into the Presidency. The second coup, which was thwarted by British intelligence, was to have occurred when Air Force One was coming in to land at Istanbul Airport for a NATO Summit Meeting. Components for an SA-2 missile battery which were to have been fired at Air Force One as it came into land, were discovered in a crate of spare parts, and the information was passed on to US intelligence in time. This information, with other details, was made available to this service in the context of an assessment that the balance of power between the two Bushes and their intelligence entourages has shifted, with the elder Bush allegedly being confined under house arrest with effect from mid-December.

The general point to be conveyed here is that the perception that the President of the United States of the day is in tune with, and concerned about, the welfare, for instance, of the American people, has been a redundant concept since the assassination of President John F Kennedy, with which certain prominent people still alive today were allegedly associated. Since then, and increasingly so as the years have passed, the Presidency has devolved into the hands of competing groups of intelligence gangsters, who lust for power

% change: USD vs currency:	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Australia	8.1	-7.1	-1.3	-5.3	5.3	18.1	-2.4	11.0	12.5	-4.9	-16.7	-11.5
Canada	6.7	5.9	0.5	-0.7	1.6	7.1	0.1	-0.0	4.3	1.4	-10.8	-7.1
China	4.5	49.6	-3.1	-0.4	-0.2	-0.2	-0.3	0.0	-0.0	-0.0	0.0	-0.0
Euro Area	12.8	-0.7	-8.7	2.3	13.9	1.6	4.4	15.5	3.1	-5.3	-16.5	-9.0
Israel	15.1	6.4	0.0	6.0	8.1	10.2	8.9	-1.5	3.1	12.7	-3.9	-1.6
Japan	-12.2	-8.1	-7.9	15.6	11.3	8.0	-13.1	-5.2	12.7	3.1	-7.5	-6.7
Korea, South	2.7	0.2	-4.2	4.2	18.5	47.2	-15.3	-4.3	13.5	-3.2	4.7	-3.9
Mexico	0.7	8.3	90.2	18.4	4.2	15.4	4.6	-1.1	-1.2	3.4	11.7	4.6
Switzerland	5.1	-7.5	-13.5	4.6	17.3	-0.1	3.7	12.5	-0.1	-7.8	-13.6	-7.6
United Kingdom	17.5	-2.0	-2.9	1.1	-4.7	-1.2	2.4	6.7	5.3	-4.2	-8.1	-10.8

Percentage appreciation (+) or depreciation (-) of the US dollar against selected local currencies.

and who are motivated primarily by greed and by the need to cover up past wrongdoings. The occupants of the highest offices are protected because the Secret Service protects not only living Presidents, but also past and dead Presidents of the United States, and it is likely that such arrangements also apply to the Vice President. Before stepping down from the Chairmanship of the US Federal Reserve Board, Dr Alan Greenspan allegedly took the precaution of procuring lifetime immunity from prosecution from the US Supreme Court (signed off by the retiring Supreme Court Judge, Sandra Day O'Connor). This information stands proxy for what goes on at the very highest levels, where criminal operations are covered and 'legitimised' not only by the provisions of the National Security Act 1947 *et seq.*, but also by proliferating modern legislation such as the National Intelligence Reform Act signed into law by President Bush Jr. on 17th December 2004. The intelligence services are extensively criminalised, and criminalism is 'justified' by the blanket of national security. Given this background, 'crime families' have flourished for several generations *within* the criminalised intelligence community, which compete among themselves and yet also cooperate at times, just as in gangland Chicago. Indeed, elements of US law enforcement and of the vast intelligence sector employ the services of Chicago gangsters. Recently, the 'old' Chicago families have been told that their services are no longer required, in favour of the more efficient, ruthless and odious Russian *mafija* gangs that have taken root there.

Given this background, it is no surprise that international affairs are conducted, behind the scenes, on the basis of raw gangland non-principles. Colossal sums of fiat dollars – running into the tens and probably hundreds of trillions – are the subject of extortion, misdirection and fraud, with operations along these lines in progress 'as we speak'. It is also believed that certain banks may have stolen or repositioned trillions of hidden fiat dollars to offset or hedge against their colossal and dangerous derivatives exposures. This is the black world in which a CIA officer was murdered in January 2006 in the car park basement of Union Bank of Switzerland's offices in Zürich. He was carrying certain crucial banking codes on his person, and our sources say he was tortured with cigarette burns before being murdered – an East European 'custom'.

We are sorry to have to provide you with hints of such nastiness, but it needs to be much better understood in the 'lay' world than is currently the case that power is in the hands of crooks and gangsters – *which is why nothing that needs to be done is being done, and everything that ought not to be done*

is routine. Record budget and trade deficits, and hidden official debt? Open-ended military spending with no end ever in sight? Indifference to the suffering of poor Blacks in New Orleans? Confiscation of their properties? Movement of populations, with unknown numbers now incarcerated in FEMA camps where family members cannot visit? Maintenance in a high state of readiness of concentration camps all over the United States? More than 80,000 names on the no-fly list? Open-ended eavesdropping on international and domestic telephone calls and emails? Stealing of documents from computers domestically and worldwide (see pages 27-35) and the forging of electronically captured documents and signatures resulting in the stealing of business from legitimate parties worth hundred of billions of dollars? All this, and much more of the same, is the norm for the New Underworld Order. ■

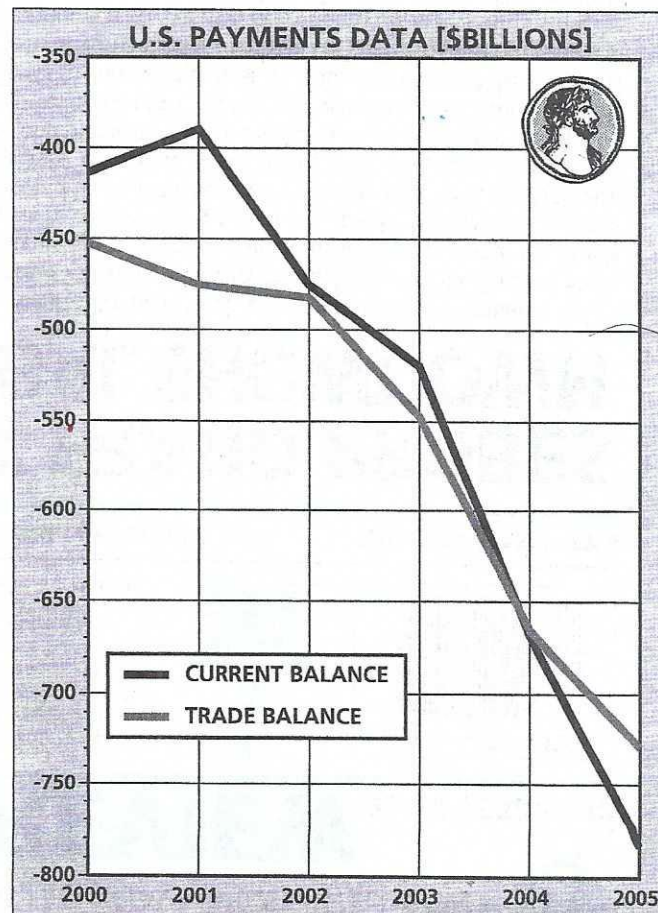


Figure 3: US basic balance-of-payments data, 2000-2005, in billions of dollars. The US trade deficit for 2005 reached \$729 billion.



A FORMER ASSISTANT TREASURY SECRETARY SPEAKS AS THE AMERICA WE KNEW SINKS

The following article was published recently by Paul Craig Roberts, a Reagan-era Assistant US Treasury Secretary. Mr Roberts voices what the vast 'Underground' have been elaborating for several years. The importance of this article is that it reveals that even key Establishment figures cannot bear to see America become the Fourth Reich.

IT'S HARD FOR A MAN LIKE THIS TO SPEAK OUT...

A number of readers have asked me when did I undergo my epiphany, abandon right-wing Reaganism and become an apostle of truth and justice.

I do appreciate the friendly sentiment, but there is a great deal of misconception in the question.

When I saw that the neoconservative response to 9/11 was to turn a war against stateless terrorism into military attacks on Muslim states, I realised that the Bush Administration was committing a strategic blunder with open-ended disastrous consequences for the United States that, in the end, would destroy Bush, the Republican Party, and the conservative movement.

My warning was not prompted by an effort to save Bush's bacon. I have never been any party's political or ideological servant. I used my positions in the Congressional staff and the Reagan Administration to change the economic policy of the United States. In my efforts, I found more allies among influential Democrats, such as Senate Finance Committee Chairman Russell Long, Joint Economic Committee Chairman Lloyd Bentsen and my Georgia Tech fraternity brother [*sic*] Sam Nunn, than I did among traditional Republicans who were only concerned about the budget deficit.

My goals were to reverse the Keynesian policy mix that caused worsening 'Phillips curve' trade-offs between employment and inflation and, also to cure the stagflation that destroyed Jimmy Carter's presidency. No one has seen a 'Phillips curve' trade-off or experienced stagflation since the supply-side policy was implemented. (These gains are now being eroded by the labour arbitrage which is replacing American workers with foreign ones. In January 2004, I teamed up with Democratic Senator Charles Schumer in *The New York Times* and at a Brookings Institution conference in a joint effort to call attention to the erosion of the US economy and Americans' job prospects by outsourcing.)

The supply-side policy used reductions in the marginal rate of taxation on additional income to create incentives to expand production so that consumer demand would result in increased real output instead of higher prices. No doubt, the rich benefited, but ordinary people were no longer faced simultaneously with rising inflation and lost jobs. Employment expanded for the remainder of the century without us having to pay for it with high and rising rates of inflation. Don't ever forget that Reagan was elected and re-elected by blue collar Democrats.

The left-wing's demonisation of Ronald Reagan owes much to the US Republican Establishment. The Republican

Establishment regarded Reagan as a threat to its hegemony over the party. They saw Jack Kemp the same way. Kemp, a professional football star quarterback, represented an essentially Democratic district. Kemp was aggressive in challenging Republican orthodoxy. Both Reagan and Kemp spoke to ordinary people. As a high official in the Reagan Administration, I was battered by the Republican Establishment, which wanted enough Reagan success so as not to jeopardise the party's 'lock on the presidency' but enough failure so as to block the succession to another outsider. Anyone who reads my book, *The Supply-Side Revolution* (Harvard University Press, 1984) will see what the real issues were.

ESTABLISHING HIS 'INDEPENDENT' CREDENTIALS

If I had time to research my writings over the past 30 years, I could find examples of partisan articles in behalf of Republicans and against Democrats. However, political partisanship is not the corpus of my writings. I had a 16-year stint as *Business Week's* first outside columnist, despite hostility within the magazine and also from the editor's New York social set, because the editor regarded me as the most trenchant critic of the George H.W. Bush administration in the business. The White House felt the same way, and lobbied to have me removed from the William E. Simon Chair in Political Economy at the Center for Strategic and International Studies.

Earlier when I resigned from the Reagan Administration to accept appointment to the new chair, CSIS was part of Georgetown University. The University's liberal President, Timothy Healy, objected to having anyone from the Reagan Administration in a chair affiliated with Georgetown University. CSIS had to defuse the situation by appointing a distinguished committee of scholars from a number of outside universities, including Harvard, to ratify my appointment.

I can truly say that at one time or another, both sides have tried to shut me down. I have experienced the same from 'free thinking' libertarians, who are free thinking only inside their own box.

In Reagan's time, we did not recognise that neoconservatives had a Jacobin frame of mind. Perhaps we were not paying close enough attention. We saw neoconservatives as former left-wingers who had realised that the Soviet Union might be a threat after all. We regarded them as our allies against Dr Henry Kissinger's inclination to reach an unfavourable accommodation with the Soviet Union.

Kissinger thought, or was believed to think, that Americans had no stomach for a drawn-out contest and that he needed to strike a deal before the Soviets staked the future

on a lack of American resolution concerning the Soviets.

Reagan was certainly no neoconservative. He went along with some of their schemes, but when neoconservatives went too far, he fired them. George W. Bush promotes them. The left-wing might object that the offending neocons in the Reagan Administration were later pardoned, but there was sincere objection to criminalising what was seen, rightly or wrongly, as stalwartness in standing up to Communism.

Neoconservatives were disappointed with Ronald Reagan. Reagan's goal was to END the cold war, not to WIN it. He made common purpose with Mr Gorbachëv and ENDED the Cold War [sic]. It is *the new Jacobins, the neoconservatives* [Trotskyites – Ed.], who have exploited this victory by taking military bases to Russian borders.

I have always objected to injustice. My writings about prosecutorial abuse have put me at odds with 'law and order conservatives'. I myself have written extensively about wrongful convictions, both of the rich and famous and the poor and unknown. My thirty-odd columns on the frame-up of 26 innocent people in the Wenatchee, Washington, child sex abuse witch hunt played a rôle in the eventual overturning of the wrongful convictions.

THE TYRANNY OF GOOD INTENTIONS

My book, with Lawrence Stratton, *The Tyranny of Good Intentions*, details the erosion of the legal rights that make the law a shield for the innocent instead of a weapon in the hands of government. Without the protection of law, rich and poor alike are at the mercy of government. In their hatred of 'the rich', the left-wing overlooks that in the 20th century, the rich were the class most persecuted by government. The class genocide of the 20th century is the greatest genocide in history.

Americans have forgotten what it takes to remain free. Instead, every ideology, every group is determined to use government to advance its agenda. As the government's power grows, the people are eclipsed.

We have reached a point where the Bush administration is determined to eclipse the people totally. Bewitched by neoconservatives and lustful for power, the Bush Administration and the Republican Party are aligning themselves firmly against the American people. Their first victims, of course, were the true conservatives. Having eliminated the internal opposition, the Bush Administration is now using blackmail obtained through illegal spying upon American citizens, to silence the media and the opposition party [this being only the start of what is intended – Ed.].

Before flinching at my assertion of blackmail, ask yourself why President Bush refuses to obey the Foreign Intelligence Surveillance Act. The purpose of the FISA court is to ensure that administrations do not spy for partisan political reasons. The warrant requirement is to ensure that a panel of independent Federal judges hears a legitimate reason for the spying, thus protecting a President from the temptation to abuse the powers of government. *The only reason for the*

Bush Administration to evade the court is that the Bush Administration had no legitimate reasons for its spying. This should be obvious even to a naïf.

The United States is undergoing a coup against the Constitution, the Bill of Rights, civil liberties, and democracy itself. The 'liberal press' has been co-opted. As everyone must know by now, *The New York Times* has totally failed its First Amendment obligations, allowing Ms. Judith Miller to make war propaganda for the Bush Administration, suppressing for an entire year the news that the Bush Administration was illegally spying upon American citizens – and denying coverage to Al Gore's speech that challenged the criminal deeds of the Bush Administration.

FECKLESSNESS OF THE MAINSTREAM MEDIA

The TV networks mimic Fox News' *faux* patriotism. **Anyone who depends on print, TV, or right-wing talk radio media, is totally misinformed.** The Bush Administration has achieved a *de facto* Ministry of Propaganda.

The years of illegal spying have given the Bush Administration power over the media and the opposition. Journalists and Democratic politicians don't want to have their adulterous affairs broadcast over television, or to see their favourite online porn sites revealed in headlines in the local press with their names attached. Only people willing to risk such disclosures can stand up for the country.

Homeland Security and the Patriot Act are not our protectors. They undermine our protection by trashing the Constitution and the civil liberties it guarantees. Those with a tyrannical turn of mind have always used fear and hysteria to overcome obstacles to their power, and to gain new means of silencing opposition.

NO-FLY, NO-DRIVE, NO-VOTE, NO-BREATHE...

Consider the no-fly list. This list has no purpose whatsoever but to harass and disrupt the livelihoods of Bush's critics. If a known terrorist were to show up at check-in, he would be arrested and taken into custody, not told that he could not fly. What sense does it make to tell someone who is not subject to arrest and who has cleared screening, that he or she cannot fly? How is this person any more dangerous than any other passenger?

If Senator Ted Kennedy, a famous Senator with two martyred brothers, can be put on a no-fly list, as he was for several weeks, anyone can be put on the list. The list has no accountability. People on the list cannot even find out why they are on the list. There is no recourse, no procedure for correcting mistakes.

I am certain that there are more Bush critics on the list than there are terrorists. According to reports, the list now comprises 80,000 names! This number must greatly dwarf the total number of terrorists in the world and certainly the number of known terrorists.

How long before members of the opposition party, should there be one, find that they cannot return to Wash-

ington for important votes, because they have been placed on the no-fly list? What oversight does Congress or a panel of Federal judges exercise over the list to make sure there are valid reasons for placing people on the list?

If the government can have a no-fly list, it can have a no-drive list. The Iraqi resistance cadres have demonstrated the destructive potential of car bombs. If we are to believe the Government's story about the Murrah Federal Office Building in Oklahoma City, Timothy McVeigh showed that a rental truck bomb could destroy a sizeable office building. Indeed, what is to prevent the Government from having a list of people who are not allowed to leave their homes?

If the Bush Administration can continue its policy of picking up people anywhere in the world and detaining them indefinitely without having to show any evidence for their detention, it can do whatever it wishes.

Many readers have told me, some gleefully, that I will be placed on the no-fly list along with all the other outspoken critics of the growth in unaccountable executive power and war based on lies and deception.

It is just a matter of time. Unchecked, unaccountable power grows more audacious by the day. As one reader recently wrote, 'when the President of the United States can openly brag about being a felon, without fear of the consequences, the game is all but over'.

LEGISLATURE AND MEDIA HAVE FAILED

Congress and the media have no fight in them [because they are bought, blackmailed and cowed – *Ed.*], and neither, apparently, do the American people. Considering the feebleness of the opposition, perhaps the best strategy is for the opposition to shut up, not merely for our own safety but, more importantly, to remove any impediments to the Bush Administration's self-destruction. The sooner that the Bush Administration realises its goals of attacking Iran, Syria, and the Shia militias in Lebanon, the more likely the Administration will collapse in the maelstrom, before it achieves a viable police state. Hamas' victory in the recent Palestinian elections indicates that Muslim outrage over further US aggression in the Middle East has the obvious potential to produce uprisings in Pakistan, Egypt, Jordan, and Saudi Arabia. Not even Karl Rove and Fox 'News' could spin Bush out of the catastrophe [that will ensue].

Perhaps we should go further and join the neocon chorus, urging on invasions of Iran and Syria and sending in the Marines to disarm *Hezbollah* in Lebanon. Not even plots of the German High Command could get rid of Hitler, but when Adolf Hitler marched German armies into Russia, he destroyed himself. If Iraq hasn't yet beaten the *hubris* out of what Gordon Prather aptly terms the 'neo-crazies', US military adventures against Iran and *Hezbollah* will teach *humility* to the neo-crazies [who are in fact 'Trotskyites' – *Ed.*].

Many patriotic readers have written to me expressing their frustration that fact and common sense cannot gain a toehold in a debate guided by hysteria and disinformation.

Other readers write that 9/11 shields Bush from accountability. They challenge me to explain why three World Trade Center buildings on one day collapsed into their own footprints at free-fall speed, an event outside the laws of physics except under conditions of controlled demolition. They all insist that **there is no stopping war and a police state as long as the Government's story on 9/11 remains unchallenged.**

They could be right. There are not many editors eager for writers to explore the glaring defects of the 9/11 Commission Report. One would think that if the report could stand analysis, there would not be a taboo against calling any attention to the inadequacy of its explanations. We know the government lied about Iraqi WMD, but we believe the Government told the truth about 9/11.

Debate is dead in America for two reasons. One is that the media concentration permitted in the 1990s has put news and opinion in the hands of a few corporate executives who do not dare risk their broadcasting licenses by getting on the wrong side of government, or their advertising revenues by becoming 'controversial'. The media follows a safe line and purveys only 'politically correct' information. The other reason is that Americans today are no longer enthralled by debate. They just want to hear what they want to hear. The right-wing, left-wing, and libertarians alike, preach to the faithful. Democracy cannot succeed or function at all, when there is no debate.

Americans need to understand that many interests are using the 'War on Terror' to achieve their agendas. The Federalist Society is using the 'War on Terror' to achieve its agenda of concentrating power in the Executive and packing the Supreme Court to this effect. The neocons are using 'the war' to achieve their agenda of Israeli hegemony in the Middle East. Police agencies are using 'the war' to remove constraints on their powers and to make themselves less accountable. Republicans are using 'the war' to achieve one-party rule – theirs. The Bush Administration is employing 'the war' to avoid accountability and to evade constraints on executive powers. Arms industries, or what President Eisenhower called the 'military-industrial complex', are using 'the war' to fatten profits. Terrorism experts are using 'the war' to gain visibility. Security firms are using it to gain new customers. Readers can add to this list at will. The lack of debate gives *carte blanche* to these agendas.

One certainty prevails. President Bush is committing America to a path of violence and coercion. AND HE IS GETTING AWAY WITH IT. ■

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Although this article voices many key concerns that we and others have reiterated, its importance lies in its authorship.



WRITING MAY BE ON THE WALL FOR THE U.S. GLOBAL FINANCIAL EMPIRE: HERE'S WHY

In the following analysis, we trace the origins of the fiat dollar system, backed by oil and drugs, buttressing the analysis with documentary proof of its accuracy. We also examine the logic of the United States' *casus belli* against all states that contemplate the redenomination of oil payments in currencies other than the dollar. Any such development would, most analysts believe, destroy the necessity for the accumulation of US dollars in reserves, thereby dislodging the US dollar as the world's reserve currency and impoverishing America.

DIFFERENCE BETWEEN NATION STATES AND EMPIRES

A nation-state taxes its own citizens, while an empire taxes other nation-states. The history of empires, from Greek and Roman, to the Ottoman and the British, teaches that the economic foundation of every single empire that has ever existed is the taxation of other nations. The imperial ability to tax has always rested upon the foundation of a better and stronger economy, and as a consequence, a better and stronger military. One component of the imperial subjects' taxes was deployed to improve the living standards of the Empire; the other component was typically employed to strengthen the military dominance that remained necessary in order to enforce the collection of those taxes.

Historically, taxing the subject state has adopted various forms – usually gold and silver, where those commodities were considered to represent money, but also slaves, soldiers, crops, cattle, or certain other agricultural and natural resources, whatever economic goods the empire demanded and the subject state could deliver. Historically, imperial taxation has always been direct: the subject state handed over the economic goods directly to the empire.

The United States was the first imperial power to discover, in the 20th century, that it was in a position to tax the entire world indirectly, through inflation. It did not enforce the direct payment of taxes like all its predecessor empires did, but rather distributed its own fiat currency, the US dollar, to other countries in exchange for goods – with the intended consequence of inflating and devaluing those dollars and paying each dollar back later with economic goods – the difference capturing the US imperial tax.

BRITAIN WEAKENED BY (GERMAN) BOER WAR

Here is how this phenomenon developed. Early in the 20th century, the United States' economy began to dominate the world economy, after the world's sole superpower, Britain, was severely weakened as a consequence of its failures and losses in the Boer War, which was instigated by its chief global rival, Germany. The US dollar was tied to gold, so that the value of the dollar neither increased, nor decreased, but remained worth the same amount of gold. The Great Depression, with its preceding inflation lasting from 1921 to 1929, and the subsequent ballooning of government deficits, had substantially increased the amount of currency in circulation, thereby rendering the backing of US dollars by gold impossible. At the same time, global financial and economic instability following the First World War, provid-

ed fertile ground for the geomasonic/Illuminati's Soviet Revolution to take root, and for the consolidation of power by Josef Stalin (a.k.a. Josef Vissarianovich Djughashvili-Kochba).

Roosevelt was obliged to decouple the dollar from gold in 1932. Up to this stage, the United States may well have been challenging Britain for the *de facto* domination of the world economy; but from an economic perspective, the United States did not yet command an empire. The fixed value of the dollar did not permit the Americans to extract economic benefits from other countries by supplying them with dollars convertible to gold.

AMERICAN EMPIRE CONFIRMED BY BRETTON WOODS

Economically, the new American Empire was created through the Bretton Woods Agreement signed in 1945, which established *inter alia* the international US dollar standard and the International Monetary Fund. The US dollar was not fully convertible to gold, but was made convertible to gold *at the intergovernmental level*. (It is at *this* level that the extreme creation of giga-funds has been taking place, so that perhaps more than \$100 trillion of fiat money assets are today hidden and semi-sterilised within the international banking system, subject to endless scamming stratagems, and liable at any time to swamp the financial system with liquidity. This happens whenever the stock market 'needs' a boost – thereby adding immensely to the ongoing devaluation of the US dollar through inflation).

The Bretton Woods Agreement established the US dollar as the world's reserve currency. Such a feat had become possible, as a consequence of the fact that during the Second World War, the United States had supplied its allies with colossal amounts of armaments and provisions, demanding gold as payment – thereby accumulating a significant portion of the world's gold that was then available.

The establishment of an Empire would not have been possible if, following the Bretton Woods Agreement, the dollar money supply had remained limited by the availability of gold, so that holders of dollars anywhere could always demand gold in exchange for their dollars.

But the guns-and-butter policy applied under President Lyndon Johnson in the 1960s was certainly an imperial policy, whether the policymakers concerned realised this at the time, or not. For the global supply of dollars was relentlessly increased in order to finance the Vietnam War madness and Lyndon John's so-called 'Great Society'.

It was during this period, too, that a further phenomenon

– already well-entrenched since US intelligence first recruited mafia gangsters from Sicily and consolidated the criminalisation of the CIA by importing into its ranks large numbers of Himmler’s scientists and mind-control operatives – became established. Taking their cue from corrupt French drug-trafficking intelligence officers, the CIA embarked in Southeast Asia upon a colossal expansion of its continuing drug operations. Many US intelligence sector names that remain prominent today – including John Negroponte, who is now head of the new National Intelligence Agency, and Robert Armstrong, the former US Deputy Secretary of State who refused a position in the second Bush Jr. Administration in favour of departing for Kabul, where he would be running an ‘export-import agency’ – began their alleged cynical drug-trafficking careers in the Vietnam context. And it was discovered that, since drug consumption is driven by supply, not demand, the dollar money supply would expand to finance such unproductive consumption – just as, from 1974 onwards, the US dollar money supply expanded to finance the rising and higher price of oil.

DRUGS, VIETNAM AND THE ‘GREAT SOCIETY’

In the 1960s, most of the US dollars created to finance the Vietnam War, President L. B. Johnson’s ‘Great Society’ and rapidly expanding drug consumption – which the CIA promoted simultaneously by fostering domestic and global permissiveness and sexual licence (competing in this endeavour with the parallel Soviet subversion offensive using drugs and Frankfurt School-derived ‘Sexpol’ formulae) – were acquired by foreigners in exchange for economic goods (a similar process to what happened during the Second World War), with the United States now unable (to its advantage) to buy the dollars back at the same value as their value at issuance. The increase in the dollar holdings of foreigners via persistent US trade deficits was tantamount to the imposition of a global tax by the United States – the classical inflation tax that a country imposes upon its own citizens. However this was an inflation tax that the United States imposed on the Rest of the World. The fact that this was happening was disguised by all that rhetoric about the Eurodollar market, which thrived in the world’s largest geofinancial centre, London.

When, in 1970-1971, foreigners, led by the Banque de France, demanded payment for their dollars in gold, as provided for under the terms of the Bretton Woods Agreement, the US Government under President Nixon defaulted on its payment (on 15th August 1971). The spin for public consumption was that the link between the US dollar and gold had been severed; but the reality was that the United States’ decision to renege on its Bretton Woods undertaking to redeem dollars at the intergovernmental level in the form of gold, represented an unprecedented sovereign act of bankruptcy by the US Government. The lasting notion that the US Government’s obligations are backed by the ‘full faith and credit of the United States’ was irrevocably squandered

on that date – even though the myth has persisted ever since, despite the exponential explosion of outstanding US official debt, about which nobody inside the Beltway ever seems prepared to talk about openly.

At the same time, the United States essentially declared itself to be an empire. It had successfully extracted an enormous volume of economic goods from the Rest of the World, with no intention or capacity to return those goods, or like value; and the world was powerless to respond, short of military action. In summary, the world was subjected to a continuing tax, and could do nothing about it.

REST OF THE WORLD HAD TO BE COMPELLED

From that point on, in order to be able to sustain the new American Empire and to continue to tax the rest of the world, the United States had to force the world to continue to accept ever-depreciating dollars in exchange for economic goods, and to have the world hold more and more depreciating dollars *sine die*. It had to prove necessary to provide the world with an economic reason to hold the depreciating dollars: and the reason provided was the world’s need for oil – which had been driven by a cynical decision taken in the late 19th century, to preclude other viable forms of mass energy provision. At the same time, it became necessary to develop sophisticated mechanisms for controlling or reining in the expansion of the dollar money supply, which was now about to be driven by a further engine, in addition to drugs and the others: the demand for energy.

It is widely assumed that the establishment of the system whereby the US dollar became effectively backed by oil, was a devious and conscious decision of the American Government, devised by the German operative, Dr Henry Kissinger and the US Treasury Secretary of the day, William Simon. In the 1970s, our associated financial intelligence service, *International Currency Review*, revealed the existence of a secret agreement between the Saudi Arabian Monetary Agency (SAMA). Under this accord, the Federal Reserve Bank of New York, acting as agent for the US Treasury, would contact SAMA whenever the Treasury was about to market a new issue of Treasury securities, to ask whether it wished to subscribe to ‘add-on’ securities. These would not be announced to the financial markets, but were not irredeemable: they could be redeemed at the Treasury itself and perhaps (although this was never confirmed) also in the open dollar financial marketplace.

Figures 1 and 2 on page 11-12 show a US State Department document dated February 1975, signed by Jack F. Bennett, in which this secret agreement was confirmed. We published details of the accord many years before this document was discovered in the course of a search in Washington DC.

Figure 3 on page 13 provides confirmation of the secret accord by a Federal Reserve Board official, referencing the visit of a ‘Middle East Government Official’ to the Board of Governors, during which the Saudi Arabian Government’s requirement for ‘top grade, Government-guaranteed debt

DOCUMENT

FEB 6 1975

MEMORANDUM TO THE SECRETARY OF STATE

Subject: Special Arrangements for Purchase of U.S. Government Securities by the Saudi Arabian Government

SUMMARY

In recent months we have had extensive discussions with officials of the Saudi Arabian Monetary Agency (SAMA) concerning investments in U.S. Government Securities. In December we reached an understanding whereby SAMA will purchase new issues of marketable U.S. Treasury obligations with a maturity of one year or more through a special arrangement involving the Federal Reserve Bank of New York, as agent. Purchases under this arrangement over the next six months are expected to be approximately \$2.5 billion. This amount will be in addition to any other acquisitions of Treasury or United States agency obligations made by the Saudis through other channels or at shorter maturities. It should be emphasized that this arrangement does not involve issues specially designed for the Saudis, but rather constitutes special purchases of marketable securities.

THE ARRANGEMENT

In December, 1974, in Jidda, the Treasury reached agreement with SAMA to establish a new relationship through the Federal Reserve Bank of New York with the Treasury borrowing operation. Under this arrangement SAMA will purchase new U.S. Treasury securities with maturities of at least one year. When announcement of a Treasury offering is made, the Federal Reserve will query SAMA immediately as to its interest in purchasing additional amounts of the same issue at the average price of the auction. Should SAMA desire to acquire any such securities, it will inform the Federal Reserve Bank of its interest prior to the auction. The mechanics of payment, deposit of securities, etc., will be handled between SAMA and the Federal Reserve. Should SAMA wish to sell these securities prior to maturity, it will offer Treasury for two days the opportunity to repurchase the securities at the then prevailing market price. While the current arrangement is limited to new marketable securities,

With the removal of the deleted part of this document, this document is unclassified.

Special Arrangements for the Purchase of U.S. Government Securities by the Saudi Arabian Government

Figure 1: Part of the Memorandum to the US Secretary of State from the senior US official Jack F Bennett, dated February 1975, in which he confirmed the existence of 'SPECIAL ARRANGEMENTS FOR THE PURCHASE OF US GOVERNMENT SECURITIES BY THE SAUDI ARABIAN GOVERNMENT'. Under this accord, the Saudi authorities were given additional scope for acquiring US Treasury paper in payment for oil deliveries. This arrangement was buttressed by a US military guarantee to protect the Kingdom; and military bases, constructed *inter alia* by the CIA's Vinnell Corporation, were now to be constructed in the Kingdom on a large scale. We found a map of these bases in a General Accounting Office report. Although we worked out the existence of a secret agreement, this confirmation did not surface until many years later. The unclassified Memorandum, with the removal of confidential financial data, is continued in Figure 2 on page 12.

instruments of about 10 years' maturity, with individual deals of no less than \$50 million, and preferably in the range of \$100-\$500 million', were identified. The text shown had been extracted from a US Embassy report from Riyadh, which was in the public domain (as the US Commerce Department used to publish a vast range of country reports based on US Embassy submissions, and these were available for purchase from the Commerce Department building). Details of what was discussed at the meeting had been deleted by Federal Reserve officials; but the inclusion of the sentence from the Riyadh Embassy's report, provided a clear indication of what was discussed, and further confirmation of the 'Special Arrangements for Purchase of US Government Securities by the Saudi Arabian Government'.

THE INTERNAL DEBATE OVER 'RECYCLING'

Figure 4 on page 14 provides further insights into the debate that preceded the secret agreement reached with the Saudi Arabian Government. There was a great deal of talk at that time about what incentives the oil producers now needed in order to encourage them to pump sufficient oil, rather than to keep it 'in the ground'. The Memorandum from which Figure 4 is a fragment, written by the veteran US intelligence operative Reed J Irvine (who subsequently fronted the CIA Information Warfare operation called Accuracy in Media), throws light on how the debate was progressing in 1974. At that time, the Saudi Arabian Monetary Agency, advised by White Weld Inc., had recognised that an initial purchase of around \$640 million worth of US Treasury irredeemable

DOCUMENT

In the future SAMA may request that we consider issuing on a similar basis an additional issue of securities of a type already outstanding and non-marketable securities of a short-term duration specially tailored to fit a short-term investment need of SAMA.

The principal advantage to the Saudis of this arrangement is that it will avoid the disruption to the market occasioned by large security purchases or sales on their part. It should be emphasized that the purchases are at the auction average. Thus we are giving the Saudis no interest rate advantage compared with other lenders.

The amount of special purchases contemplated is approximately [REDACTED] over the next six months. We expect the Saudis to continue in addition to purchase short-term Treasury securities through normal market procedures as well as to purchase securities of sponsored U.S. agencies such as the Federal National Mortgage Association. At present outstanding Saudi holdings of U.S. Government Securities is [REDACTED] of which [REDACTED] is in the form of notes purchased under the special arrangement. Another [REDACTED] of notes under the special arrangement have been purchased for delivery on February 18.

The sine-qua-non for the Saudis in this arrangement is confidentiality and we have assured them that we will do everything in our power to comply with their desires.

13/ Jack F. Bennett
Jack F. Bennett

With the removal of the deleted part of this document, this document is unclassified.

Figure 2: Part of the Memorandum to the US Secretary of State from the senior US official Jack F Bennett, dated February 1975, in which he confirmed the existence of 'SPECIAL ARRANGEMENTS FOR THE PURCHASE OF US GOVERNMENT SECURITIES BY THE SAUDI ARABIAN GOVERNMENT'. Under this accord, the Saudi authorities were given additional scope for acquiring US Treasury paper in payment for oil deliveries. This arrangement was buttressed by a US military guarantee to protect the Kingdom; and military bases, constructed *inter alia* by the CIA's Vinnell Corporation, were now to be constructed in the Kingdom on a large scale. We found a map of these bases in a General Accounting Office report. Although we worked out the existence of a secret agreement, this confirmation did not surface until many years later. The unclassified Memorandum, with the removal of confidential financial data, is concluded from Figure 1 on page 11.

securities could not represent a model for the investment of its future surpluses. The key point here was that the Saudi Arabian authorities were advised (and also recognised) that with irredeemable securities, they could never deliver them into the hands of the marketplace, for capital value. From the US official perspective, the problem that now loomed was that, if the Saudi authorities acquired *marketable* securities, they could, at maturity, sell these securities on Wall Street – which in turn meant that, should they lose confidence in the US dollar, and thus in the concept of the dollar backed by oil, they could, with other holders of US official assets, threaten the continued viability of the US financial system if they were to contemplate dumping their securities. So, it was argued, the system would work – but needed buttressing with added incentives. Here Mr Irvine reflected prevailing arguments that the oil producers needed no new incentives, because it was in the interests of the producers to maximise oil production (in order to finance the construction of their new cities and colossal palaces). In this debate, the military dimension was typically omitted, since all concerned in reality understood that the oil-backed dollar system needed simultaneously to be locked into place by the construction of bases on the oil producers' territory and the guarantee of US military protection. In this context, President Carter pronounced that the United States would regard any attack on Saudi Arabia (and also on the Gulf States, as later applied to Kuwait) as a *casus belli*.

THE CASUS BELLI MADE EXPLICIT

The *real* reason for President Jimmy Carter's doctrine on that score was, of course, identical to the reasoning that any breach of the imposed convention that oil invoices are invariably to be denominated in US dollars, is a *casus belli* – as was made clear after Iraq started invoicing for some of its exported oil in Euros (although this factor, surprisingly, was *not* the main factor underlying the decision to invade Iraq).

Figure 5 on page 15 reproduces a handwritten Note written to a European politician by a senior official in the Reagan Administration explaining how it was in fact never the Nixon Administration's *original* intention to accommodate rising oil prices by printing US dollars.

This Note decisively contradicts the widespread assumption that the US authorities deliberately concocted the prevailing oil-backed dollar arrangements, and its importance therefore cannot be over-emphasised, given the colossal proliferation of dollar liquidity that has taken place since 1974 – of course, facilitated by the breakdown of the Bretton Woods arrangements, under the terms of which governments could redeem their dollars in gold. In the event, the US Treasury had to go along with the banks, fronted by the Federal Reserve System, which they own.

The Note, written by a senior Nixon White House official the identity of whom we ourselves do not know (but whose handwriting can be checked by those equipped to do so against official archival records), reads as follows:

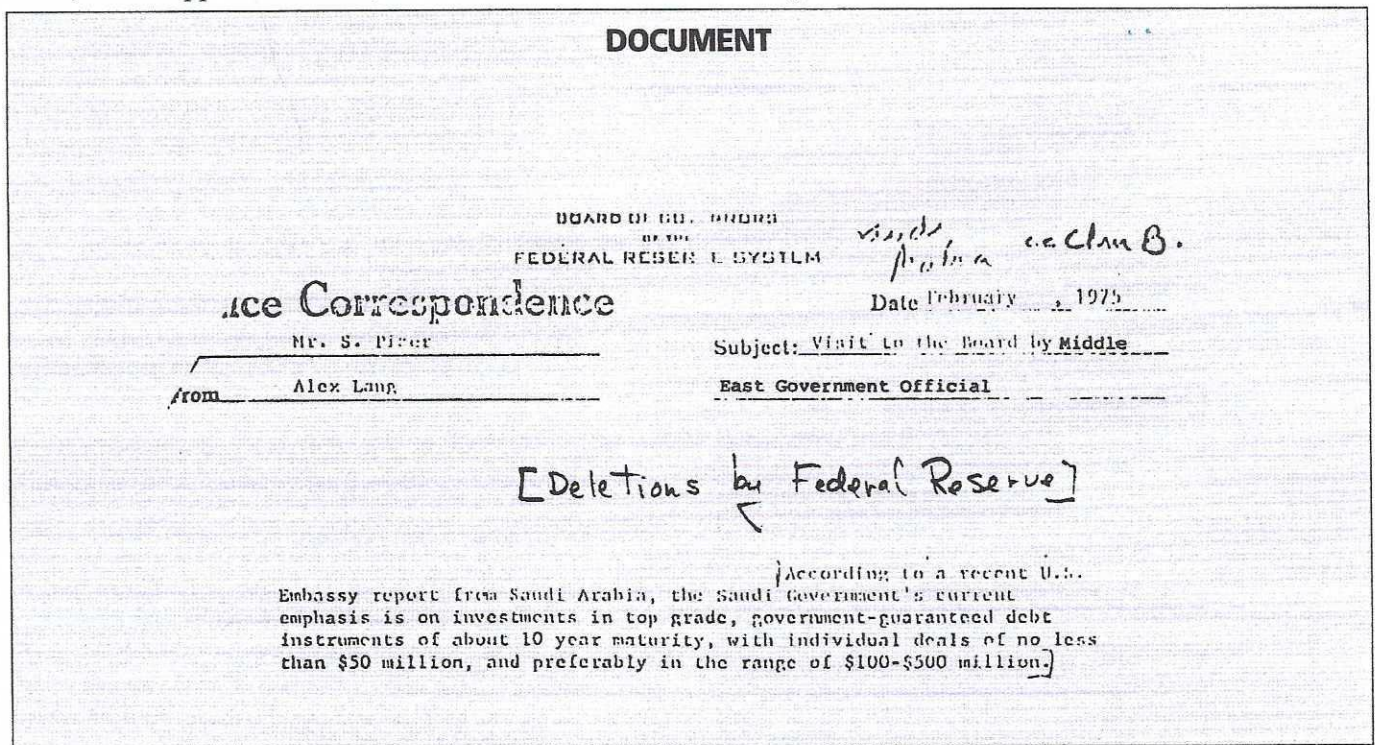


Figure 3: Excerpt from the front page of a Federal Reserve Memorandum dated February 1975, coincident with the Memorandum to the US Secretary of State from Jack F. Bennett shown as Figures 1 and 2, in which the arrangements for the Saudi Arabian authorities to exchange their oil deliveries for enormous volumes of US Government securities, were discussed. In essence, the US Treasury paper issued in various formats to the Saudi Arabian Monetary Agency represented the exchange of the real consumable asset, oil, for printed pieces of paper, or electronic book entries. 'Value' was transferred to the Saudis which represented value *in their hands*, but which had been created out of thin air by the US authorities themselves. To sustain this system, it was necessary for oil to be invoiced exclusively in dollars worldwide. Any challenge to this arrangement is, for the United States, a *casus belli*.

⁶ In 1974, I was sent by the White House to the Treasury to help devise a mechanism for dealing with the petrodollar crisis. My staff and I argued for permitting an early default of one or two countries as a club to drive down oil prices. It was the banking leaders who swept aside this advice and pressed for a "recycling" program to accommodate the high oil prices. This was the fatal decision... Not encouraged by ⁹ [fragment ends here: implication: not encouraged by the Nixon Administration then in office].

The 'banking leaders' were of course represented by the US Federal Reserve Board – a corporation owned by the international banking industry, with European banking interests overwhelmingly predominant. Therefore, it was primarily the European bankers who insisted upon the institutionalisation of the system whereby the dollar money supply was to accommodate the higher prices of oil.

Once this decision had been taken, the stage was set for an historically unprecedented expansion of the global money supply. We have watched the 'published' numbers that are displayed in successive issues of the International Monetary Fund's main compendium *International Financial Statistics* balloon exponentially ever since. And what is published by the IMF for international financial community consumption omits the (off-balance sheet) hidden fiat balances.

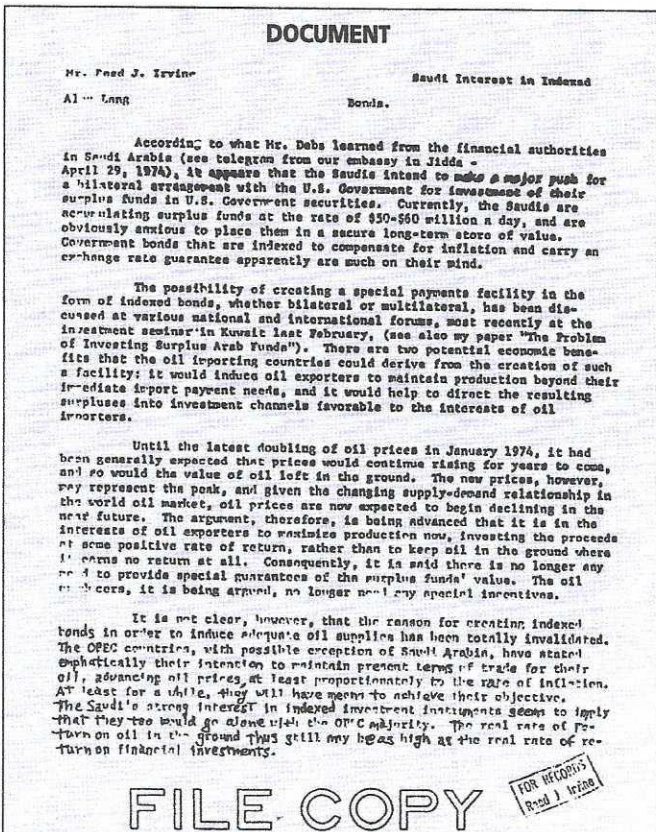


Figure 4: Part of a Memorandum prepared by the veteran operative Reed J. Irvine, dating from 1974, in which he discussed the situation following the doubling of oil prices in January 1974, and considered how the resulting dollar-denominated surpluses should be invested and handled beneficially.

THE DRUGS-AND-OIL STANDARD

Even if we exclude consideration of the intergovernmental fiat money carousel for our purposes here, the stability of the world financial economy is dependent today upon two consumption commodities: **oil and drugs**. It is a fact that the vast proportion of drug-trafficking payments is denominated in dollars also. So there are **two consumption engines** (as well as the older ones mentioned earlier) which are driving the global dollar money supply. Oil is burnt and becomes atomised carbon particles. Drugs are addictive, which is why their consumption depends upon **supply**, not demand (as is the case with all other commodities). Demand for drugs is driven by *their additive nature*, so that the demand is artificial. If supplies are withheld or else cease to be available, demand falls away. The unfortunate, clueless victims who have become hooked on drugs may suffer terribly (as they do anyway): but new addicts cannot acquire fixes, so they do not become addicted, thereby undermining demand.

As previously reviewed and implied in passing here, the CIA (which, until the invention of the supervisory National Intelligence Agency under John Negroponte in 2004-05, has always controlled the myriad other intelligence agencies within the vast US intelligence sector), has, over the years, become the largest drug-trafficking organisation in the world. Given what we know about the cynical mentality prevalent among the worst elements of the community, it is obvious that the underlying purpose here is to maximise the potential arising from the colossal fiat paper dollar profits to be earned from the drug business. As these people have no fundamental respect for human life, the fact that US intelligence operatives are destroying the lives of fellow Americans, is not an issue for them. Moreover this attitude prevails throughout Latin America. When visiting Bogotá, Colombia, in 1983, the Editor was told that there was nothing inherently wrong with the drugs business, since it was open to individuals not to consume cocaine, marijuana, or whatever other drug took their fancy. This, of course, is a false argument, since it conveniently and dishonestly overlooks the addiction factor. The whole point of this abomination is that victims crave the next fix. But the CIA's cynical drug traffickers couldn't care less.

A British 'Black' agency labelled GO-2, resident within the MI6 building south of the River Thames in Lambeth, controls two drug cartels which provide financial resources for the funding, *inter alia*, of British political parties. We add this information here in order to make it evident that this analysis does not represent a biased attack against the US intelligence sector, but rather an affirmation of our disgust and opposition to the reality that both US and British intelligence cadres operate in the drugs business. In the United Kingdom, there are now said to be anything between 20,000 and 60,000 children hooked on heroin, thanks to the evil operations *inter alia* of GO-2 [see further, page 2]. Of course, French, German, Israeli, Soviet, Chinese and other evil powers' intelligence services operate in the drugs sector as well.

DOCUMENT

In 1974, I was sent by the White House to the Treasury to help devise a mechanism for dealing with the petrodollar crisis.

My staff and I argued for ~~an~~ ~~early~~ permitting an early default of one or two countries as a club to drive down oil prices.

It was the banking leaders who ~~never~~ ~~used~~ this advice and ~~was~~ pressed for a "negotiating" program to accommodate to high oil prices.

This was the ~~B~~ fatal decision -- Not encouraged by

Figure 5: Fragment of a Note written to a European political contact by a Nixon-era White House official, in which it is authoritatively explained that the Nixon White House did not originally intend the prevailing dollar-oil fiat money system to become institutionalised – but that this was, on the contrary, an arrangement urgently pressed for by the international banking community. Hence, the contemporary prosperity of the global banking sector is built primarily on the 'fatal decision' taken when the White House was faced with the realisation that the banks would only 'cooperate' on their own immensely lucrative terms. Because this decision was adopted, the American Empire's system of taxing the Rest of the World through the issuance of depreciating dollars was given a massive boost – opening the doors wide to the proliferation of 'funny money' at the intergovernmental level and to the criminalisation of elements of the international banking and intelligence sectors. As reported elsewhere in this issue, a CIA operative carrying certain banking codes was murdered in the basement car park of the Union Bank of Switzerland's offices in Zürich in January. The numbers are now of such colossal proportions that a free-for-all has developed behind the scenes, as rival intelligence barons and their cadres, and competing national intelligence groups, struggle for control over colossal hidden stashes of dollar funds. If these funds were not sterilised, the dollar would collapse in the same way as the Zimbabwe dollar has been degraded to virtually nothing. Inevitably, significant volumes of such funds 'leak' into the 'open' sector, accelerating the dollar's overall depreciation.

INEXCUSABILITY OF OFFICIAL DRUG OPERATIONS

But most of us might, until quite recently, have assumed, erroneously, that Britain and the United States somehow 'knew better'. With all-pervasive corruption such as this embedded within our government systems, there is indeed little hope for the survival of our civilisation. That, however, is not of interest to the international banking community, which benefits from the drug business as much as from the oil system. In fact the respected US-Israeli drug expert Rachel Ehrenfeld told the Editor in 1999 that she considered drugs to be the most valuable commodity in the world. She reported how she addressed a meeting of bankers in the

United States, asking them, in the course of her talk, to tell her what they considered to be the most valuable of all the world's commodities. Some said gold, others oil: none said drugs. When she informed them that drugs are the most valuable commodity in the world, the room fell completely silent and a freezing atmosphere continued for the remainder of the session.

Figure 6 below, which we do not apologise for repeating, shows in graphic terms how the United States' inflation tax system on the rest of the world operates. This image represents a photocopy of the front and reverse of a US Treasury Diamond Certificate, which appears to have been held in a

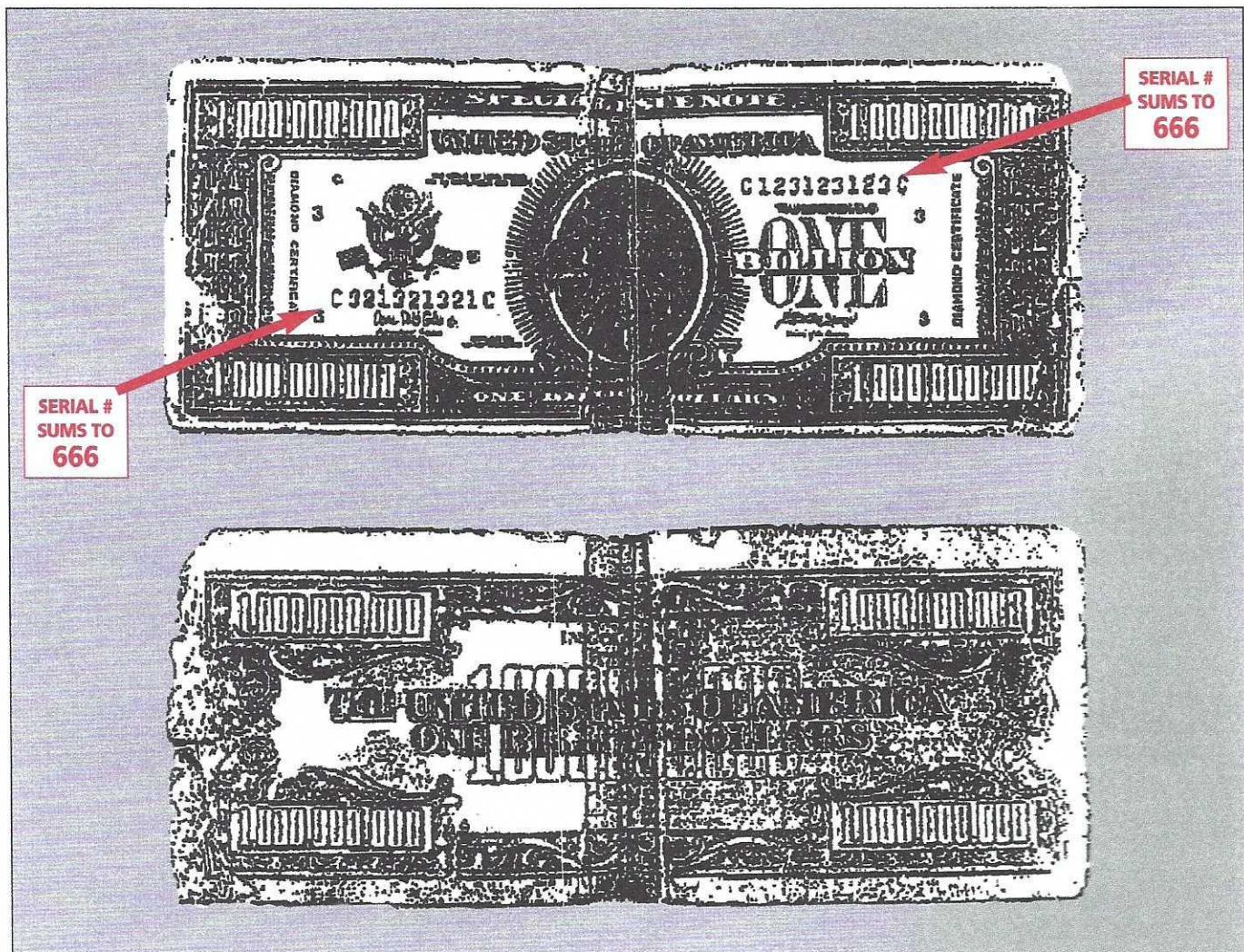


Figure 6: Illustration of the Face and Reverse of a somewhat battered US Treasury Diamond Certificate with a face value of \$1.0 billion. Such instruments are never normally seen by the general public. This piece of printed paper, costing, say, \$3.0 to produce, has a face value *in the hands or for the account of*, for instance, the Saudi Arabian authorities, of \$1.0 billion worth of dollar purchasing power. The United States has bought \$1.0 billion worth of oil for \$3.0, and has furthermore enabled the Saudis to purchase \$1.0 billion worth of US goods (or of goods anywhere else in the world) worth \$1.0 billion. In exchange for oil, which is a consumption asset which, once burned, *no longer exists*, the United States has acquired a debt obligation worth \$1.0 billion *in perpetuity* (or until such time as it may be possible to repatriate intergovernmental fiat dollar funds for crediting to the US Treasury which could be used to amortise the vast mountain of 'hidden' US Government debt). Experience has shown that the 'recycling' fiat money system pressed for by the leaders of the banking community (the 'spokesman' for which was the privately bank-owned Federal Reserve Board) has 'worked', resulting in a colossal expansion of world trade financed by nothing. This incredible 'magick' can continue only so long as oil and drugs continue to be denominated in dollars. Any threat to this confidence trick is considered a *casus belli* by the vast US military machine, *which exists to enforce continued observance of this system*. At a deeper level, you see before you in this image a confirmation of the Illuminati/esoteric dimension of this fiat money mechanism. The serial numbers on the Certificate devolve to 666, which is the 'number' of the Vatican. It is not generally known that the Vatican has a representative who actually sits in the American Cabinet. His name at present is Jim Nicholson, who is the US envoy to the 'Holy See'. He carried the 'Black Bag' while President Bush was delivering his 2006 'State of the Union' Address.

wallet ('billfold') for a number of years, following the apparent foiling of an attempt by a party in Singapore to pass the instrument for value in some manner or other. The Diamond Certificate has a face value of \$1.0 billion. The cost of producing this piece of paper can be estimated by calculating the aggregate cost of the original engraving, and of the ink, paper, overheads and all labour at the US Bureau of Printing and Engraving, divided by the number of Diamond Certificates per sheet multiplied by the number of such sheets printed. As we don't know these variables, we cannot complete this equation, but since we ourselves operate a print works, we can hazard a guess that each Diamond Certificate would not cost more than \$3.0. It follows that the US authorities 'hand to' the Saudi Arabian authorities pieces of paper costing \$3.0 each, which have a face value of \$1.0 billion each. This value 'materialises' once the Diamond Certificates are in the hands of the authorities in Riyadh, as they can be relied upon to back Saudi expenditure on commodities to the value of \$1.0 billion, or else to increase the official Saudi Arabian portfolio of US Government securities by \$1.0 billion, on which compound interest is paid.

If, all of a sudden, Venezuela, Iran and certain other oil producers were to start billing the United States for oil deliveries in another currency (pounds sterling, Euros or Japanese yen), the Saudi Arabian authorities would, by definition, no longer remain so confident that their Diamond Certificates would continue to command purchasing power in the real economy, of \$1.0 billion [see the following section]. Now let us revert to the historical narrative.

In 1971, as it became clearer than ever that the American Government would not be able to buy back its dollars with gold, it entered into an iron-clad arrangement with Saudi Arabia to support the power of the House of Saud in exchange for the Saudis accepting US dollars exclusively for their oil deliveries.

The military arrangement in fact preceded the secret agreement relating to the 'Add-On' securities to be offered through the Federal Reserve Bank of New York to the Saudi Arabian Monetary Agency by the US Treasury. The rest of OPEC was to follow suit and to accept US dollars only for their oil deliveries. This part of the accord was undoubtedly engineered by the US authorities themselves. It was the bankers who insisted that the volume of US dollars issued should accommodate the oil corporation-producer cartel-induced higher oil prices, and that the surplus funds should be 'recycled' in the manner that has been described.

THE GLOBAL NEED TO ACCUMULATE US DOLLARS

Because the world had to buy oil from the Arab oil countries, in particular, oil consumers acquired every reason to hold dollars as payment for oil. Because the world needed ever increasing quantities of oil at periodically escalating oil prices, the world's demand for dollars could only now expand. Even though dollars could no longer be exchanged for gold, they were now exchangeable for oil (and, because of the CIA's global drug-trafficking operations, for drugs).

The economic essence of this arrangement was that the dollar was now backed by oil. As long as that was the case, the world would need to accumulate increasing volumes of US dollars, in order to purchase oil. As long as the dollar was the only acceptable payment for oil, its global hegemony in the world was assured, so that the American Empire could continue to tax the rest of the world.

If, for any reason, the dollar were to lose its oil backing, the American Empire would cease to exist – although the probably continued denomination of drugs in dollars might delay the process of disintegration to some extent, given that a *de facto* similar arrangement to that prevailing in respect of oil, had been put in place as a consequence of the CIA's immense drug-trafficking operations, which included not least the establishment by super-secret US-German operatives of certain Latin American cartels themselves [see our intelligence publication *The Latin American Times* for further details]. But although drugs are (or were, prior to the recent oil price increases) an even more valuable commodity than oil, the *formal* US dollar system is backed by oil, backed by the threat of force.

Thus, imperial survival dictated that oil must at all costs be sold *only* for US dollars. It also dictated that oil reserves were to be spread around a number of sovereign states that weren't strong enough, politically or militarily, to demand payment for oil in another currency. The stage has now been reached at which, despite the confusion in Iraq, any oil-producing country which threatens or actually embarks upon the denomination of oil shipments, in any currency other than the US dollar, will be militarily decapitated, whatever the cost. (Some Americans are ashamed not so much that Iraq was illegally and amorally attacked in the first place, but that they have been losing the three-year Iraq War, although this may yet change). The rest is of course history, although as previously observed, the United States had one further pressing reason for invading Iraq [see page 18].

PAYMENT IN EUROS AND RAFIDAIN BANK

In 2000, Saddam Hussein actually demanded to be paid in Euros for his régime's oil exports. Initially, this demand was met with ridicule, and later with neglect; but as it became clearer that he meant business, political pressure was now exerted to 'help' him to change his mind. Or at least, that is the version most commonly deployed for public consumption purposes.

In reality, it was not so much political, as *financial*, pressure that began to be applied to the Iraqi régime. For Saddam Hussein and his son Qusay had deftly learned over the years how to manufacture fiat money out of thin air, through the exploitation *inter alia* of so-called 'high-yield investment programs', which can be leveraged to turn \$1.0 billion into \$50 billion worth of fiat money in the space of a few weeks or months.

The Hussein clan stored these assets in their own 'private' financial institution, **Rafidain Bank**, which was head-

quartered in Baghdad, but with its main foreign branch in London. According to well-informed sources, the total volume of fiat dollar assets held and 'sterilised' in sub accounts at the London branch of Rafidain Bank between 1994 and 2003 accumulated to the order of \$17.3 trillion.

At some stage, the Iraqi régime will have been threatened by Washington with seizure of these 'assets'. How could this be achieved? **By invading Iraq and seizing the head Office of Rafidain Bank.**

That would enable the Americans to remove the management, to instal new management officials, and then to order those officials, if necessary, to seize the funds held in the London Branch. A knowledgeable British 'special' source thinks that the 'assets' in the London Branch may well have been frozen, so that they may still be available.

Since the one-time US Ambassador to Baghdad, Ms. April Glaspie, notoriously /deliberately misled Saddam Hussein in 1990 when she signalled on behalf of the American State Department that the United States would have 'no objection' to Saddam's Ba'ath régime – which was established along classic Nazi lines by the German 'Black' intelligence continuum organisation (DVD – *Deutsche Verteidigungs Dienst**, based in Dachau) in the 1950s, to displace the British settlement there – the Iraqis disregarded any American threats to seize the Rafidain Bank assets, thereby adding a further motive to preparations for the attack on Iraq, which had been at the planning stages under President Clinton.

NO US NEED TO SEIZE THE OILFIELDS

But when other countries, especially Iran, started debating and asking for payment for oil deliveries in other currencies, most notably Euro and yen, the danger to the US dollar system that has been described became clear and present, and a punitive action was 'in order'. Bush's Shock-and-Awe in Iraq was never about Saddam's nuclear capabilities, about defending human rights, about spreading democracy, or even about seizing oil fields; it was always about defending the US dollar, and *de facto* the American Empire. It was also about setting a new precedent so that any foreign oil supplier demanding payment in currencies other than the US dollar could expect similar treatment. (It is reliably suggested that the newly 'elected' Iranian leader, Mahmoud Ahmadinejad, is an operative in the pay of foreign forces, whose job it is to provide the pretext for the intended US assault on Iran, under pretext of 'régime change', *et al.*)

Many have criticised President Bush for staging the war in Iraq in order to seize Iraqi oil fields. And it is documented that all the multiple energy contracts that the Saddam Hussein régime was in the process of developing and was awarding to foreign contractors, with the largest slice going to Russian oil corporations, were rendered null and void as a consequence of the invasion. This information surfaced when documents and maps generated by Vice President Richard Cheney's Energy Task Force, emerged into the public domain following a court case.

THE REAL MEANING OF 'MISSION ACCOMPLISHED'

However, such critics can never explain why the US Government would ever actually need to seize the Iraqi oilfields, given that, on the basis of precedent, the US Treasury could simply print additional Diamond Certificates for \$3.0 a Certificate, in exchange for \$1.0 billion worth of imported oil per Certificate. Why go to the vast 'real' expense of invading the country and seizing its oilfields, when pieces of paper could be used to procure the same result, instead?

History teaches that an empire needs to go to war for just two reasons: (1) To defend itself or (2) To procure new benefits. In all other cases, military overstretch will drain the empire's economic resources and will precipitate its collapse. Economically speaking, in order for an empire to initiate and conduct a war, its benefits must certainly outweigh its military and social costs. Any benefits so far derived from Iraqi oil fields (thought to be negligible) are hardly worth the colossal long-term, multi-year military cost, and the mounting social cost – as more and more burial space is needed at Arlington, and the cortèges continue, as has been the case for three years, working throughout the daylight hours every weekday, non-stop.

Rather, President Bush authorised the invasion of Iraq in order to defend the dollar system and thus to defend the Empire – with access to Saddam's Rafidain Bank accounts in London an added incentive (although their disposition remains, as indicated, obscure). Indeed, this is found to be the case: two months after the United States invaded Iraq, the Oil for Food Program was terminated, the Iraqi Euro accounts were switched back into dollars, and Iraqi oil was being sold, to the extent that it was available, once again only for US dollars. International oil customers were again precluded from purchasing Iraqi oil with Euros.

So global dollar supremacy was once again restored. Mr Bush descended victoriously from a fighter jet, staged for the TV cameras, and declared 'Mission Accomplished' – an affirmation that was universally misconstrued. For the President did **not** mean then that the Iraqi 'problem' had been resolved. What he meant to be understood was that he had successfully prevented the collapse of the US dollar, and thus of the American Empire. **For the time being. ■**

* Note: As a direct consequence of our revelations in the preceding issue and in the October 2005 issue of *International Currency Review*, identifying the German 'Black' intelligence agency, successor of Admiral Canaris's *Abwehr*, known as *Deutsche Verteidigungs Dienst*, based in Dachau, it has become much clearer than before that the Nazis were not exaggerating when they claimed, in the *Madrid Circular Letter* issued by the German Geopolitical Centre in the Spanish capital and intercepted by the Allies in 1951, that 'For us the war never ended'. The Iraqi Ba'ath régime was set up by the covert *Abwehr*, to diminish British operations in the Middle East – just as the *Abwehr* had founded the Muslim Brotherhood for the same purpose in the 1920s. It has also become clearer than ever before that the European Union Collective is a long-term operation of German 'Black' intelligence, not least given that the Chapter headings of the Maastricht Treaty are almost identical to the Chapter headings in *Europäische Wirtschaftsgemeinschaft*, a compendium of lectures given at a Nazi seminar in Berlin in 1941, and published there in 1942, in which the blueprint for the European Union was clearly laid out. Hence, *there has been no Nazi discontinuity since 1945*, as is assumed.

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SYRIA LIQUIDATES ITS DOLLAR HOLDINGS • RUSSIA, CHINA & FRANCE TO OPPOSE U.S.

Notwithstanding the practical reality that doing business via the Tehran Bourse would entangle any participating bank and its clients in prospective complications in respect of contemporaneous or future business transactions with US banks and other US parties – so that its 'threat' to US dollar hegemony is, in a practical sense, less marked than some analysts have proposed, the way things were moving in mid-February looked distinctly ominous.

DAMASCUS SCRAMBLES TO PROTECT ITS \$ ASSETS

On 15th February, the Syrian Government proceeded to liquidate its US dollar-denominated assets, translating the proceeds into Euros. Liquidations reportedly commenced at the beginning of that week. The International Monetary Fund's compendium *International Financial Statistics* contains no overt information about the Syrian authorities' official reserves of foreign exchange, but numbers are available in Syrian pounds dating from early 2004 which indicate that the Syrian financial sector was flush with foreign assets.

Specifically, the deposit money banks held foreign assets worth 573,350 million Syrian pounds at the end of March 2004, equating to \$51,078 million. By contrast the Syrian banks' foreign liabilities amounted to 10,675 million Syrian pounds, equivalent to just \$951 million, representing a very 'healthy' positive balance of more than \$50 billion.

Two years later, it would certainly not be unreasonable to estimate that the deposit money banks' foreign assets will have exceeded 700 billion Syrian pounds, equivalent to well over \$62 billion. At the end of December 2000, the Syrian banks' foreign assets aggregated 398,681 million (or \$35.5 billion). These calculations have been performed at the fixed dollar rate of 11.225 Syrian pounds per US\$1.0.

The Syrian monetary authorities possessed foreign assets worth \$11,693.1 million at the end of March 2004 (131,255 million Syrian pounds). By contrast, their foreign liabilities stood at a mere \$577.8 million, so that their external position was at least \$11 billion in 'surplus'. This total would now amount, we estimate, to anything up to \$20 billion.

The sources of Syria's hidden wealth are, of course, the two 'consumption assets' upon which the dollar 'standard' is based – oil and drugs. Syrian oil is very 'sweet' and carries a premium. The drugs dimension arises not least from the fact that while the Syrian military occupied Lebanon, it took a hefty cut (thought to have been of the order of 20%) of the proceeds of the drug trade run through Lebanon's Bekaa Valley. Like the US-supported Afghan Prime Minister, Mr Karzai (and some of his associates), the Syrian occupation authorities made sure that their own pockets were lined – but otherwise left the drug-trafficking Beirut and Bekaa Valley underworld alone.

Syria is effectively a corrupt French drug state, and the

reported liquidations (or commencement of dollar asset liquidations, including US Treasury securities) will have been undertaken in consultation with the French Government.

France is secretly aligned with Russia and China in opposition to the planned US attack on Iran. France's alignment with Germany under the terms of the Treaty of the Elysée of January 1963, which lays down that both sides must have a 'common position' in respect of all foreign policy issues of mutual concern, and must reach a 'common position' ahead of all international meetings at which they are represented, is further cemented by the 'hidden' trilateral commission consisting of Russia, France and Germany, of which President Chirac was Chairman prior to becoming President of France. Whatever France and Germany may be saying for public consumption, especially during the pre-scripted and orchestrated 'United Nations' preamble to this crisis, France has a vested interest in the maintenance in power of the (Nazi) President Ahmadinejad and his intelligence colleagues, who are enamoured of the dead founder of the Muslim Brotherhood, which was established in the 1920s by the German *Abwehr* (secret intelligence) as a mechanism for the destabilisation of British power in the Middle East. This organisation is now providing the US-supported President Mubarak with headaches, having acquired 88 seats in the 444-seat Egyptian Parliament at the last election. The Black Forces behind this operation seek control over Egypt because of its occult ancient sites, which the Illuminati covet. It's true.

The possibility of a serious mishap, or of a series of events which escalate rapidly out of control, resulting in oil prices going further through the roof and the price of gold surging further upwards, and anything from a global slump to an actual nuclear exchange, is considerable, even though, as we argue in the main text, the 'threat' from the Tehran Petroeuro Exchange is overblown for practical reasons. ■

Syrian financial aggregates USD Millions	End-March 2004
Reserve money banks' foreign assets	51,078
Reserve money banks' foreign liabilities	951
Monetary authorities' foreign assets	11,713
Monetary authorities' foreign liabilities	578

Selected financial aggregates for the Syrian Arab Republic, in millions of US dollars. Note: Data translated at the fixed US dollar exchange rate of 11.225 Syrian pounds per US\$1.0, as reported by the International Monetary Fund. No data are available for Syria's official reserves of foreign exchange. Data source: International Monetary Fund.