

9/3

U.S. Judge Lee's Court ruling over Mr Leo Wanta's absolute authority in respect of certain SENSITIVE TITLE 18, SECTION 6 UNITED STATES GOVERNMENT INTELLIGENCE CORPORATIONS and their off-balance sheet bank account financial assets

DAY OF RECKONING FOR BANKSTERS AND SCAMSTERS
 International financial sector tensions have reached fever pitch behind the scenes due to the gangland warfare that has been raging in the context of the misdirection and theft of off-balance sheet giga-funds by certain US intelligence operatives/office holders and international banks. To facilitate this culture of scamming and thievery without the inconvenience of a US Secret Service investigation, President Clinton arranged for the illegal 'taking down' in 1993 of Leo Wanta, a senior US intelligence operative of rare integrity, so that he languished illegally in jail and under house arrest on trumped-up charges for 12 years. But today the tables have been turned upon the scamming operatives and banksters concerned. This document affirms Mr Wanta's powers over key USG corporations. It is published to coincide with audit work that is taking place to establish what has happened to official funds. So that nothing can ever be taken out of context, we reproduce this US Court statement in its entirety.

Intelligence officers engaged in secret international operations for governments are often authorised to use offshore corporations. In 1990, President Gorbachëv's Politburo re-authorised the setting up of innumerable domestic and foreign corporations as instruments of Soviet strategy around the world. The Politburo actually took a leaf out of the CIA's book, copying in essence the basic provisions of President Reagan's Executive Order 12333 of 1981, which authorised the establishment for such purposes of a number of so-called Title 18 Section 6 corporations domestically and offshore, wholly owned by the US Government. The Executive Order stipulated that all intelligence connections with such corporations could be disguised and denied.

Given the rampant corruption with which elements of the vast US intelligence community is infested, consequent in part upon the global drug-trafficking operations of the CIA which are run in competition/collaboration with comparable operations directed by the covert Soviet GRU and by certain intelligence organisations of other countries (including Britain's 'Black' GO-2 agency), it is not surprising that the bank accounts of certain of these offshore funds may well have been ransacked, against the background of gangland-style rivalry between competing/collaborating cadres owing their 'allegiance' to this or that powerful 'intelligence family' (such as the Clintons and the Bushes). Furthermore, the sums accumulated in these offshore accounts are usually of colossal proportions, being the proceeds of multiple officially sanctioned operations and banking transactions carried out in accordance with official instructions.

In 1993, the senior US Secret Service/Treasury intelligence officer Leo Wanta (who also served the CIA and the FBI, as required) travelled with others to Switzerland, where he was to arrest the international metals trader and fugitive from US justice, Marc Rich (Reich) on instructions from the FBI Director, William Sessions. Instead of achieving this – one of a portfolio of objectives – he was seized by Swiss police and thrown into a stinking Swiss dungeon for 134 days with no explanation. Almost simultaneously, President Clinton fired

William Sessions without giving any reason, and shortly afterwards Vincent Foster was found 'suicided' in a Washington DC area park. Following an intervention by Yizhak Rabin, the Israeli Prime Minister, Wanta was repatriated in shackles to New York, where he was arraigned before a US Judge on trumped up tax charges.

The Judge dismissed his case and released him, but he was re-arrested on the Courthouse steps and extradited to Wisconsin, where the spurious tax charges (to the effect that he owed about \$14,000 in back tax dating from 1982, despite the fact that he hadn't lived in Wisconsin for years) were invoked, and he was flung into jail for non-payment. He was moved out-of-state to another jail, and attempts were made to drug him and to have him certified as mentally ill, in accordance with the Soviet Gulag and mental hospital models. Later, he was released into house arrest in Wisconsin and was subject to severe movement restrictions for many years, during which time he was barred from leaving Wisconsin. He managed *twice* to raise funds and to pay the illegally imposed tax, after the first tax payment 'went missing'. His family home was sold behind his back and the proceeds confiscated. After a third payment was raised and paid, with additional charges, in July 2005, Leo Wanta was finally freed of all probation restrictions with effect from 14th November 2005. Meanwhile Marc Rich, who had been indicted by Rudolph Giuliani, a US Attorney of the day, on multiple counts involving racketeering (RICO) financial and trading irregularities, was pardoned in the final hours of Clinton's Presidency.

But Leo Wanta, who had conducted a series of brilliant Financial Warfare operations on behalf of President Reagan, whose life he had saved at least once by providing the President with advance warning of intended assassination, was left to waste over 12 years of his life as described. On 8th February 2006, we 'googled' www.bop.gov (Bureau of Prisons), clicked onto Locate a Federal Inmate, and typed in Leo Wanta's reference number 43419-053. This duly showed Leo Wanta as having been such an inmate, *but stated that the date of his release was 19th November 1993, aged 65* (which is his current, rather than his age on release (53). In other words, it appeared that the Bureau of Prisons may have sought to have Mr Wanta's illegal incarceration covered up. Fortunately, this fraudulent 'takedown' of a gallant and patriotic intelligence officer, and its motivations, can no longer be hidden. Many US intelligence officials thought that he was dead long ago.

But in reality, he remained in touch, all along, with dimensions of his former global intelligence work – including the matter of the fate of large financial assets belonging to the US Government for which he remained responsible under US law and the laws of other jurisdictions, but which he feared might be in danger of being misdirected or stolen from the US Government by US criminalist intelligence gangs.

When the US Government itself reneged on certain specific undertakings concerning some of the intelligence corporations and their assets, Mr Wanta was forced to go to court to protect the assets and not least to counter evil suggestions that, like certain known operatives, he, too, was corrupt – a ludicrous suggestion, as he was out of commission for years and in any case bases his work on Christian ethical principles. On 15th April 2003, US District Judge Gerald Bruce Lee, sitting in the United States District Court for the Eastern District Court of Virginia, Alexandria Division, handed down a Memorandum Opinion in which Leo Wanta's unavoidable legal representations were reviewed, and in which he affirmed Mr Wanta's powers over the corporations [see page 46]. The Judge pronounced: *'Plaintiff's sole remedy in this matter is to proceed with the liquidation of the corporations and report these transactions to the Internal Revenue Service in accordance with the Internal Revenue Code and then challenge the assessment of any taxes in a refund proceeding'*, to obtain his contracted payment for services rendered in accordance with his contracts and official orders.

We are publishing the entire text of this important document for the benefit of members of the international financial community who may, for whatever reason, have seen fit to question either Mr Wanta's integrity, or his undoubted powers to complete the US Government's business, and to recover assets accumulated for its long-term benefit. ■

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

ALEXANDRIA DIVISION

AMBASSADOR LEO WANTA,

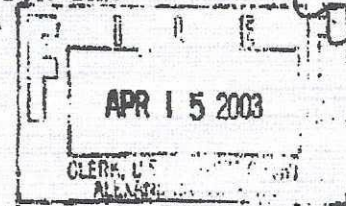
Plaintiff,

v.

UNITED STATES OF AMERICA, et al.,

Defendants.

Civil Action No. 02-1363-A



MEMORANDUM OPINION

THIS MATTER is before the Court on Defendants the United States of America, et al.'s, motion to dismiss Plaintiff Ambassador Leo Wanta's claim of breach of contract based on lack of subject matter jurisdiction and on Plaintiff's motion to amend his complaint. The issue before the Court is whether the Court should dismiss an alleged secret government agent's claim against the Attorney General, the Director of the Central Intelligence Agency, the Secretary of the Treasury and the Government based on lack of subject matter jurisdiction. The Court grants Defendants' motion to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(1) because the Government has not waived sovereign immunity and public policy forbids the adjudication of a suit relating to matters of an alleged national security contract. The Court denies Plaintiff's motion to amend his complaint under Federal Rule of Civil Procedure 15(a) because such an action would be futile.

PAGE 1 of U.S. District Judge Gerald Bruce Lee's crucial Memorandum Opinion dated 15th April 2003, in which, having exhausted the remedies available to Leo E. Wanta, the distinguished US Secret Service/Treasury intelligence officer, in respect of the disposition of off-balance sheet US Government intelligence funds held in accounts of Title 18, Section 6 corporations offshore, the Judge pronounced that: 'Plaintiff's sole remedy in this matter is to proceed with the liquidation of the corporations and report these transactions to the Internal Revenue Service in accordance with the Internal Revenue Code and then challenge the assessment of any taxes in a refund proceeding'. This Court-affirmed statement confirmed Mr Wanta's powers over certain USG corporations and presented serious problems for criminalised elements of the US intelligence community and overpowerful barons believed to be lusting after seizure of financial assets that belong to the US Government - and which would prefer that the source of these and other hidden giga-funds were never revealed in order for past and planned illegal thefts of such assets to be covered up in perpetuity. So far, this crucial document has been largely suppressed, as it affirms Mr Wanta's legitimate powers and destroys groundless and libellous allegations that Mr Wanta is dishonest, like the criminal operatives concerned. Their problem is that he is not - a concept they cannot understand, as in their perspective, it cannot be imagined that any US intelligence officer is not also as bent as a corkscrew.

I. BACKGROUND

Plaintiff alleges that he served as a secret agent, employee and /or independent contractor of the United States government and that the scope of his duties fell within the provisions of the National Security Act of 1947. (Compl. at ¶ 1.) His complaint further alleges that in April 1992, Plaintiff and a now deceased third party foreign national executed a Tax Treaty Agreement ("the Agreement") with the United States government. (Id. at ¶ 5.) The purpose of the Agreement, commencing on June 11, 1995, was to provide for Plaintiff's termination and retirement from his service with the United States government. (Id.) Despite Plaintiff's repeated demands for performance, the United States government has refused to comply with the terms of the Agreement. (Id. at ¶ 6.) As a result, Plaintiff seeks an order from the Court requiring the United States, inter alia, to comply with their responsibilities under the terms of the Agreement or, alternatively, to pay him \$1.0 billion in damages for breach of contract. (Id. at ¶¶ 21, 23.)

II. DISCUSSION

A. Subject Matter Jurisdiction

1. Standard of Review

The Court may consider a Motion to Dismiss pursuant to Federal Rule of Civil Procedure 12(b)(1) by examining "(1) the complaint alone; (2) the complaint supplemented by undisputed

facts evidenced in the record; or (3) the complaint supplemented by undisputed facts plus the court's resolution of disputed facts.'" See *Hostetler v. United States*, 97 F. Supp. 2d 691, 694 (E.D. Va. 2000) (quoting *Williamson v. Tucker*, 645 F.2d 404, 413 (5th Cir. 1981)). The burden of establishing subject matter jurisdiction lies with the plaintiff. *Id.* at 695.

2. Jurisdiction Over Contractual Claims Against the United States

The United States Court of Federal Claims has exclusive jurisdiction over any contractual claims against the United States for monetary damages in excess of \$10,000. 28 U.S.C. § 1491(a)(1). In this case, Plaintiff seeks specific performance of the Agreement or \$1.0 billion in monetary damages for breach of the Agreement.

3. Inability of this Court to Provide Equitable Relief

Plaintiff argues that this Court is the appropriate venue for this suit because the purported Agreement between the parties provides for arrangements concerning the payment of Plaintiff's federal income taxes resulting from the liquidation and distribution of assets from various foreign and domestic corporations. This Court has subject matter jurisdiction over an action against the United States for any incorrect or wrongful assessment of federal taxes or an illegal collection action under

the Internal Revenue Code. See 28 U.S.C. § 1346(a)(1). However, despite Plaintiff's clarification of the purpose of the Agreement, he does not claim that he is attempting to recover any payments or assessments of taxes by the United States. Instead, Plaintiff asserts that the terms of the Agreement establish a formula that determines the amount of income taxes owed for the liquidation of assets in various foreign and domestic corporations, as well as the timing for those tax payments to the United States government.

The Court, however, is precluded from intervening in a dispute involving the calculation of income taxes owed before an assessment is made against the taxpayer or the taxpayer tenders payment. The Anti-Injunction Act provides that ". . . no suit for the purpose of restraining the assessment or collection of any tax shall be maintained in any court by any person, whether or not such person is the person against whom such tax was assessed." 26 U.S.C. § 7421(a). A court does not have the right to interfere with the collection or assessment of federal taxes. *Int'l Lotto Fund v. Virginia State Lottery Dep't*, 20 F.3d 589, 591 (4th Cir. 1994). A court may issue an injunction prohibiting the assessment or collection of taxes "only if it is clear that the Government could in no circumstances ultimately prevail on the merits and that equity jurisdiction exists." *Prof'l Eng'rs, Inc. v. United States*, 527 F.2d 597, 600 n.1 (4th Cir. 1975).

Furthermore, application of the Anti-Injunction Act does not result in a denial of due process provided that the taxpayer can seek redress in a refund action. *Id.* at 600. The Plaintiff has not demonstrated that his position is so compelling that only he, and not the government, could prevail. Nor does the Plaintiff currently seek to recover any payments or assessments of federal income taxes or assert that he was denied judicial review in a refund action. Accordingly, this Court cannot provide any injunctive relief in this matter. Since the Plaintiff's claim against the United States government would appear to be contractually based, the appropriate venue for this action is the United States Court of Federal Claims.

B. Failure to State a Claim

1. Standard of Review

A Federal Rule of Civil Procedure 12(b)(6) motion should not be granted unless it appears beyond a doubt that the plaintiff can prove no set of facts in support of his claim that would entitle him to relief. Fed. R. Civ. P. 12(b)(6); *Conley v. Gibson*, 355 U.S. 41, 45-46 (1957). In considering a Rule 12(b)(6) motion, the Court must construe the complaint in the light most favorable to the plaintiff, read the complaint as a whole, and take the facts asserted therein as true. *Mylan Labs, Inc. v. Matkari*, 7 F.3d 1130, 1134 (4th Cir. 1993). Conclusory

allegations regarding the legal effect of the facts alleged need not be accepted. See *Labram v. Havel*, 43 F.3d 918, 921 (4th Cir. 1995). Because the central purpose of the complaint is to provide the defendant "fair notice of what the plaintiff's claim is and the grounds upon which it rests," the plaintiff's legal allegations must be supported by some factual basis sufficient to allow the defendants to prepare a fair response. *Conley*, 355 U.S. at 47. This initial standard sets out how the Court construes the Complaint.

2. Contrary to Public Policy

The Plaintiff fails to state a claim upon which relief may be granted by this Court or the United States Court of Federal Claims. Because the Agreement is a contractual claim against the United States for more than \$10,000, transfer to the United States Court of Federal Claims would be appropriate. However, the transferee court must also possess subject matter jurisdiction for this Court to be able to transfer the case.. The United States Court of Federal Claims cannot order specific performance or award damages for breach of contract in this suit as a matter of public policy. "Public policy forbids the maintenance of any suit in a court of justice, the trial of which would inevitably lead to the disclosure of matters which the law regards as confidential." *Totten v. United States*, 92 U.S. 105, 107 (1875). The Plaintiff contends that the Agreement does not

involve a contract for services. Instead, he states that the Agreement provides a mechanism for the timing and payment of income taxes resulting from the distribution and liquidation of various domestic and foreign corporations that the plaintiff established while employed by the United States government. Plaintiff also unequivocally states that certain terms of the Agreement may be subject to the National Security Act of 1947. (Compl. at ¶ 1.) Despite Plaintiff's attempt to mollify his original statement by saying that the provisions of the Agreement relating to the tax payments are not covered by the National Security Act, the Court must conclude, based on Plaintiff's initial statement and his failure to attach a copy of the Agreement to his complaint, that the Agreement involves secret or covert activities subject to the National Security Act of 1947.

3. Failure to Establish Sovereign Immunity

Even assuming, *arguendo*, that the Agreement is not subject to the National Security Act of 1947, the Plaintiff cannot demonstrate that the United States Court of Federal Claims has subject matter jurisdiction. See *McNutt v. GMAC*, 298 U.S. 178, 182, 189 (1936) (stating that the burden is on the plaintiff to demonstrate that a court has subject matter jurisdiction). The Plaintiff has sued the federal government as well as three named federal officials in their official capacities to obtain specific performance of the Agreement or, alternatively, monetary damages

for breach of the Agreement. A suit against such a federal officer is deemed to be a suit against the federal government. *Kentucky v. Graham*, 473 U.S. 159, 165-66 (1985). Thus, this suit rests exclusively against the federal sovereign.

The United States, is immune from suit based on its sovereign powers, unless consent to suit is granted to prospective litigants. The United States' consent to be sued must be express and unequivocal. *United States v. Mitchell*, 445 U.S. 535, 538 (1980). The Plaintiff has failed to demonstrate that the United States has expressly consented to be sued in this matter. While the alleged Agreement between the parties may provide such consent, the Plaintiff has elected not to attach a copy of the Agreement to the Complaint to support that such consent exists.

Without express consent, only Congress can waive the sovereign immunity of the United States. *Block v. North Dakota*, 461 U.S. 273, 287 (1983). Congress has adopted legislation that provides for a waiver of sovereign immunity in suits for equitable relief. See Administrative Procedures Act (APA), 5 U.S.C. § 701, et seq. However, relief may not be available under the APA if other statutes prohibit this remedy. 5 U.S.C. § 701(a)(1). The Anti-Injunction Act, as previously discussed, precludes such relief in this case. 26 U.S.C. § 7421 (disallowing lawsuits that interfere with the assessment or

collection of federal income taxes). Likewise, the Declaratory Judgment Act expressly excludes actions relating to federal taxes. 28 U.S.C. § 2201; *Prof'l Eng'rs*, 527 F.2d at 600. The Plaintiff cannot establish that the United States consents to be sued. As a result, the United States Court of Federal Claims would be precluded from ordering specific performance of the Agreement since federal law prohibits a waiver of sovereign immunity in matters involving assessment and collection of income taxes. Therefore, because the United States Court of Federal Claims is prohibited from granting relief in this matter, it would be futile for this Court to transfer this case.

C. Amendment of Complaint

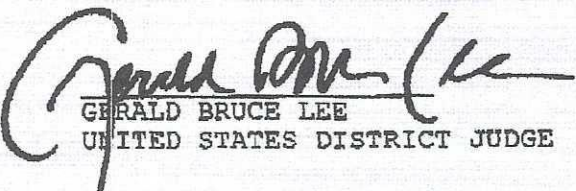
Although a court may allow a party to amend its complaint when it is in the interests of justice under Federal Rule of Civil Procedure 15(a), such action in this case would not further the interests of justice. *Khandelwal v. Compuadd Corp.*, 780 F. Supp. 1077, 1082 (E.D.Va. 1992). Even if Plaintiff were allowed to amend his complaint to dismiss his claim for breach of contract, this Court would continue to lack subject matter jurisdiction in this case because the remaining claim seeks specific performance of a contract involving the United States government and jurisdiction lies in the United States Court of Federal Claims. However, as discussed previously, the Court may not transfer this matter to the United States Court of Federal

Claims. Nor would an amended complaint change this Court's ability to provide equitable relief in this matter since Plaintiff does not seek recovery of payment or assessment of federal taxes. Moreover, allowing Plaintiff to amend his Complaint would not remove Plaintiff's bar from suing the United States government because he lacks express consent or a waiver of sovereign immunity by the United States government that would allow the United States Court of Federal Claims to have subject matter jurisdiction in this case. Therefore, the Court denies Plaintiff's motion to amend his complaint because such an action would be futile. Plaintiff's sole remedy in this matter is to proceed with the liquidation of the corporations and report these transactions to the Internal Revenue Service in accordance with the Internal Revenue Code and then challenge the assessment of any taxes in a refund proceeding. See *Int'l Lotto Fund*, 20 F.3d at 591.

III. CONCLUSION

The Court grants Defendants' motion to dismiss based on lack of subject matter jurisdiction and failure to state a claim on which relief may be granted. The Court denies Plaintiff's motion to amend his complaint.

Dated: April 15, 2003
Alexandria, Virginia


GERALD BRUCE LEE
UNITED STATES DISTRICT JUDGE

PAGE 10 of U.S. District Judge Gerald Bruce Lee's crucial Memorandum Opinion dated 15th April 2003, in which, having exhausted the remedies available to Leo E. Wanta, the distinguished US Secret Service/Treasury intelligence officer, in respect of the disposition of off-balance sheet US Government intelligence funds held in accounts of Title 18, Section 6 corporations offshore, the Judge pronounced that: 'Plaintiff's sole remedy in this matter is to proceed with the liquidation of the corporations and report these transactions to the Internal Revenue Service in accordance with the Internal Revenue Code and then challenge the assessment of any taxes in a refund proceeding' [SEE ABOVE]. This Court-affirmed statement confirmed Mr Wanta's powers over certain USG corporations and presented serious problems for criminalised elements of the US intelligence community and overpowerful barons believed to be lusting after seizure of financial assets that belong to the US Government - and which would prefer that the source of these and other hidden giga-funds were never revealed in order for past and planned illegal thefts of such assets to be covered up in perpetuity. So far, this crucial document has been largely suppressed, as it affirms Mr Wanta's legitimate powers and destroys groundless and libellous allegations that Mr Wanta is dishonest, like the criminal operatives concerned. Their problem is that he is not - a concept that they cannot understand, as in their perspective, it cannot be imagined that any US intelligence officer is not also as bent as a corkscrew.



STOCK MARKET WAY OUT OF SYNC WITH THE UNDERLYING MACRO REALITIES

Once again, it is necessary to exercise caution when attempting to gauge whether Japan has broken free of deflation. After a landslide September election victory, the Nikkei took off into a new stratosphere, so that it is now hopelessly out of line with the condition of the financial economy. All the macrofinancial fundamentals have deteriorated sharply; and yet, late last year, inflation at the consumer level was *still* negative. Clearly, all is far from well.

STOCK MARKET AHEAD OF REALITY

After 15 years of deflation and false starts, the Japanese economy has ostensibly taken a turn for the better. However it is usually wise to treat reports from Japan with caution. The stock market has shot frenetically ahead of the real economy. Although the data for 2005 in the table on page 48 are not complete, it will be seen that the latest available official consumer price indicator was STILL in deflation late last year, with the Consumer Price Index showing an overall 0.7% decline. Household consumption spending had recovered somewhat, especially when measured against its decline and stagnation over the preceding two years – reflecting the decline in reported unemployment from 5.4% in 2002, to around 4.5%. The volatile construction sector was doing far less well than in 2004. Figure 2 on the same page shows the value of retail business still negative, along with shipbuilding and steel output. All the 2005 data represent snapshots which await confirmation of the end-year numbers: but to say the least, the overall picture is patchy. The chart shows just how far the Nikkei has moved out of sync with the real economy.

With the main spotlight in the United States, and in the financial markets generally, on the new Chairman of the Federal Reserve Board, there have been commendatory comments from some quarters concerning the influence that Mr Bernanke may have had over the development of Japan's overall anti-deflation strategy. The new Fed Chairman is indeed a meritorious student of the Great Depression – and from this fact, and the many excellent papers he presented by way of Congressional testimony during his membership of the Board of Governors between 2002 and 2005, which was oddly interrupted when he became Chairman of the President's Council of Economic Advisers last year – it is extrapolated that the expertise he has conveyed to Japanese policymakers has been primarily concerned with ways to counter deflationary pressures.

Since deflation is simply induced by the destruction of value and money, the logical response is of course for the fiat money system to be allowed to expand in a controlled manner. If the stock market can be stimulated by psychological means, it can lead this process, since more financial resources become necessary to finance higher stock prices. The authorities have tried over the years to encourage the Japanese stock market out of its slumber, finally succeeding in the belated context of Mr Junichiro Koizumi's election victory last September, which traders

interpreted as definitive confirmation that the régime of 'reform and deregulation' was not about to be curbed.

The General Election indeed delivered a landslide, so that observers have been surprised at the rapid decline in the Prime Minister's standing since the turn of the year. All of a sudden, analysts have started to write Mr Koizumi off, with Jeff Kingston, Professor of Asian Studies at Temple University, Tokyo, commenting in the UK *Financial Times* on 7th February: 'With such a landslide I am surprised how quickly things have turned against him. But there's been such a cavalcade of unsatisfactory news, it's no wonder that his approval ratings have been dropping (in the latest measure, by 14 points, to 45%). This has the feel of a caretaker Administration'. The rash of recent scandals had provided opponents with an opportunity to try to discredit the Prime Minister by suggesting that his drive to secure mar-

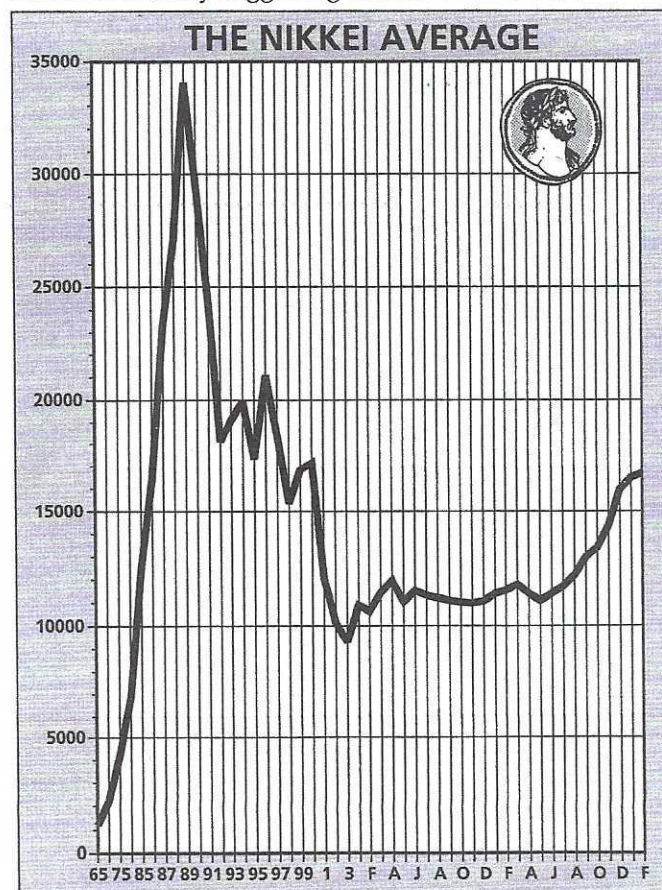


Figure 1: Nikkei Average of stock prices and yields [16 May 1949 = 176.21. A discontinuity occurred on 24th April 2000. Source: Tokyo Stock Exchange.

Country	Denomination	1997	1998	1999	2000	2001	2002	2003	2004	2005*
External financial assets	US\$ billions	2,737.45	2,986.33	3,013.60	2,969.59	2,881.51	3,052.08	3,599.80	-	-
External financial liabilities	US\$ billions	1,778.72	1,832.69	2,184.48	1,811.65	1,521.42	1,589.92	1,986.18	-	-
Total official reserves including gold	US\$ millions	220,792	215,949	288,080	361,638	401,959	469,728	673,529	844,543	843,268
Official foreign exchange reserves	US\$ millions	207,866	203,215	277,708	347,212	387,727	451,458	652,790	819,141	821,675
Current account balance	US\$ billions		118.75	114.60	119.66	87.80	112.45	136.22	172.06	162.65
Trade balance	US\$ billions	101.60	122.39	123.32	116.72	70.21	93.83	106.40	132.13	93.08
Consumer Price Index, general	2000 = 100, %	1.8	0.6	-0.3	-0.7	-0.7	-0.9	-0.3	0.0	-0.7
Household consumption spending	2000 = 100, %	1.4	-1.5	-1.6	-1.8	-2.7	-0.8	-1.1	0.5	1.1
Government bond issuance	¥ billions	67,824.3	84,804.2	102,050.5	105,996.3	133,970.4	147,832.0	154,686.5	175,268.1	190,634.7
Money supply M1	% change	8.8	8.1	10.5	8.2	8.5	27.6	8.2	4.0	5.5
Nikkei Average	May 16 1949 = 176.21	18,397.52	15,355.99	16,823.41	17,145.01	12,093.56	10,123.14	9,311.42	15,941.37	16,659.64
Business failures	Actual number	16,464	18,988	15,352	18,769	19,164	19,087	16,255	13,679	12,752
Liabilities of business failures	¥ billion	14,044.7	13,748.3	13,621.4	23,885.0	16,519.6	13,782.4	11,581.8	7,817.6	6,514.1
Industrial production	2000 = 100	106.0	94.4	94.6	100.0	93.2	92.0	95.0	100.2	102.9
Manufacturing capacity utilisation	2000 = 100	103.9	96.1	95.8	100.0	92.4	93.5	97.3	102.0	104.6
Unemployment	%	3.4	4.1	4.7	4.7	5.0	5.4	5.3	4.7	4.5
Rate of job offers to applicants	Times (%)	0.72	0.53	0.48	0.59	0.59	0.54	0.64	0.83	0.98
New construction orders	% change	-5.1	-10.8	-8.4	1.1	-12.0	-14.1	7.1	11.7	-3.2
New housing starts	% change	-15.8	-13.6	1.4	1.3	-4.6	-1.9	0.8	2.5	9.1
Population	IMF, mid-year estimates, millions	126.15	126.46	126.76	127.03	127.29	127.52	127.74	127.92	-

Selected Japanese macrofinancial and economic indicators, 1997-2005. * = Recent available data. Sources: Ministry of Finance and other Government departments.

ket capitalism in Japan had created room for tricksters and fraudsters. 'Deregulation... is getting a great deal of the blame. So if you've made your reputation as a reformer, and deregulation is suddenly perceived as the reason for all these problems, then you are going to take the blame and pay the political price'. However this all sounds a little too complacent: after all, the Japanese Liberal Democratic Party [LDP] has been riddled with corruption and scandal for as long as we can remember.

Of greater concern than the prospective fate of the Prime Minister of the day is the steep deterioration in key indicators of Japan's macrofinancial stability. In 1997, aggregate Government bond issuance amounted to ¥67,824.3 billion. In 2005, according to our preliminary calculations, the total

had ballooned to ¥190,634.7 billion, as the authorities continued their 'lifeboat' operation to prop up the fundamentally ailing economy. Business failures have declined, along with the total value of real wealth destroyed by such failures; but only, we suspect, as a consequence of the financial first aid delivered to the economy generally by the authorities. Whereas total tax revenues in 1990 aggregated ¥60.1 trillion, the projection for fiscal year 2006 (ending on 31st March) is ¥45.9 trillion (23.6% below the 1990 level). The outstanding long-term indebtedness of the national and local governments soared from ¥265.8 trillion in FY1990, to ¥773.5 trillion in fiscal 2005. Worst of all, given Japan's ageing population, the fertility rate has fallen steeply so that fewer productive people will be supporting the elderly than ever. ■

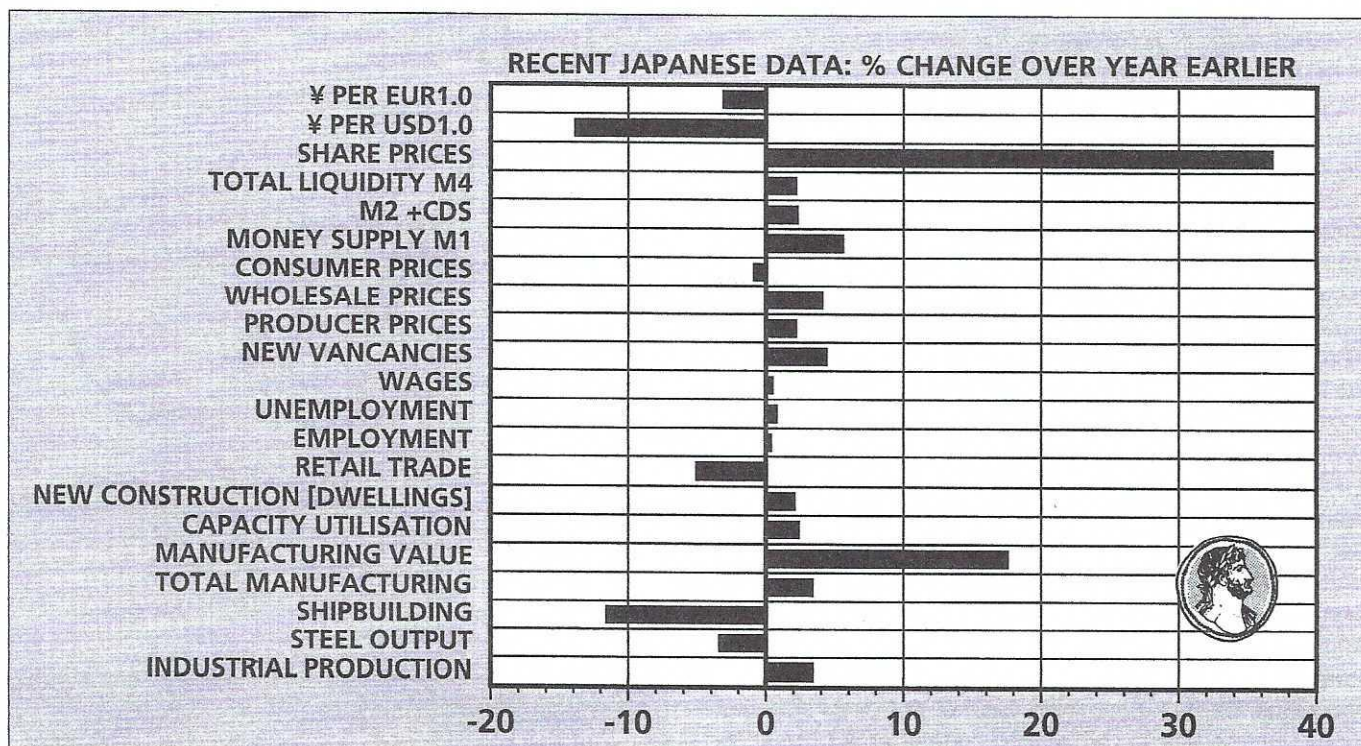


Figure 2: Selected recent Japanese macroeconomic and financial data, showing a decidedly positive trend. Source: Japanese Cabinet Office



NONE OF OUR EARLIER EXPOSURES HAVE BEEN DENIED, AS SCANDALS PROLIFERATE

On the face of it, nothing has changed since we exposed, in the final quarter of last year, the serial giga-corruption that drives the European Union Collective's structures, and the treachery of Edward Heath and colleagues who were working for German 'Black' intelligence for decades. But behind the scenes, there is considerable anxiety and nervousness – and with good reason, since key elements of the media, though currently constrained, have since done their own homework on these issues.

CORRUPT BUSINESS AS USUAL IN BRUSSELS

Following our revelations in the October 2005 issue of *International Currency Review*, and the follow-up that we published in the preceding issue of this service, guess what? Nothing *seems* to have changed. Specifically:

- 'Business as usual': evasion and deception continues unabated in the European union Collective's structures.
- The British media continue to ignore the issues.
- The British Government pretends (almost: but see below) that since we are the only publishing house that has raised these issues, we can safely be ignored.
- Bankers and others we know personally have chosen to ignore the stinking evidence we put forward, and some have even cold-shouldered us. Never mind....

The 'good news' is as follows:

● The BBC, which initially adopted its usual approach of considering any criticism of the European Collective to be akin to serial madness and/or blasphemy, was subsequently briefed on the situation. After certain investigations, they discovered to their 'Shock'n Awe' that our exposures of Messrs Heath, Rippon and Jenkins as long-term agents of the *Abwehr* were of course accurate. The BBC also found out that, no, we didn't invent our detailed information about the 'payola' system of 'incentivising' negotiators and signatories of EU treaties. Their curiosity was aroused by the fact that:

- Not a single denial of anything that we published has ever been forthcoming from official or media sources.
- The Murdoch papers and Fox News have also been made aware of the accuracy of what we have published.

FURTHER AND BETTER PARTICULARS

It will have been observed that the revelations about Edward Heath being an *Abwehr*/DVD (*Deutsche Verteidigungs Dienst*) agent, followed his death in July 2005. The next traitor to fall off his perch was Tony Barber, a former Chancellor of the Exchequer under Sir Edward Heath. Shortly after *his* death, the following information was provided to us by intelligence sources:

1. Heath originally appointed a leading Conservative colleague, Ian Macleod, as his Chancellor.
2. Ian Macleod went to the Permanent Secretary at the Treasury for his introductory briefing. At the briefing, the Permanent Secretary explained, with the assistance of charts and data, why the policy of subordinating the British economy to the European Economic Community would

be disastrous, and that the collectivisation of all dimensions of the political economy and society, including the currency, would ensue.

3. Ian Macleod reported to the Prime Minister (Heath) that a new policy was required, and that he (Mr Macleod) had been advised not to proceed along the path of integration that (the *Abwehr* traitor) Heath intended.

4. Shortly thereafter, Ian Macleod had dinner with a certain Dr Foster, not unknown to the security services.

5. Shortly after *that*, Ian Macleod was found dead in Number 11 Downing Street.

6. Macleod's place was immediately taken by a certain Tony Barber. Barber proceeded to implement every dimension of the European integration policy that Heath was obliged (under continuing blackmail pressure) by the German 'Black' intelligence community, to implement.

7. It has now transpired that Barber was *also* a long-

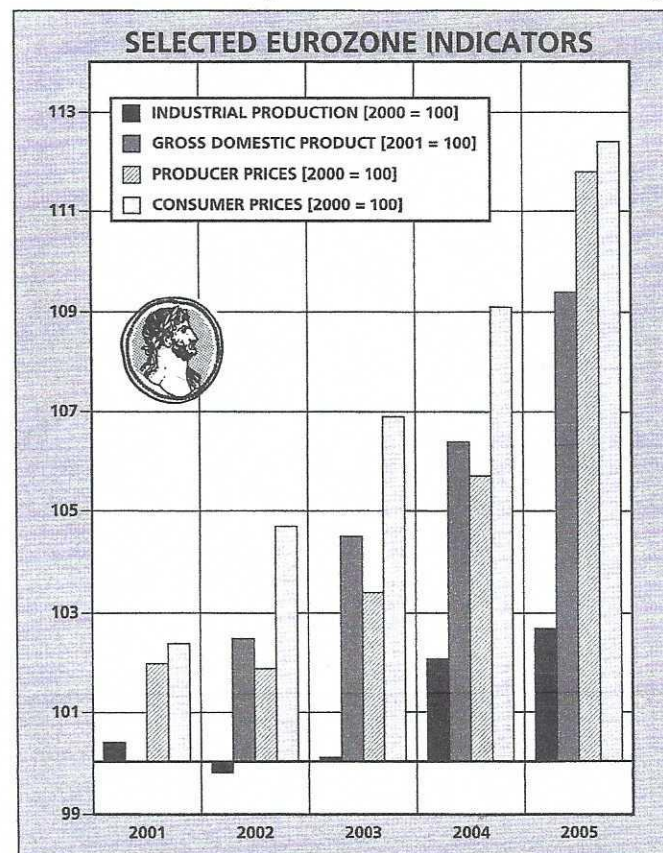


Figure 1: Selected recent Eurozone indicators: % changes over year-earlier data, as of early 2005. Data: Organisation for Economic Cooperation and Development.

term *Abwehr* agent; that in 1942, he flew a Spitfire equipped with the latest British spy-in-the-sky camera, into Germany, where it landed safely; that he betrayed his fellow prisoners-of-war; and that he was responsible for the deaths of many British prisoners.

No-one who is not sitting on his or her brains should be surprised at these revelations, which have been kept secret until after the perpetrators' deaths. Examination of the 1942 Nazi compendium *Europäische Wirtschaftsgemeinschaft*, facsimiles from which were shown in the preceding issue of this service, reveals that the Chapter headings of that work are almost identical to those of the Maastricht Treaty et seq.: indeed we published extensive exposés on this subject as long ago as 1993. *So why is the silence so deafening?*

SOME EXPLANATIONS FOR THE DUPLICITY

The most obvious explanation for what is going on is that the corruption that we have publicised is *much more widespread than even we have yet managed to expose*. Another explanation is that certain media outlets and prominent journalists are known to be in receipt of funds from the European Commission or associated EU entities. A third obvious reason is that most media journalists are recruited from sources such as *The Guardian*, and are of a left-wing and Marxist disposition. Their heads are full of what the CIA calls 'slides' – pre-fabricated and prepackaged notions which blind them to

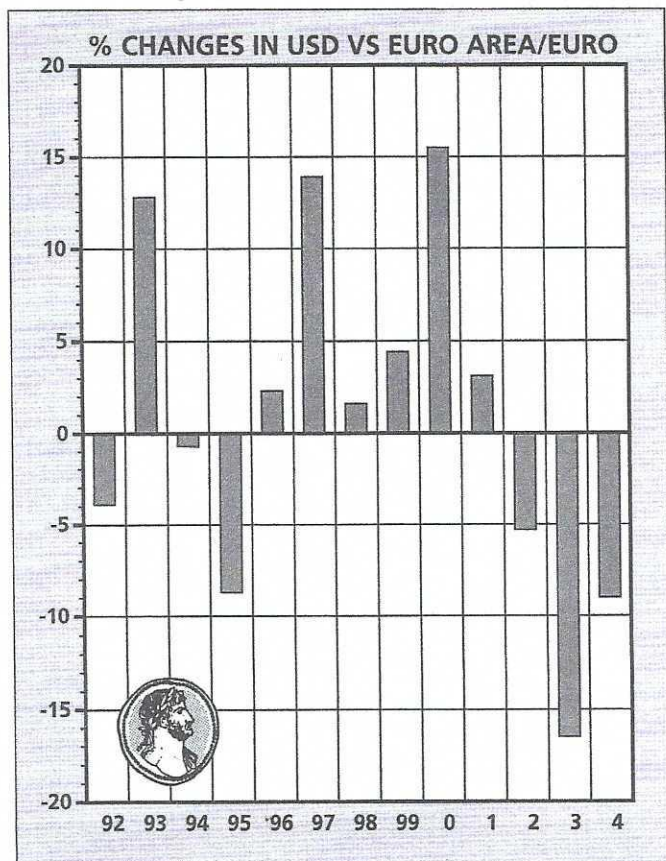


Figure 2: Percentage appreciation (+) or depreciation (-) of the US dollar against European currencies (average of basket)/the Euro, 1992-2004.

reality. Others are simply arrogant, perverse, or both.

The reason why nothing changes in Brussels itself is that the Collective's bureaucracy has long since mastered the art of obfuscation. All vexatious issues, however problematical, are quickly smothered by dense procedural claptrap, behind which officials can safely hide with impunity. And little notice, it seems, is taken of officials' adverse past records.

For instance, on 8th February, the European Commission reappointed Dr Franz-Hermann Bruner, the former President of OLAF (the so-called European 'Anti-Fraud' Office), to another seven-year term *despite*:

- The fact that the Budget Control Committee conducted a series of interviews in 2005 with several other nominees for the position of President of OLAF, after which the Committee recommended the appointment of a genuinely qualified Swede who appeared to have just the levels of experience and integrity required for the post.

- Formal complaints about Dr Bruner's Gestapo-like behaviour over the arrest and house search of the investigative journalist Hans-Martin Tillack.

- Widespread criticism in the European Parliament and various internal reports concerning Dr Bruner's handling of the EUROSTAT scandals, including the unresolved issues surrounding the corrupt Eurogramme operation, part of which was registered in the United Kingdom and which we reported to the Serious Fraud Office, *which refused to investigate the matter and has failed to elaborate*.

- Bruner's refusal to release the correspondence he has conducted with the Serious Fraud Office in London over the Eurogramme affair [*see above*]. We will revert to this.

- The fact that under Bruner's Presidency, leaked reports from OLAF itself have acknowledged that the organisation has been in the habit of conducting 'fake investigations'.

- The reality that OLAF has NEVER successfully completed the prosecution and conviction of a major fraudster against the EC budget, whether internally or externally, nor has its recovery of stolen funds ever been more than derisory.

- Bruner's typical refusal to investigate the financial mismanagement that is rife within the European Commission itself. He informed Ashley Mote MEP, during a meeting in 2004 of the Budget Control Committee, that he did not 'snoop' (code for: 'I don't investigate my friends/masonic brethren').

The reason that the BBC has been sitting on what it now knows about the European Union Collective and its structures, which represent the triumph of a long-range German 'Black' intelligence operation, is that it is in repeated receipt of substantial funds from the European structures themselves. In 2002, it obtained €40.4 million, and in 2003 a further €96.46 million. The European Commission has been asked to provide a breakdown of all the EU payments made to all broadcasting stations *throughout the Collective*, but has of course so far failed to deliver.

The discovery of the former President of the European Central Bank, Dr Wim Duisenberg, lying face down in his swimming pool in 2005, is part of a scandal yet to break. ■



STRUGGLE FOR POWER OVER BRITAIN'S FUTURE, WHICH LOOKS GRIM ANYWAY

The Prime Minister is believed to be serving his final 90 days in office. If he survives into April, it may be a signal that MI6 may have the upper hand over MI5, for the time being. The sudden appearance of the faceless David Cameron, with his prepackaged, far-left 'slide' notions that position him almost further to the Left of the Socialist Workers' Party, is intended to provide the 'succession' to 'New Labour', and hence no EU policy discontinuity.

THROUGH THE LOOKING GLASS

The political environment today is emphatically not as described in the subservient mass media, where 'slides' (viz., prepackaged, ready-made 'politically correct' opinions which preclude further investigation) are the norm, and serious analysis is at a premium. Let us begin with the Prime Minister, Tony Blair. His 'handlers' have told him in no uncertain terms that it is time for him to ascend to that nirvana of the Illuminati, inhabited by former Presidents and Prime Ministers, or else to a new life as Secretary General of the United Nations, or whatever. According to the latest available 'special' information, he is working out his 'last' three-month extension, prior to being succeeded (provided the Labour Party so intend) by Gordon Brown, the Chancellor of the Exchequer. Mr Brown has certain intentions for the future of the United Kingdom with which elements of MI6 and their close colleagues in French/German intelligence profoundly disagree, and which they have been seeking to counter by devious means.

The most devious of these means is the eruption out of nowhere of a faceless gentleman aged 39 years called David Cameron. This fellow enticed the 'grass roots' at the last Conservative Party Conference, and was, all of a sudden, elected as Leader of the Conservative Party. His manner of speaking is Leninist/aesopian, and his politics appear in many respects to be positioned so far to the Left that they are off the chart. He exhibits all the hallmarks of having been brainwashed by the revolutionary organisation run out of the Office of the Deputy Prime Minister, 'New' Labour's resident Bolshevik and alleged representative of the Communist Party, John Prescott. The revolutionary organisation is called 'Common Purpose'. For further details, please see our website www.worldreports.org and 'Click here' on the Home Page. 'Common Purpose' is a mind-bending operation, employing 'mental mapping' techniques to wring all notions with which the revolutionary cadres disagree, out of the minds targeted for subversion. David Cameron fits this profile perfectly. His constant stress on 'personal commitment' is unpleasantly reminiscent of that familiar psycho-manipulative organisation, Moral Rearmament.

So, why was he suddenly surfaced (just as Tony Blair and his Hackney-based clique was abruptly surfaced in the early 1990s)? The answer to this question has everything to do with the power struggle within 'New Labour', and with the revolutionary intention that all Conservative Parties have to be destroyed. (In this connection, the recent revival of the

Canadian Conservatives diverged from what was intended, and will doubtless be vigorously countered over time).

The secret revolution (here meaning German/French intelligence, which is engaged in a vicious ongoing intelligence war with elements of the British and US intelligence communities) is scared that Gordon Brown will succeed Tony Blair. Mr Brown has negotiated a free trade agreement with John Snow at the US Treasury, and with the Canadians, *which is intended to replace British membership of the European Union Collective*. This cannot possibly continue indefinitely, because the logic of political collectivisation dictates that all elements of the society and its system must be collectivised: for as long as any element of the structures remains outside the collective, it is incomplete, and 'threatened'. But Britain cannot collectivise its currency, in part because the International Petroleum Exchange is based in London, and in the

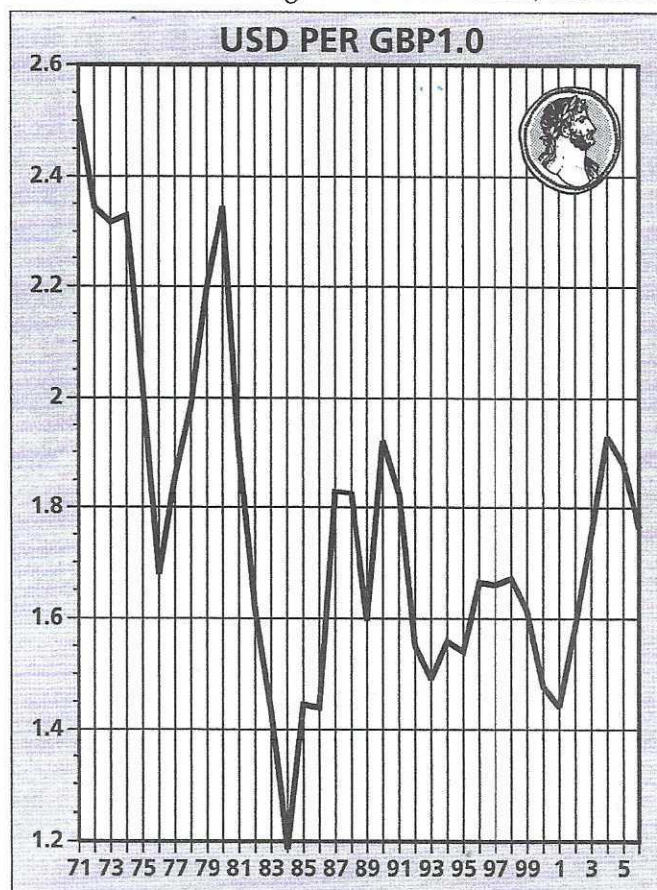


Figure 1: Performance of the pound in terms of the US dollar: dollars per pound, 1971-2006, spot values. The pound fell to just above \$1.05 in 1984.

event of Britain adopting the Euro, it would be impractical for the IPE to continue functioning in the City of London. As it earns huge sums for the British economy, its closure or removal is out of the question. This, at any rate, is the pragmatic argument – which of course omits the myriad other arguments as to why Britain should get out, not least that the EU is a corrupt German/French ramp, implemented by continental 'Black' intelligence agencies as a means, *inter alia*, of destroying British power.

The Germans have been at this game since before the Boer War, and were responsible, for instance, in establishing the Muslim Brotherhood in the 1920s, as a means of destabilising British power in the Middle East. Its successor terrorists, who are supported by the same Dark Forces, are engaged today in the same operation against the Americans – with the twist that US intelligence itself employed Osama Bin Laden, a.k.a. Tim Osman (now thought to be dead) as a provocateur, in order to develop an enemy to 'replace' the 'former' USSR, which President Reagan had decreed should be 'brought into the international community' so that the Cold War could be ended (not 'won'). In reality, it was the Frankfurt-based, German-associated cadres within US intelligence, affiliated with the Illuminati *agentur* directed *inter alia* by Deutsche Verteidigungs Dienst out of Dachau, who developed the mad idea of using 'Tim Osman' as a provocateur, and demonising the previously unknown *al-Qaeda*.

At least two attempts have allegedly been made to 'liquidate' Mr Brown. These having been foiled, like the attempts against the life of President Bush Jr., other means 'had' to be developed to ensure, at all costs, that Mr Brown does not succeed Tony Blair. How this drama works out will depend on the outcome of a grim intelligence power struggle, and on whether the sensational 16.8% swing-induced victory of the Liberal Democrats on Mr Brown's territory upsets matters.

IN FRONT OF THE LOOKING GLASS

Figure 2 below shows that everything is going wrong with the British financial and real economies, just when Gordon Brown is poised to move into Number 10. Brown himself has presided over the most profligate financial recklessness in history. Vast sums have been poured into decadent public sectors, where an unprecedented 'fake job'-creation exercise has run out of control for years (as can be seen from the non-productive public non-jobs advertised in *The Guardian*). The net cash requirement (NET) ballooned from a negative £2.89 billion in 2001 to £35.9 billion in 2003 and £45.4 billion in 2004; and although the outcome for calendar 2005 may have been lower (around £23 billion), UK Government spending will account for a larger proportion of the UK economy than it does in Germany by 2007. Projections by the Paris-based OECD indicate that the British state sector will reach 45.7% of Gross Domestic Product in 2007, compared with 45% in Germany. The enlarged state sector will undoubtedly hobble UK growth during the years ahead. This is about to become manifest anyway, because households are being squeezed as never before. Specifically:

- **Average household income tax** will have increased from £3,978 in 2002 to about £5,043 this year (+ 26.8%)
- **National Insurance** (an 'extra income tax') will have risen from about £1,100, to £1,492 over the period (+35.6%).
- **Council Tax** will have increased from an average level of £964 per household in 2002, to £1,259 this year (+30.6%).
- **Fuel costs per household:** up 19.2% from £1,284 to £1,650.
- **Water + sewerage:** up 12.6%, from £247 to £278.
- **Rent:** up by 11.6% on average, from £1,060 to £1,183.
- **Mortgage interest:** up by 44.1%, from £2,114 to £3,046.
- **Public transport:** up by 18.0%, from £183 to £216.

We are expecting a sharp slowdown, which has already started, to be followed by a steep pound sterling correction. ■

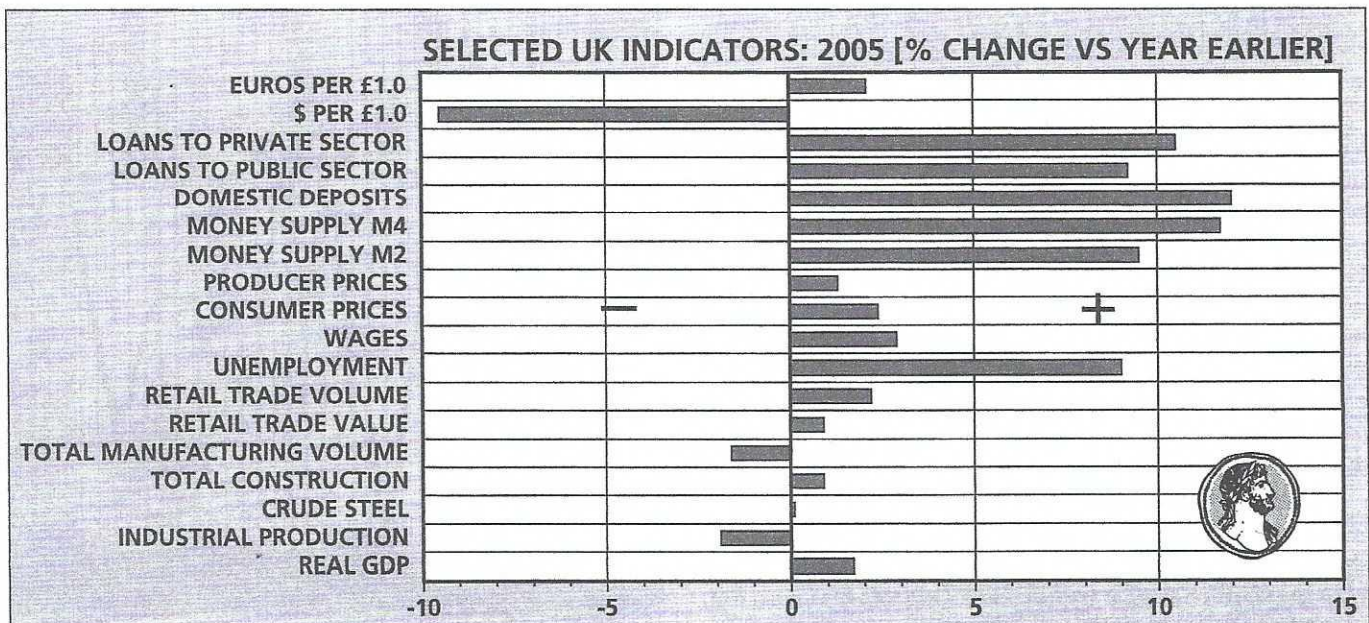


Figure 2: Selected recent UK indicators: % changes over year-earlier data, as of late 2005. Data source: Organisation for Economic Cooperation and Development,

TOWARDS THE BERNANCKE INFLATION?

NEW FED CHAIRMAN TAKES OVER AS RATES ARE RAISED

In order not least to signal that it must not be assumed automatically by the financial markets that Dr Ben S. Bernanke, who was sworn in as the latest Chairman of the US Federal Reserve Board on 1st February, may have a bias towards monetary permissiveness, the US Federal Open Market Committee (FOMC), which met for the last time under Dr Alan Greenspan on 31st January, announced that its target for the Federal Funds rate had been raised by 25 basis points to 4.5%. The discount rate was raised in parallel by 25 basis points, to 5.5%. The FOMC's statement elaborated that 'the Committee judges that some further policy firming may be needed to keep the risks to the attainment of both sustainable economic growth and price stability roughly in balance'.

Dr Bernanke's eyes will doubtless already have been opened wide, as he is shown the books, with all the transactions presided over by Dr Greenspan that may have necessitated him procuring lifetime immunity from criminal prosecution from the Supreme Court [see for instance, the document shown on page 23]. Dr Ben was appointed as a member of the Board to a full 14-year term, which expires on 31st January 2020, and to a four-year term as Chairman, expiring on 31st January 2010. The new Chairman is a distinguished academic scholar and a university professor whose work the Editor of this service, for instance, has always held in the highest regard. Indeed some of his Congressional testimony presentations have been of a standard comparable to the classic presentations we used to read from Governor Wallich. There is no doubt that Dr Bernanke's appointment is an inspired one.

From the perspective of intergovernmental financial investigations into the serial free-for-all chicanery and theft that goes on at that level, it is unclear, though, whether the new Chairman can adopt a more ethical and rigorous approach to this dimension of his stewardship than his predecessor may have done. The scandalous misdirection and misappropriation of funds that we have partially reported can hardly be expected to cease, all of a sudden, just because a man of undoubted integrity has assumed the Chairmanship. In this connection, those in the know will doubtless have been heartened to learn that auditors have been prowling the intergovernmental sector (so to speak), as decisive action is taken behind-the-scenes to identify who has stolen how many trillions of fiat assets and where, for instance, the accumulated financial assets belonging to the Taiwanese Chinese trustees of Chang Kai-Shek's Trust have been diverted. The Chinese trustees have complained that they have lost control of their funds and are bitterly resentful of the scandalous deception involved.

On 23rd March, the Board of Governors will cease publication of the M3 monetary aggregate. It will also cease publishing details about large-denomination time deposits, Repurchase Agreements (Repos) and Eurodollars. Information about institutional money market funds will, however, continue to be published. It is understood that measures of large-denomination time deposits will continue to be published by the Board in its Flow-of-Funds Accounts documentation (Release Z.1) on a quarterly basis, and, for commercial banks, in Release H.8 on a weekly basis. The announcement of these changes was made on 10th November 2005.

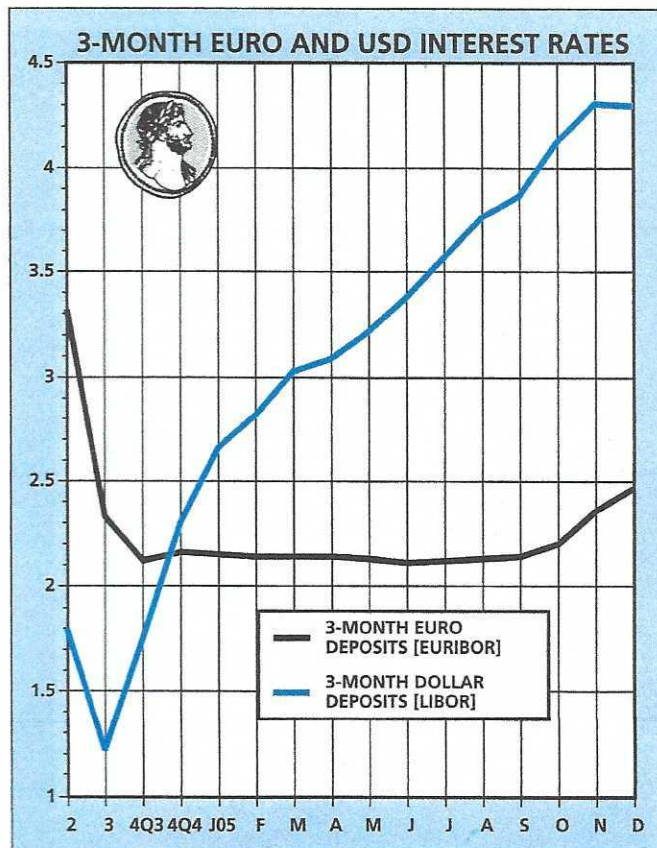
According to Rob Kirby, a respected Toronto-based analyst at Kirby Analytics, the Fed's pre-announcement of its intention to cease publishing the listed data is significant for two reasons:

- Large-denomination time deposits, Repurchase Agreements, Eurodollars and related statistical categories are exactly the data that would capture any large-scale monetisation that the Federal Reserve might sanction or accommodate. The possible accuracy of this assessment may have been demonstrated by a 'super spike' in aggregate outstanding Repos in September 2005, which just happened to correlate with the publicised liquidation by the Venezuelan Government of roughly \$20 billion of US debt obligations.

- 23rd March is three days after the planned commencement of trading in oil for Petroeuros on the new Iranian Oil Bourse.

Mr Kirby is among those who speculated that the opening of Petroeuro trades on the new Tehran Bourse might stimulate countries like Japan, China and other Asian wealth-holders to start a wholesale liquidation of their US bonds, these being the primary instruments used by foreigners in which to 'store' their US assets.

Mr Kirby's advice is: 'Better buy in your wheelbarrows early: they might be harder than rocking horse droppings or M3-related statistics come April'. We have shown earlier why we think these fears may be exaggerated. It is far more likely that, due to recent pressures, some of the hidden trillions may cease to be sterilised. ■



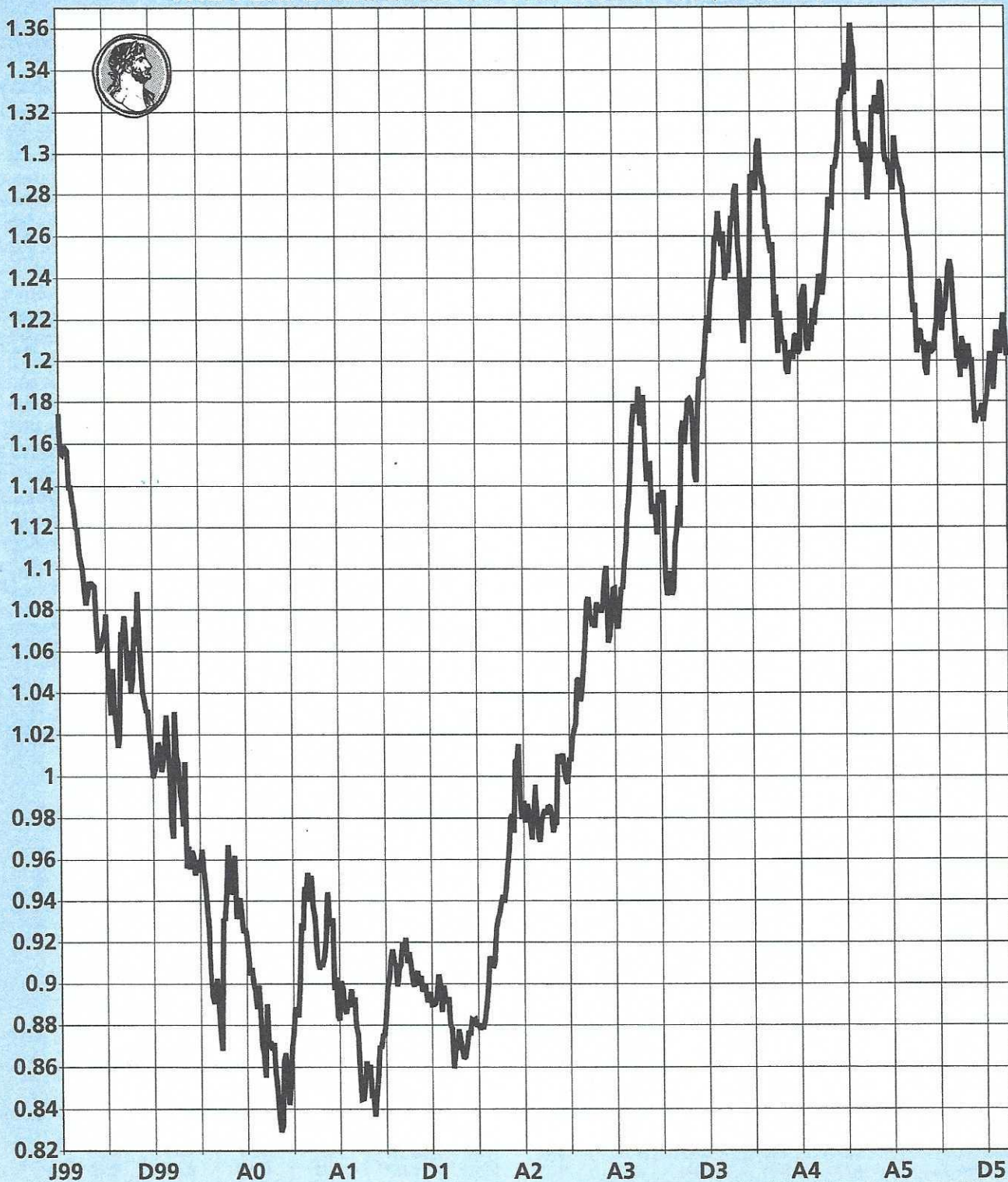
The sharp divergence of 3-month interest rates in 2005 between US dollar and Euro deposits, which has disturbed the landscape. The incoming Chairman of the Fed, Ben Bernanke, has indicated that US rates will rise further.

SELECTED INTERNATIONAL INDICATORS

INDICATOR/DATA	03Q1	03Q2	03Q3	03Q4	04Q1	04Q2	04Q3	04Q4	05Q1	05Q2	05Q3	05Q4
REAL GDP % change from year earlier												
Canada	3.13	1.95	1.34	1.67	1.56	3.14	3.70	3.33	3.18	2.77	2.80	n.a.
Euro Area	0.95	0.44	0.62	0.97	1.59	2.16	1.87	1.62	1.25	1.21	1.60	n.a.
France	1.11	0.21	0.96	1.39	1.65	2.76	1.75	2.03	1.81	1.15	1.74	n.a.
Germany	-0.06	-0.34	-0.53	0.19	1.23	1.56	1.15	0.44	0.61	0.66	1.36	n.a.
Italy	0.78	0.39	0.38	0.38	0.77	1.54	1.15	0.77	-0.38	0.00	0.00	n.a.
Japan	0.72	1.56	1.38	2.61	3.64	2.63	2.27	0.56	1.11	2.66	2.79	n.a.
United Kingdom	2.20	2.21	2.55	3.11	3.53	3.68	2.96	2.51	1.73	1.52	1.65	n.a.
United States	1.62	1.98	3.17	4.03	4.67	4.63	3.82	3.76	3.64	3.60	3.64	3.09
NOMINAL GDP % change from year earlier												
Canada	8.40	4.72	4.52	3.97	3.26	6.79	7.27	7.00	6.18	5.00	6.16	n.a.
Euro Area	2.88	2.54	2.74	2.84	3.53	4.27	3.57	3.42	3.15	2.80	3.15	n.a.
France	2.64	1.52	2.31	2.94	3.26	4.63	3.39	3.50	3.23	2.24	2.96	n.a.
Germany	0.77	1.03	0.76	0.83	2.21	2.54	1.68	1.12	1.36	1.10	1.59	n.a.
Italy	3.22	2.87	3.79	3.13	3.74	4.64	3.04	3.04	2.10	1.78	1.76	n.a.
Japan	-0.72	0.38	0.21	0.96	2.36	1.00	0.86	0.14	0.08	1.48	1.38	n.a.
United Kingdom	5.28	4.96	5.64	6.02	5.68	5.53	4.80	5.00	4.27	4.19	4.05	n.a.
United States	3.71	4.01	5.32	6.09	6.91	7.58	6.60	6.76	6.47	6.10	6.66	6.17
CONSUMER PRICES % change from year earlier												
Canada	4.46	2.82	2.12	1.70	0.86	2.21	1.99	2.28	2.12	1.91	2.65	n.a.
Euro Area	2.30	1.96	2.03	2.02	1.74	2.25	2.30	2.28	2.05	2.05	2.27	2.32
France	2.33	1.88	2.10	2.36	2.01	2.64	2.45	2.28	1.87	1.84	2.06	1.82
Germany	1.10	0.87	1.04	1.105	1.05	1.914	2.03	2.11	1.73	1.64	2.13	2.25
Italy	2.88	2.87	2.89	2.66	2.36	2.26	2.26	2.15	2.05	2.23	2.20	2.34
Japan	-0.25	-0.23	-0.24	-0.30	-0.14	-0.30	-0.10	0.51	-0.21	-0.10	-0.30	n.a.
United Kingdom	3.02	3.05	2.93	2.65	2.55	2.79	3.09	3.41	3.15	3.03	2.78	n.a.
United States	2.90	2.17	2.20	1.89	1.82	2.84	2.69	3.37	3.00	2.93	3.80	3.72
EMPLOYMENT % change from year earlier												
Canada	3.38	2.42	1.64	1.88	1.55	2.04	2.10	1.65	1.51	1.34	1.30	1.46
Euro Area	0.26	0.19	0.27	0.33	0.45	0.63	0.79	0.96	0.82	0.71	0.73	n.a.
France	-0.29	-0.38	-0.62	-0.35	-0.16	-0.01	0.16	0.03	0.18	0.23	0.26	n.a.
Germany	-1.31	-1.20	-0.81	-0.47	-0.01	0.42	0.51	0.57	0.02	-0.35	-0.44	n.a.
Japan	-0.80	0.08	-0.05	-0.13	0.25	0.21	0.26	0.07	0.19	0.46	0.60	n.a.
United Kingdom	-0.08	0.26	0.26	0.39	0.77	0.79	0.86	1.08	1.25	1.02	0.93	n.a.
United States	0.98	0.95	0.53	1.20	0.74	0.90	1.46	1.29	1.37	1.88	1.99	1.87
UNEMPLOYMENT RATE %												
Canada	7.55	7.43	7.69	7.84	7.49	7.33	7.18	7.08	7.10	6.96	6.76	6.76
Euro Area	8.47	8.60	8.70	8.73	8.83	8.90	8.90	8.90	8.80	8.80	8.63	8.40
France	9.10	9.19	9.41	9.55	9.70	9.64	9.53	9.54	9.53	9.58	9.58	9.44
Germany	8.53	8.80	8.97	9.07	9.40	9.40	9.47	9.63	9.63	9.73	9.63	9.23
Italy	8.53	8.59	8.54	8.31	8.19	8.19	8.12	7.91	7.97	7.83	7.69	n.a.
Japan	5.44	5.38	5.38	5.17	5.07	4.91	4.64	4.78	4.55	4.56	4.34	4.33
United Kingdom	5.04	5.06	4.93	4.95	4.83	4.74	4.70	4.59	4.63	4.63	4.64	n.a.
United States	5.87	5.85	6.13	6.12	5.85	5.64	5.56	5.47	5.43	5.26	5.10	5.01
LONG-TERM INTEREST RATES %												
Canada	4.97	4.66	4.79	4.79	4.43	4.78	4.68	4.46	4.28	4.03	3.90	4.06
Euro Area	4.15	3.96	4.16	4.37	4.15	4.32	4.19	3.83	3.65	3.38	3.24	3.40
France	4.11	3.93	4.13	4.34	4.11	4.31	4.16	3.83	3.64	3.37	3.23	n.a.
Germany	4.07	3.87	4.10	4.30	4.07	4.23	4.10	3.77	3.60	3.30	3.17	n.a.
Italy	4.24	4.16	4.33	4.45	4.28	4.46	4.32	3.97	3.74	3.54	3.39	3.55
Japan	0.70	0.53	1.17	1.38	1.31	1.59	1.64	1.45	1.40	1.28	1.36	1.53
United Kingdom	4.32	4.27	4.55	4.94	4.77	5.08	4.99	4.65	4.63	4.44	4.28	n.a.
United States	4.77	4.44	5.01	5.00	4.71	5.22	4.91	4.72	4.65	4.46	4.45	4.73
SHORT-TERM INTEREST RATES %												
Canada	3.20	3.22	2.72	2.70	2.16	2.10	2.40	2.58	2.64	2.58	2.90	3.46
Euro Area	2.68	2.37	2.14	2.15	2.06	2.08	2.12	2.16	2.14	2.13	2.13	n.a.
United Kingdom	3.73	3.57	3.50	3.86	4.11	4.51	4.85	4.82	4.85	4.83	4.55	n.a.
United States	1.26	1.17	1.07	1.10	1.05	1.25	1.70	2.25	2.78	3.23	3.74	4.30

Selected macroeconomic and interest rate data for key countries.

THE PERFORMANCE OF THE EURO: US\$ PER EURO



This is a private subscription-based intelligence and economic commentary published by **World Reports Limited** at the addresses listed on pages 1 and 2. The purpose of this publication is to provide economic and financial intelligence in the context of political analysis: in other words, it is concerned with political economy. Economics without political content can be meaningless. Other intelligence services published in parallel with this service include: *International Currency Review*, the journal of the world financial community; *The Latin American Times*, which provides economic, financial, political and intelligence information on the region; *Arab-Asian Affairs*, a geopolitical report specialising in the monitoring of Great Power rivalry in the Middle East region; and *Soviet Analyst*, an intelligence commentary, which is concerned with exposure of continuing 'post'-Soviet Leninist strategic deception operations. Subscriptions are continued until countermanded in writing. © **World Reports Limited**, London and New York, 2005. www.worldreports.org

ECONOMIC INTELLIGENCE REVIEW

GLOBAL ECONOMIC, MONETARY, POLITICAL
CURRENCY, & FINANCIAL MARKET INTELLIGENCE



Volume 10, Numbers 5 & 6

Editor and Publisher: Christopher Story FRSA

FEBRUARY-MARCH 2006



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.