

Feudalism aka American Capitalism
by David F.

Introduction and Overview

Feudalism: *control by an entrenched minority esp. for its own benefit : social, political, or economic oligarchy.*

You are reading this online, so I won't waste your time.

The aim of the book is to provide enough shocking facts about the manipulative practices of America's power elite, that readers will be motivated (i.e., made angry enough) to take part in efforts to bring the richest 1% under control, ...before they impoverish the planet and destroy the biosphere.

The book presents overwhelming evidence that masquerading behind a democratic facade, an economic elite comprising less than 1% of the population is quietly and cunningly ruling America. Their immense wealth and power enable them to exercise so much control over the governmental process, that they effectively operate the country as a Feudal oligarchy. The book will leave little doubt that Government has been serving as a tool to subsidize and legitimize their exploitation of national and international resources, while legislative tax changes have left the nation with a Feudal wealth distribution system.

*Presenting the evidence to substantiate this argument is not the main reason the book was written. **Documenting the methods used by the elite to manipulate, control and exploit those with less money or power is the real purpose.*** At least 80% of the book is devoted to documenting their very effective methodology.

While it is evident that most people are somewhat aware that government appears to cater to corporations and influential lobby groups, the average taxpayer is practically oblivious to *the extent* to which the wealthiest 1% directly

and purposely control and manipulate the lives and destinies of everyone else on the planet.

For those who have been brought up on a steady diet of the American Dream, but notice that today's reality and the American Dream seem to be growing further and further apart, it may be worth keeping in mind that if a frog is placed in a pan full of cold water, and the heat is turned up gradually enough, the frog will fail to sense the danger, and instead of jumping to safety, it could quite unknowingly allow itself to be cooked. In a similar fashion, the media continues to be used to desensitize and/or misinform the general public into repeatedly accepting domestic and foreign policies that are very often diametrically opposed to the best interest of the majority.

While the average American does have "a vague idea" that corporations (as well as the economic elite) use plenty of techniques for avoiding taxation; how many know that the proportion of Federal Income tax derived from Corporate income tax declined steadily from 32% in 1952; to 23% in 1960; to 17% in 1970; to a low of 9% in 1985? Without vital knowledge such as this, the public will remain in the dark as to what is really causing the decline in most Americans' standard of living. .

Although the growing deficit and the near trillion dollar banking industry losses will inevitably lead to continuing cuts in the standard of living for present and future generations, most Americans feel powerless to alter their deteriorating economic conditions, and simply take consolation in the belief that *everyone else is also feeling the pinch*.

Nothing could be further from the truth !

Statistics taken from Forbes magazine's annual July survey of America's billionaires expose the true reality. In 1982 there were 13 billionaires, in 1983...15; in 1984...12; in 1985...13; in 1986...26; in 1987...49

In other words, the number of American billionaires had for many years hovered around 13, then the Reagan administration drastically altered the wealth distribution patterns by introducing tax changes favoring the super rich. In 1986 the number of billionaires DOUBLED, and by 1987 the number of billionaires had QUADRUPLED!! By 1988 there were 68

individuals or families that each had net wealth in excess of \$1,000,000,000. By 1989, the number had risen precipitously to 82. And by 1990, the Forbes survey reported the staggering total of 99!!

This *explosion* of wealth taking place at the top has occurred and will continue to occur while waves of beggars flood onto the streets, and thousands of farmers lose their farms. It is neither fate nor coincidence that these events are occurring simultaneously. Tremendous profits continue to flow into the bank accounts of the super rich even during supposedly poor economic periods.

Unless facts such as these become "common knowledge", economic Feudalism will continue to be an integral aspect of the status quo.

Why isn't the general public aware of these facts?

Simply because the richest 1% own virtually all of the media, and have little difficulty controlling the content and coloration of television and newspaper information reaching the public. The superficial and often distorted picture of reality offered by newspapers and television's 30 second sound bites has traditionally contributed little to the exposure of America's hidden reality. In no less a fashion, the major publishing houses have, like a circle of protective elephants, provided a wall of defense around the existing status quo and the elite who profit from it. In short, Americans are being deceived and seduced into clinging to unrealistic concepts served up through the mass media by the very people who are exploiting the nation.

Facts that would have exposed the true nature of present day America rarely get presented through newspapers or television. Instead, they surface in magazines such as the Economist, Forbes, Fortune, Insight, and The Wall Street Journal which are read almost exclusively by the economic elite and their sympathizers. Moreover, the specialized economic jargon and ever changing "buzzwords" used throughout these publications poses yet another barrier preventing the published facts from becoming widely appreciated.

Consequently, this book has been written to present the reader with a comprehensive but seemingly radical perspective of America's hidden reality, based on and supported by facts extracted almost exclusively from the conservative, pro-establishment publications

just mentioned. This was done purposely to avoid arguments regarding the truth, accuracy or bias of facts used throughout the book. Additionally, the author attempted wherever possible to present both the perspectives and the supporting facts in plain uncomplicated English so as to be accessible to a broader spectrum of the general public.

The book could easily have been entitled "The Hoax of Democracy and Equality in Western Society", because the world's economic elite have taken control not only in America, but in virtually all the capitalist democracies, England, Canada, Scotland, Ireland, West Germany, Israel, South Africa, India, Australia, New Zealand, Japan, etc., as well as all the other countries ruled by economically elite minorities.

However, because America chooses to be the flagship for democratic capitalism, so she automatically deserves to be the focus of criticism as well. Moreover, it has been the American elite who have pioneered many of the social and constitutional controls that the economic elite of other countries have imitated. Consequently, incidents were chosen from American society to provide references and examples, although each of the other countries could have served the purpose as well.

It is therefore the author's hope that the book will serve as a catalyst to arouse true democratic power not only in America, but throughout the so-called Western democracies, simply by outlining many of the methods which the elite purposely use to manipulate society in order to maintain their wealth and power (i.e., a Feudal society).

If and when Western citizens come to know even some of the facts contained in this book, the outcry could be deafening. The shift of power from the wealthy elite to the majority could come just as surprisingly and as quickly as the shift of power away from the Communist elite occurred in Russia.

The demand for true democracy, and a more equitable distribution of wealth could dramatically alter humanity's destiny. A "New World Order" could really take place.

As Victor Hugo once put it, "No army can withstand the strength of an idea whose time has come", and the time has come.

Important additional note!

The author would like to remind the reader that although most of the incidents referred to in the book occurred in the late 80s and early 90s (because that's when the book was originally written), it would be no problem at all to choose a comparable set of incidents taken from today's current events. In short, we are always being manipulated and exploited with basically the same methodology, so providing incidents (i.e., examples of a particular exploitation method), *at any point in time*, to support the basic arguments in the book would be relatively easy. It would simply entail a repeat of the time and effort taken to collect the currently provided set of supporting bibliographic references.

I have little doubt that readers will be able to supply their own current references, ...and all too easily.

This type of expose of the elite's methodology needs to be written only once.

Chapter 1

The Hoax Of Equal Opportunity And Equitable Prosperity

HOAX:

: to trick into believing or accepting or doing something

: play upon the credulity of ...so as to bring about belief in or acceptance

of what is actually false and often preposterous

: take in

: DELUDE, DUPE,

MISLEAD, VICTIMIZE

The Hidden Social Order

(Part 1) The Society We Can See

In the 50's, the United States appeared to hold the formula for prosperity. Her love affair with the automobile soon caused homes to sprout two and three car garages, while her industrial automation produced such a profusion of affordable consumer goods that the growing prosperity enjoyed by the predominantly one income families of America could best be described as an era of rampant consumerism.

Television series like Father Knows Best and Leave It To Beaver, among others, slowly but surely etched apple pie concepts of America into the nation's psyche. Individually and collectively, Americans began to expect and demand world recognition as the flagship of prosperity and democratic freedom. National pride became the country's chief export.

To put it mildly, **times have changed.**

Escalating real estate prices and high rents have forced most families to require two incomes just to get by, and the concept of home ownership has been transformed from an expectation to little more than a pipe dream for this generation's youth, who have very little money left over after paying their rent.

With the advent of two working parents, the quality and nature of home life progressively deteriorated to the extent that few children now enjoy the luxury of growing up with only one set of parents. Broken homes and single parents on welfare have become part of the norm.

In the workplace, computers, improved communications, and automated manufacturing techniques have dramatically increased efficiency and productivity; but unless you count yourself among the richest 10%, your economic group has been relatively losing ground steadily since the 50's despite all the technological breakthroughs. More recently, across the board cuts in social programs have significantly decreased the standard of living for the employed and unemployed alike. Moreover, the widespread proliferation of street beggars, soup kitchens, grocery handout centers,

and flop houses for the homeless bears witness to the fact that an American reality is shaping up that can no longer be ignored.

Educational opportunities are not being equitably shared.

Health resources are not being equitably shared.

Access to justice is not being equitably shared

National resources are not being equitably shared.

In fact, the inequities increase with each passing decade.

The hallowed buildings of the nation's capitol, that once echoed with the visions of the original Founding Fathers, now bear witness to a continuous parade of high level government officials forced to resign for various abuses of public trust. The Founding Fathers would no doubt be horrified to learn the extent to which drugs, violence and organized crime have come to be an integral aspect of the American way of life. So much so, that *the deterioration of life in America is epitomized by Washington DC itself*. Not only has the nation's capital had to resort to imposing a night-time curfew on all Washingtonians under 18, its mayor is currently facing drug charges, and the city has also become the murder capital of America!! {B1}

Legislative and constitutional changes favoring the most wealthy are rapidly running the country into bankruptcy. In 1988 alone, 200 American banks, and 226 Savings and Loan thrift institutions (S&Ls) failed, and hundreds more are about to fail. The banking industry is on the verge of collapse. Losses involving the S&L thrift institutions alone could eventually cost the taxpayer up to 500 billion dollars. In addition, the major U.S. banks are being secretly bailed out from their defaulting 3rd World loans.

Continuing cuts in the standard of living for America's unborn loom ominously. As a result, Americans are now beginning to reluctantly acknowledge that the expectations of prosperity fueled by the American Dream are no longer probable. The optimism of the 50's has been replaced by widespread uncertainty concerning future economic well-being, and rightly so.

Clearly, America of the 80's is radically different from America of the 50's, yet most Americans still cling to concepts of wealth distribution, democracy, and freedom of the press that echo the ideals the American Dream of the 50's even though many of the concepts can no longer be substantiated by present-day social realities. Socio-

economic changes occurring behind the scenes have drastically altered the nation's destiny. A covert social order is in place and there is a 90% chance that you are one of the chosen losers. Those who remain ignorant of what is happening behind the scenes, will have to take it lying down. If you know what is going on, you can fight back. Knowledge is power. Let's begin by examining the hidden social order within America. The facts will probably shock you.

(Part 2) The Hidden Wealth of the Richest 1%

Including or excluding the so called "couch potatoes", Americans take in more information than they ever have. Newscasters such as Ted Koppel, Dan Rather, Tom Brokaw, Robert McNeil, and Jim Lehrer are as well known to this generation as Walter Cronkite was to previous generations. Not only do people watch their favorite newscasters regularly, they read mountains of newspapers and magazines as well.

Because the American media claims to be the freest in the world, few have reason to suspect that their mass media information is being very carefully controlled and colored. The shocking truth is that the American public is being purposely kept in the dark about many vital realities. For example are you aware that:

THE RICHEST 1 (ONE) PERCENT OF AMERICANS possess more wealth than THE COMBINED WEALTH OF THE BOTTOM 90 (NINETY) PERCENT. {B2}

Despite how incorrect that statistic may first appear, there is definitely no error or misprint involved. Not only that, the full significance of the above statement is rather difficult to instantly appreciate, so we'll take a moment more to consider its implications.

Because the richest 1% prefer to associate almost exclusively with members of their own social and economic standing, few members of the bottom 90% of Americans have ever even met a millionaire let alone a billionaire.

Consequently if you belong to the bottom 90%, you can think of the wealth of the richest 1% as :

more wealth than the combined assets of every American you have ever met, plus all the assets of every American you would be likely to meet on a trip that took you through every single city and town in the nation!!

If you haven't been thinking of the rich and their wealth in quite that light, I suggest you begin to, because that information is only the tip of the iceberg of information being actively suppressed by the so-called freest media on the planet. Many references will be made throughout the book to the bottom 90%, so it is appropriate that we try to define the group a little more precisely.

Since the average person in the West considers himself or herself a member of the middle class, logic as well as popular opinion would suggest that half or more of the population fits into it. Initially then, let's arbitrarily consider that American society is comprised of 60% middle class, 20% lower class, and 20% upper class. Because the combined middle and lower economic classes only account for 80% of the population, the bottom 90% of society must also include half of the so-called upper class as well! This means that the bottom 90% is comprised of:

- 1) Every member of the middle class
- 2) Every member of the lower class
- 3) Half the members of the wealthy upper class

So now our original statistics can be interpreted to mean that:

THE RICHEST 1 (ONE) PERCENT of Americans own more wealth than:

- 1) ALL of the wealth of ALL of the MIDDLE class
COMBINED WITH
- 2) ALL of the wealth of ALL of the LOWER class
AND ADDED TO
- 3) ALL of the wealth of the bottom HALF of the UPPER class

If you are surprised or shocked, don't feel bad. The elite have gone out of their way to ensure that you didn't know it. Nevertheless, my initial choice of (20%, 60%, and 20%) to represent the upper, middle, and lower class population percentages was arbitrary, so if you think the arbitrary percentage breakdown of society was at fault, I welcome you to run your own idea of the class percentages through the preceding model. No matter what figures you choose, the bottom 90% of society would still have to include ALL of

the lower class, plus ALL of the so called middle class, plus a portion of the upper class. The staggering significance of the wealth of the richest 1% will not alter. Go ahead and try it.

(Part 3) The Hidden Wealth of the Next Richest 9%

Up to this point, we have referred only to the richest 1% and the bottom 90%. However, sandwiched in between those two groups is another wealthy minority, "the next richest 9%". Let's now find out how that group fares economically. You may be stunned to learn that:

THE NEXT RICHEST 9 (NINE) PERCENT also possess more wealth than THE COMBINED WEALTH OF THE BOTTOM 90(NINETY)PERCENT

As unbelievable as it sounds, there are two minority groups, not just one, that own more assets than the bottom 90%. These two statistics alone should leave little doubt that the bulk of the wealth in America is owned by a very small minority of super rich individuals. This reality contrasts so drastically with the "equal opportunity", "equal prosperity" concepts fed to the bottom 90% and the world at large, that statistics such as these have had to be suppressed. Again, there is no misprint. The only deceit involved is that the bottom 90% have been purposely kept in the dark about wealth distribution realities.

(Part 4) Hidden Permanent Prosperity For The Rich

If you were unaware of the severity of wealth distribution inequities, then you are probably in for an even bigger surprise to learn that the rate, at which the economic elite are getting richer, is simply astounding. Statistics published in Forbes magazine's annual survey of America's billionaires expose this little known but shocking reality. In 1982 there were 13 billionaires; in 1983....15; in

1984....12; in 1985....13; **in 1986....26; in 1987....49**. Note carefully that prior to 1986 the number of American billionaires had averaged around 13. Then the Reagan administration drastically altered the wealth distribution patterns by introducing **new tax legislation favoring the top 1%**. In 1986 the number of billionaires DOUBLED, and by 1987 the number of billionaires had virtually QUADRUPLED to 49!! **By 1988, there were 68 individuals or families that each had net wealth in excess of \$1,000,000,000. By 1989, the number had risen precipitously to 82. And by 1990, the Forbes survey reported the staggering total of 99!!** {B3} With favorable tax laws in place, the super rich can enjoy bonanza years even during recessions!! **The tax laws that allowed this to happen are still in place**, and will remain in place till enough people get sufficiently concerned to insist that they be changed. What should cause the American people to sit up and take notice, once and for all, is the fact that this explosion of wealth took place during a period when:

- 1. The stock market crashed harder than in 1929.
- 2. Hundreds of American banks and Savings and Loan thrift institutions declared bankruptcy and saddled the taxpayer with a debt to pay that may ultimately exceed \$500 billion dollars.
- 3. Thousands of farmers lost farms that had been in the their families for generations.
- 4. Millions lost their jobs.
- 5. Wage earners were having to take massive pay cuts and reductions to their benefits.
- 6. Social programs and health and education programs were being drastically cut back or terminated.
- 7. Waves of pan-handlers were flooding onto the streets.
- 8. Shelters for the homeless, and grocery handout centers were springing up like mushrooms in practically every city throughout the nation.

It should not take an Einstein to observe that equal opportunity, and equitable prosperity is an outright hoax for all but a small minority. Unlike Britain, France, and Germany which can point to their Feudal pasts to explain their existing wealth distribution inequities, America can point to no such excuse! The American economic elite have established Feudal wealth distribution inequities equal to,

and even surpassing their European counterparts (the monarchs and the landed aristocracy), in just 200 years!! We have been brainwashed into believing that the super rich are so few in number that they and their wealth can be safely ignored. In reality, they directly and significantly affect everyone else's standard of living, and will continue to do so as long as their power and influence remain unrecognized, and unchallenged. This explosion of wealth for America's super rich has immense significance not only for society as a whole, but especially for the bottom 90%. Many of those in the bottom 90% who accepted pay cuts and decreases to their employment benefits, did so because they had been led to believe that everyone else was also feeling the pinch. Nothing could be further from the truth. What is being successfully hidden from public awareness is the fact that **the widening gap between the haves and the have-nots is an ongoing process**, and one which is running even now at full throttle. The extent to which the bottom 90% are being successfully deceived can be made more obvious by noting just how the current economic bad times are affecting American billionaires.

A good example, but not necessarily a typical one, is Sam Walton and family, who increased their wealth by \$2,300,000,000 (from \$6.7 billion to approximately \$9 billion), *in a twelve month period*, from the time Fortune magazine took their 1988 survey, to the time they took their 1989 survey. For those who believe that the rich pay high taxes, Sam's pre-tax profits had to have been considerably higher than \$2.3 billion. Even a 25% tax rate would put his pre-tax profits in excess of \$3,000,000,000 for a 12 month period!!!

If you think that movie theater prices are exorbitant, or feel that "pay TV" prices are unreasonable, then perhaps you ought to have a word with Mr. Sumner Murray Redstone whose fortune increased by \$1,480,000,000 (from \$1.4 billion to a hair under \$3 billion) in the same twelve month period. His name surfaces attached to entities like Twentieth Century Fox, Columbia Pictures, MGM/United Artists, or "pay TV" entities such as Showtime, The Movie Channel, and MTV. Fortune magazine's own comment was: "That's a compound annual rate of return of about 132%". Or perhaps you would liked to have purchased a cellular telephone, but found them too expensive? Try talking Mr. John Werner Kluge into taking less profit. After all, his wealth increased by a cool \$2,000,000,000 (\$2 Billion) just last year. {B4}

For those unused to thinking in terms of hundreds of millions, not to speak of billions, let's take a moment to

digest the significance of this magnitude of wealth. To begin with, a simple 10 percent interest on just one billion dollars amounts to \$100,000,000 (one hundred million dollars) in interest alone per year. From a working person's perspective, it would take 100 lifetimes, (of 40 working years each), for a person earning \$25,000 per year to earn the amount of income each of our billionaires can earn in interest, per billion, per year. (without lifting a finger) Who pays for these previously mentioned profits? You of course, through an unnecessarily high cost of living (high cost of goods and services, high bank interest rates and inflated real estate prices, etc.).

It is worth keeping in mind that before families like the Carnegies, Rockefellers, Morgans, Vanderbilts, and others of similar ilk used PR campaigns and some supposedly philanthropic donations to help convince Americans of their social nobility, they were commonly known as "robber barons". Consequently, it should come as no surprise that in recognition of the widespread use of tax-deductible methods of purchasing civic respectability, Ralph Waldo Emerson defined a philanthropist as a man who gives away what he should be giving back.

In short, fantastic wealth is being generated virtually all the time, but the bulk of it is being skimmed off by the wealthy while the working class are kept on a relatively minimum standard of living to help fuel the illusion of ongoing hard-times.

To avoid showing the rest of the nation the amount of money they have managed to amass, and to further avoid paying taxes, some of their corporations are registered in out of the way playboy tax havens like the Bahamas. In addition, they keep much of their money in specially numbered secret bank accounts (no questions asked, no information given), in countries such as the Bahamas, Switzerland, or Liechtenstein, whose banking communities have grown fat by obligingly taking on the role of laundering and safely storing secret treasures for some of the world's wealthiest thieves and criminals. In fact, the August 21 1989 issue of Insight magazine fully exposed just how cheaply and easily a money laundering network can be set up. {B5} People who work from nine to five everyday don't have the time to waste thinking about the activities of these jet setters and playboys. Because of economic segregation, most nine to fivers have never even met such a person. Quite often the elite have their own jets, and seek obscurity behind tinted limousine windows. For the most part, the elite who rule America from behind the scenes, purposely go out of their way to maintain extremely low

profiles. Why? Because neither their fortunes nor their business transactions would stand up well to public scrutiny.

Media owners, who belong to the richest echelons of our society, cooperate with their peers to ensure that their profiles remain as low as they wish. Laws that were supposedly enacted to protect the privacy of individuals, have certainly served the purpose of keeping the general public largely ignorant of the shocking realities of wealth distribution inequities. In effect, the economic elite are effectively making fools of 90% of society's so-called equals. Not surprisingly, their lobbying power has ensured that inheritance laws allow fortunes to remain virtually intact from generation to generation.

(Part 5) Subsistence for the Working Class

The old Feudal system based on economic and social class discrimination, which was supposedly left behind centuries ago, has in fact not gone away. It has only been made to appear as if it had. For example, from poor humble beginnings in servile poverty, the feudal serf rose phoenix-like to a minimum wage which now allows him to afford a standard of living just under the poverty level. American society has plenty of them, and their numbers are growing all the time. The Census Bureau acknowledges not only that 32.5 million Americans are living below the poverty level, but that less than a third receive welfare assistance! *{B6}* Perhaps the most tragic aspect of all is that in 1986, two million adults who lived below the poverty level held full-time jobs!! *{B7}* Can any ethical government expect its citizens to spend 40 hours a week working to earn a living BELOW the poverty level? Surely, this is an insult to human dignity. Back in 1981, a full 36% of workers paid on an hourly basis received the minimum wage, or within a dollar of the minimum wage!! *{B8}* The hardest hit are America's youth. Since 1973, the poverty rate for the under-30 group has nearly doubled to 22%. *{B9}*

Those working in a restaurant for minimum wage sometimes get to take home some of the leftovers, but if they make beds and empty urinals in a hospital, they probably couldn't afford to catch anything from the people they work around. Why? Because they would have to work

for at least three weeks to pay for a single day's hospitalization. Medicare costs have risen an average of 8.5% per year since 1984. {B10} By 1987, more than 11 million children had no health insurance. {B11} What makes the situation even more shameful is that of the 37 million Americans who entered the 1990's with no medical coverage, the majority were employed! {B12} The fact that health care is becoming an unaffordable luxury in America is made more evident when one becomes aware that America ranks 20th in infant mortality behind Spain and Singapore. The shocking truth is that almost 40,000 of the 3.8 million children born in America in 1986 died before their first birthday!! {B13} Moreover, on any given night in America, there are approximately 100,000 homeless children. {B14} This figure may be seriously understated because a group of San Francisco lawyers known as "Public Advocates" estimate that in the San Francisco area alone there are 48,000 homeless and that more than 10,000 of that number are children. Why so many homeless? Simply because Capitalism practically demands homelessness. The self-regulating market forces of supply and demand, that America so proudly markets to the world, dictate that builders have little or no incentive to build housing for people with little or no money, but plenty of incentive to build more office space for wealthy corporations despite the fact that 100,000 homeless American children are growing up socially and economically deprived in a country which has had a nationwide office space vacancy rate of 18% for the last five years!!! In Manhattan for example, 8.9 million additional square feet of newly completed office space came on-line last year, but only 2.5 million square feet of it was rented. {B15} Another cause of the homelessness can be traced back to unemployment.

Unemployment (Exported Jobs, Imported Cheap Labor)

The root causes are extremely important, and to appreciate them let's think back to the 50's once more. Back then prosperity seemed within everyone's reach. Homes were beginning to sprout two car garages, and practically everyone's standard of living was on the rise. Here's what changed all that.

The prosperity of the 50's that generated and fueled the American Dream, occurred because American corporations were employing **American** workers. Now, they hire the 3rd World.

Because the American economy was booming at that time, and much money was being made, organized labor began to demand a fairer share of the prosperity. American corporations reacted by shutting down their American plants, and building their non-military related factories and manufacturing installations in Second and Third World countries. Tax legislation allowed the elite to *write off* the costs of building their factories abroad. In effect, taxpayers have paid for virtually all the American owned factories abroad! By doing so, the corporations were not only robbing North America of much needed employment opportunities, but were simultaneously exploiting the cheap labor and natural resources of poorer nations in the latest version of colonial exploitation. American corporations still help white South Africans to exploit and repress the blacks.

Moreover, the success of the anti-apartheid movement, since the 50's, displeased many of the corporate elite because they knew that eventually even the blacks would belong to organized labor groups, and that the days of cheap black labor were obviously numbered. This development greatly accelerated the practice of shutting down factories and industries in America and rebuilding them in Third World countries to take advantage of the remaining pools of cheap unorganized labor. The industrial exodus caused such a shortage of jobs for unskilled and semi-skilled men, that more and more women were obliged to enter the work force to enable families to cope economically. On average, women have been paid from 65%-70% of what men earn for the same job. {B16} Today, employers are still trying to discriminate against women, with regard to salary equality and career opportunities, in an effort to keep women as a cheaper source of labor than men.

Newsweek pointed out in its March 13 1989 issue, there are now about 140 million Americans between the ages of 20 to 64, and a staggering 30 million of these individuals are unemployed! {B17} But, just as the government hides much of its deficit "off budget", so it has ways of excluding many of the unemployed from its official figures. Those who have quite literally given up looking for work don't even get included in the government's seasonally adjusted

unemployment figures, so the true picture of reality remains hidden. For political expediency, unemployment figures can be deceptively and artificially reduced when required, at taxpayer expense again, through "make work" programs. Nevertheless, jobs are being constantly exported. According to Department of Labor statistics, the blue-collar factory work force decreased by 11% in the last decade alone. {B18}

General Motors provides an excellent example of a corporation which deserted the American work force for cheap labor abroad. The current movie "Roger and Me", which deals with the after effects of General Motors laying off over 32,000 employees in Flint Michigan, should help to draw attention to the problem. {B19}

The American textile industry is currently in the process of relocating to places like South Korea where the cost of skilled garment industry workers is about \$2.50 per hour, which is less than the American minimum wage.

General Electric too is preparing a deal to buy 50% (plus one share) of Tungsram, an Hungarian manufacturer of light bulbs. With Hungary's average wage at 81 cents per hour, G.E.'s loyalty to the American work force will pan out to be just another of the illusions that Americans must shed. Chicago-based Schwinn Bicycle Co., and Guardian Industries, a Michigan-based glassmaker have already taken the plunge.

With the widespread demand in Eastern European countries like Poland, Hungary, and Czechoslovakia for a taste of capitalism, it won't be long before we begin importing name brand bicycles, fridges, etc., instead of employing Americans to make them. The rush to do so will most likely intensify before the unification of Western Europe takes place in 1992. In Poland, the cost of labor is even cheaper, a mere \$40 per month. {B20} However, Americans should keep in mind that where wages are low, cost of living is usually correspondingly lower. In other words, Poles don't have to fork out \$300-\$500 per month in rent.

In 1988 alone, spending by overseas subsidiaries of American firms increased by 23% to \$42.3 billion. {B21}

Not only were the taxpayers footing the bill, lower labor rates gave them higher profits. On top of that, the elite were often able to negotiate tax advantages with the foreign

countries, so all in all, it has been a case of "to hell with the American work force".

The economic elite have such a strong control over public opinion and government in the West, that they knew they could virtually abandon their own populations, and allow the standard of living to deteriorate *because the desirability of Communism and even Socialism has already been virtually purged out of the psyche of the Western mind*. However, the elite know they will have to put up with a growing amount of grumbling. But because they control the government and the media, they will safely be able to allow the standard of living in America to gradually drop to the point that it approaches the rising standard of living among the developing nations.

Another method the elite have been using to maintain a downward pressure on American wages has been to make sure that almost all immigrants coming to America come from the cheap labor countries. Even though practically all the immigrants now coming to America fit this description, there is a push on to accelerate this process.

Despite the existence of 30 million eligible unemployed Americans, the Deputy Editor in chief of Forbes magazine, M.S. Forbes Jr., editorialized in the Jan 8 1990 edition that the nation was actually suffering from a "People shortage". He went on to add that, "There are not enough young people entering the labor force. We badly need to revamp our immigration laws so that many more hardworking foreigners from Europe and elsewhere can come here." {B22} Not surprisingly, an article also appeared in the Jan 29 1990 issue of Fortune magazine entitled "Let's change the immigration law - now". The article started out by saying "Millions of Eastern Europeans and Soviets - educated and talented for the most part - are likely to try to start fresh lives in the West..." The latter article also clearly pointed out that in the last decade, the greatest number of immigrants to America have been ...Mexicans, then Asians, and then immigrants from Central and South America. These people enter the country desperate for jobs and willing to take minimum wage payment for ever increasing levels of skilled work. Of course they are not to be blamed for driving down the cost of labor nation-wide, it is the elite who are purposely pushing to change the existing laws to be able to flood the American labor market with even cheaper labor from Romania, Hungary, etc. (who by the way have received better education on average than their equivalents

in America). {B23}

Where do all the homeless come from? At least part of the 30 million unemployed and disillusioned Americans between the ages of 20 and 64 would probably sooner be unemployed than work for a humiliating and disgraceful minimum wage, while the white collared elite drive the streets in their Rolls Royces having milked the economy of hundred of millions and even billions in a single year!!!

Despite this, on June 13 1989, George Bush hastily vetoed Congress's bill to raise the minimum wage from \$3.35 to \$4.55 over a three year period. {B24} Mrs. Dole, Bush's labor secretary, argued on behalf of the elite that doing so would result in 650,000 fewer jobs. This obviously implies that spoiled employers would sooner fire 650,000 employees than pay them a minimum wage of \$4.55 per hour. To compensate for this, she is also trying to introduce a compulsory six-month "training period" during which the "new hire" would receive sub-minimum wage!! However, this would only provide incentive for employers to dismiss their minimum wage workers and use wherever possible the *sub-minimum* wage "new hires in training". Some employers would retire long before they kept a candidate longer than six months. {B25}

In future, semi-skilled and skilled factory work will be done increasingly by robots, by cheaper labor abroad, or by importing cheap labor from abroad. As long as corporate America continues it's industrial expansion abroad while reducing it's industrial base at home, unemployment will only get worse. With a shortage of jobs, and an over-abundance of labor, employers will continue to hire unorganized labor who are willing to work for substandard wages. Should anyone wonder why so many youths have given up on the system and turned to pushing drugs to survive?

No doubt the elite would wish to have all the new immigrants enrolled immediately in sub-minimum wage training programs. Notch one up for the "Feudalists in pinstripes".

Incentive for corporate America to purchase American labor will probably only resume again when the price of American labor drops to the point that it competes favorably with the cost of the cheapest foreign or imported labor.

American Slavery in the 1990's

The exploitation of blacks in America is still evident from the fact that there was a higher ratio of blacks to whites in military service in Vietnam, than the normal ratio of blacks to whites in the population. In many states the infant mortality rate for non-whites is often double the rate for white infants. {B26}

In a similar way, the black to white ratios involved with unemployment figures reveal as much about the truth concerning our whitewashed reality. Only 44 of the 752 Federal judges are black. The number would be abysmally lower if Jimmy Carter had not nominated 37 of them himself. {B27} More importantly, blacks account for 11% of America's voters, but only one and a half percent of its elected officials are black. {B28}

Meanwhile, David Duke, the former Imperial Wizard of the Ku Klux Klan, who also dabbles in neo-Nazi white supremacy movements, not only ran in February 1989 as a Republican candidate in New Orleans, Louisiana; he won!! His goal now is to become a Louisiana senator. {B29}

But hey, it's not all doom and gloom. American blacks have definitely made progress over their counterparts in South Africa, whose lot seems to have remained on a par with that of English feudal serfs. Mind you, they are still confined to the servants' quarters, which are now called "homelands".

"Homelands", per se, don't exist in America, but many who live in the black ghettos found in most American cities, would probably wish to hotly debate that issue. In any case, since the 50's, much of the discrimination practiced against the blacks has disappeared. Nevertheless, feudal slave tactics still persist within the United States, but are largely overlooked because the American psyche has been conditioned to acknowledge slavery *only when it comes in black*.

Industries in Texas and Southern California have been paying slave wages for decades to Mexicans who had entered the country illegally. The garment industry in Southern California was still thriving in the 1980's by running sweat shops which used this labor pool. These

Mexicans have been completely at the mercy of their modern Feudal lords who could totally abuse them, fire them, or have them deported if they dared to protest about their wages or working conditions.

Everyone knew about the sweat shops but little was done about them, because all the right palms had been greased. Everyone was turning a blind eye until the 60 Minutes TV show brought their plight to the nation's awareness. The government was no longer able to turn a blind eye, so it provided the next best concession for the sweat shop owners, it offered conditional amnesty to the Mexicans who were already living in the States, so that the affected industries would not be put out of business by the sudden loss of its sizable work force.

Of course this meant that sweat shop owners would have to pay the newly legalized Mexicans the minimum wage, and it certainly defused the issue nationally, but it probably won't prevent them from hiring future illegal Mexicans at the old rates. In fact a few days after George Bush had returned the Republicans to office, legislation was passed to allow garment industry workers in the South West to *work at home*. This practice, which will throw open the slavery floodgates once more, had been outlawed for the last 40 years.

Ever since the serf gained the right to be called a free man, the wealthiest 1 percent have been using the time to regain ground initially lost. They seem more determined than ever to maintain the old order. One way of doing this is to purposely maintain a poorly educated work force.

Maintaining a Poorly Educated Work Force

It has been argued that if all the wealth of our billionaires were equally redistributed among the poorer classes, ...within a short time, the wealth would again be concentrated within the hands of the few. I would even tend to agree with that hypothesis. However, if the money were used to provide free education for all students, to the limits of their mental abilities, I would be reluctant to jump to the same conclusion. The scenario parallels the futility of providing only food to the starving 3rd world peoples, as

opposed to providing them with the education and means to provide their own food.

EDUCATION BRINGS WITH IT FREEDOM AND POWER.

The minority of white South Africans, who dominate, not only prevent the blacks from forming effective opposition groups, they keep them poorly educated and deny them the right to vote. As a result, South African unskilled labor has historically remained cheap. Capitalists in other countries have also gone out of their way to maintain an ignorant working class. For example, there was an understood, unwritten agreement among early American feudal lords, not to teach their black servants, (slaves) to read or write; in South Africa there have even been laws to enforce the policy. Nowadays, survey after survey exposes that American schools are graduating functional illiterates. Because the level of education is rising in many less developed countries, corporate America is finding that it can relocate even more sophisticated levels of non-military related industrialization into Second and Third World countries to take advantage of the world's remaining slave labor pools. **Consequently the elite have less need of educating the American work force**, and have stepped up their lobbying pressure to divert tax dollars away from education, and into other areas that benefit themselves more, namely Star Wars military spending, and corporate welfare. Unlike the defense budget, federal spending on education has been reduced from 9% in 1980, to 6% now. Mr. Bush intends to spend some \$200 million less on education than did Mr. Reagan. {B30} After all, educated people expect a better standard of living, and will be vocal if denied their due. In short, they are not as easy to manage or to hoodwink.

Is it an accident that the American education system is graduating functional illiterates, and that much needed money for education is being diverted to benefit the super-rich? I think not.

Before the nation is forced to declare evening curfews (for youths 18 and under) in cities **other than** Washington DC, two facts should be widely acknowledged. First that two-thirds of U.S. prison inmates are high school dropouts, and secondly, that it costs \$5000 per year to send a child through public school, and \$14,000 a year to keep a prisoner in jail. {B31}

The Reality Underlying the Myth of Equality

The previously mentioned socially regressive behavior involving physical and economic slavery in its various forms only persists because there are some among us who cannot accept the concept of equality and brotherhood. Instead they choose to take as much of the nation's wealth as they can possibly get away with, even though other peoples' basic needs are not being met.

Even though most of us are richer than serfs of some other countries, we are still serfs within our own society.

- When I see beggars on the streets, I see serfs.
- When I see lineups for grocery handouts, I see serfs.
- When I see people who can't afford dental, medical, or legal services, I see serfs.
- When I see heads of households who are involuntarily unemployed, I see serfs.
- When I see workers on minimum wage, I see serfs
- When I see working people who can't afford to buy a home, I see serfs.
- When I see families who still don't own their homes after 20 years of payments, I see serfs.

The bottom 90% have been sold, and continue to be sold a severely distorted image of America through the media. The image of themselves as a huge middle class simply does not concur with reality.

To assist in the illusion, the bottom 90% have been encouraged to believe that doctors, dentists, engineers, etc., comprise the "upper class". Not surprisingly, working professionals have also been encouraged to think of themselves as the upper class. The fact of the matter is that these working professionals statistically fall into the bottom 90% of society. They may be, relatively speaking, upper class compared to the non-professionals, but in the overall wealth distribution picture, they are still "working class" when compared to the "real upper economic class". The average person who belongs to the bottom 90%, professional and non-professional alike, needn't blame himself or herself for missing the boat, because the economic elite of former generations used their power and

influence to set up a complex system whereby just enough wealth is doled out using tax laws and tax shelters to produce just enough YUPPIES and comfortably off people (like many of our "so-called upper class" doctors, engineers, etc.), to keep alive the totally erroneous notion that these individuals constitute the upper economic class.

*The secret, completely understood by the elite, is that by providing a fairly comfortable living for the educated professional, they could completely remove the threat of widespread dissension, **by appeasing the class of citizens most able to spearhead a movement to upset Feudal conditions.** ...Throw the family dog a steak, and you can rob the house in peace.*

Recognizing the Feudal Aspects of Capitalism

For the most part, the non-professional's income just meets the cost of a basic standard of living. Taxes, interest rates, wages, and the cost of living are all monitored and juggled very carefully so that government can tax away the bulk of income which exceeds the cost of living. Non-professionals who form the bulk of the bottom 90% are kept in check by the illusion that the upper class is in view, but just out of reach.

The shocking truth is that American society is based on a FEUDAL wealth distribution system, wherein the richest one percent are equivalent to the Feudal monarchs, the next nine percent are equivalent to the land owning aristocracy of Feudal times, and the bottom 90% are still being exploited as serfs to supply cheap labor so that the wealthy can exploit the nation's resources for their own personal benefit. What's worse is that the bottom 90% have been successfully and cunningly kept ignorant of that situation. Anyone making less than \$40,000 is relatively speaking one of the SYSTEM'S WORK HORSES.

Anyone on minimum wage is a SLAVE WITHOUT CHAINS. Any family bread winner not purposely unemployed is a VICTIM.

So many aspects of modern Western society trace directly back to Feudal society, that an appreciation of our problems would be incomplete with briefly reviewing how and why Feudalism arose.

The Origins and Nature of Feudalism

>From the dawn of time, the strongest animal or animals within an animal group have spearheaded the group's defense. Normally this service is acknowledged by the rest of the group's members, and rightly so.

But, while we can acknowledge indebtedness to our ancestors whose success at "dominating" made possible our survival as a species into the 21st century, it is important to keep in mind the distinction between "**domination**" and "**leadership**". By domination, I refer to the case where those in power abuse their power to exploit those with less power than themselves.

Even back in our cave dwelling days, the need to cooperate for survival sake probably kept domination within a group to a minimum. Cave dwelling leaders almost certainly acted to protect their family groups, and heads of family groups no doubt bonded together to defend whole communities.

However, as the danger posed by other species gradually tapered off, the survival of the fittest quality of "domination" should have tapered off as well. Unfortunately, the trait persisted in the absence of predators.

Feudal monarchs provide an excellent example of this type of domination. They certainly assumed absolute authority for the defense of their empires. But as Lord Acton pointed out, power corrupts, and absolute power corrupts absolutely.

Somewhere along the way, the power and responsibilities of the role were abused to the extent that society's defenders took it on themselves to extend their dominance to include ownership of all communal assets.

At that point ... **ECONOMIC FEUDALISM WAS BORN!**

>From defenders, they became rulers who personally claimed all the communal property except that which they chose to give away to buy loyalty. In effect they dominated their subjects in much the same way as dictators do today.

In order to maintain their position of dominance, the monarchs divided their kingdoms into feudal states and gave away large tracts of land within each of these areas to relatives and trusted friends to gain their loyalty and military support when needed.

To defend their new domains, these wealthy landowners assembled armies, and built fortified castles, over which they ruled like MINOR KINGS in their own right. Needless to say, the monarchs only gave away as much land and delegated authority to the degree they thought was necessary to ensure their own dominance.

In a similar way but to a lesser extent, the landed aristocracy had to do the same within their own castles to also ensure their continued domination over the subjects under their control. Throughout the country, the social order was based rigidly on class differences. Within the landowners' castle walls lived the landowners, their relatives, and their most valuable subjects. (the law enforcers, the merchants and the craftsmen) However, the landless peasants were forced to live outside the walls where they served as watchdogs in case of sneak attacks by the landlords' enemies.

Authority from the king allowed the aristocracy to exploit the serfs by putting them all to work and then taxing away the fruit of their labor. By making the landless peasants conform to a rigid pattern of subservience, the aristocracy could use them to perform any and every function that might enhance their own well-being, while only minimally meeting the serfs' basic needs. In other words, they used them in much the same way as their other beasts of burden. After taxes, many subjects like the peasant farmers, were left with only a minimum of food and provisions to carry on their lives of servitude. The horses and cows usually ended up with a greater share of the harvest than these poor clods. Dust unto dust seemed to more accurately describe their fate. So, if you belonged to the top 5 percent of feudal society, chances are you had gold pouring out of your ears. If you didn't, it was the equivalent of being dropped on your head at birth.

As the landed aristocracy grew stronger, the power of the monarchs diminished, but both the monarchs and the aristocracy continued to act as social parasites by taxing the serfs to the brink of poverty, thus keeping peasants basically powerless and subservient.

Eventually though, to avoid a revolt such as the French monarchs experienced, the ruling class had to introduce laws that appeared to recognize some rights of the peasants. But despite the introduction of democracy, the monarchs and aristocracy exerted their power and influence in parliament to have legislation passed that ensured their fortunes remained intact, which in turn kept most of their power intact.

Interestingly enough, there still seem to be quite a few class conscious, and very wealthy Kings and Queens hanging on, who are actually the direct descendants of the monarchs of feudal days, and who seem to have kept their fortunes relatively intact. Queens still reign in Britain, Denmark, and

Holland, while Kings still reign in Belgium, Spain, Norway, and Sweden. Although most look on modern day monarchs as figureheads, their wealth and influence must not be underestimated. Queen Elizabeth is still the richest woman in the world. The South Africans and the Irish are both actively trying to cast off the burden of Feudal overlords.

From English Feudalism to American Feudalism

America on the other hand chose not a monarch but a President who can veto the will of a popularly elected Congress. Ironically or not, George Bush is nevertheless the 13th cousin (twice removed) of Queen Elizabeth.

In Western society today, billionaire power wielders determine both the domestic and foreign policies, but they do so from behind the scenes, and of course like the kings before them, they feel justified in claiming as much of the communal wealth as they wish. As far as the economic elite are concerned, national wealth is not treated as communal wealth.

Many are the descendants of the great landowners of old, and of the super wealthy merchant class. The distinction between these two groups has largely disappeared, and we seem to be left with a hybrid group which embraces international commerce, while holding vast fortunes in real estate.

For the most part they are comprised of the majority shareholders who serve on the board of directors of large corporations. The mega-rich can serve as board members on numerous corporate boards simultaneously, thereby creating interlocking relationships and interests among the corporations. This low profile elitist community maintains a highly efficient, interconnected, local and international network of communications and control that, for all intents and purposes, completely avoids public scrutiny. Corporate America meets behind closed doors to cut secret deals and formulate powerful chess-like strategies that affect the daily lives of everyone in society.

Moreover, they have seen to it that a range of special privileges exists, not only for their own benefit, but as a means of winning political support from all those who envy their lop-sided share of the nation's wealth. Such privileges, (memberships in exclusive country clubs, unlimited travel,

vehicles, planes, business subsidies and loans, tariff protection, price guarantees, etc. etc.) are all made accessible in addition to tax avoidance methods, and tax shelters, that the bottom 90% don't even make enough money to use.

Neocolonialism

If a country's wealth is divided amongst its citizens along Feudal wealth distribution lines, then that country functions as a Feudal domain, whether or not it attempts to conceal the fact with a democratic veneer, or any other veneer for that matter.

Colonialism is really only **Feudalism practiced abroad.**

In response to a wave of independence movements which swept the globe in the late 40's, the great colonial powers were forced to withdraw many of their political representatives as well as their military occupation forces. Because this occurred, historians and the media were quick to announce that the colonial era had ended.

However, the more determined colonialists simply installed puppet governments in the 3rd World countries which gladly signed defense treaties which allowed the colonialists to re-install their military occupation forces. Despite the superficial changes, both Feudalism and Colonialism are very much alive and well today.

However, colonial exploitation did, *at least for a time*, decline. This decline triggered off a decline in the standard of living in the West for a couple of reasons. First of all, as the level of colonial exploitation was reduced globally, the spillover benefits of colonialism were reduced for all Western citizens. Even more importantly, the colonialists (i.e. the Feudalists) increasingly redirected the focus of their exploitation **toward their own populations** in an effort to make up for lost colonial revenue! Not only is exploitation in the 3rd World now worse than in the 40's, it's worse in the 1st World too!!

Since the 50s, the planet has in effect, been enduring an era

of social regression caused by the widespread proliferation of the new and more subtle forms of both Feudalism and Colonialism.

It is also extremely important to keep in mind that the conditions referred to throughout the book pertain not just to America, but to virtually all the capitalist democracies, ...England, Canada, Israel, Scotland, West Germany, South Africa, Ireland, India, Australia, New Zealand, Japan, etc., as well as to all the other countries ruled by economically elite minorities. They are all functioning like separate Feudal empires.

A Look At 10 Western Nations

To show how widespread feudal wealth distribution conditions are, we will compare the wealth distribution statistics for ten (10) Western nations. The data was extracted from data submitted to the Royal Commission on the Distribution of Income and Wealth prepared in 1979 for the British Monarchy. {B32}

The distribution patterns of the *60's and 70's* have been chosen to provide a valuable yardstick with which to begin an evaluation of our present condition. The statistics will show how things were in the 60's and 70's, *and then by knowing what has happened in the last decade*, it will be perfectly clear not only where America is headed, but why immediate action is so necessary.

When the comparative study was carried out in 1979, the information gathered was the latest available from each country. The studies have traditionally been carried out infrequently probably to avoid any unnecessary risk of the information becoming part of the public awareness, and hence a topic of popular concern.

During the 60's and 70's, the richest 1% owned an average of 25% of the total national wealth; the richest 5% about 45% of the wealth; and the richest 10% about 60% of the wealth; ...in virtually each of the Western nations.

Although statistics were not available for larger percentages of the population for each country in the study, another even more startling picture emerged from the data that was

available. That data is shown below.

- In Belgium the richest 50% owned 90.8%
- In France the richest 50% owned 96.3%
- In W. Germany the richest 50% owned 79.2%
- In New Zealand the richest 55.5% owned 99.9%
- In Ireland the richest 30% owned 97.4%

The shocking truth is that the poorest 50% of the citizens of Western societies share little more than the elite's table scraps, with the evidence pointing to often even less than 5% of the total wealth.

The New York Times reported that **a recent study** found the top 1% have increased their share to about 35%, whereas the share of wealth COLLECTIVELY belonging to the bottom 90 % had dropped to about 34%!! However, a similar study carried out by the University of Michigan estimated the richest 1% now own 50%, and the bottom 90% get to share only a meager 16% of the nation's total wealth!! **This latter study translates into the fact that the top 1% may now own three times as much as the bottom 90% own collectively!!**

To make things worse, the rate at which the rich are getting richer and the poor get poorer, ...is accelerating.

To help the reader appreciate that the economic problems discussed are by no means unique to America, we will briefly refer to Canada instead of America to continue the study. Canada provides a dramatic example of profit disappearing into the woodwork, or more accurately into the bank accounts of the richest one percent.

Canada (Another Typical Feudal Economy)

Being the largest country in the world, Canada has an enormous amount of natural resources. Her vast reserves of forests have been logged repeatedly. Her uranium resources have been tapped for nearly half a century. Much of her mineral resources have been extracted already, not to mention the Alberta oil wealth and the prairie wheat, and of course the untold fortunes of fish hauled off her East and West coasts. The country has an abundance of hydroelectric power, and exports nuclear technology. She has a thriving industrial base, and her resource of fresh water should soon

become an unexpected gold mine. Incidentally, Canada has plenty of excellent gold mines, and untold amounts of nickel have been extracted as well. I could go on but it should be clear by now that Canada's vast resources have already been well exploited. A person from any 2nd or 3rd world country would expect our streets to be paved with gold, because **Canada's population is only 25 million!**

Instead, the prospect of owning a home is growing steadily more remote for many young people. You'd wonder why, because there exists such an abundance of forests. The truth of the matter is that Canadians have to pay world prices for the timber products. Not only that, the best timber is exported (to enrich the wealthy few), so the wood used inside Canadian homes is more often than not the dregs of the industry. Some young families with two incomes are even battling to afford an apartment. Many don't even own their own cars, and some have serious debts. Like gas stations, the local Macdonald's fast food outlets are never very far away. But very few Canadians are even aware that with 1100 charity food banks nationwide, **Canada has twice as many food banks as Macdonalds fast food outlets!!**

Plenty of people line up each week at special grocery handout centers that are often conveniently located *off the main streets*, where the long lineups won't interfere with pedestrians or traffic, and where this shameful show of wealth distribution won't be too readily observed. In the large cities there are plenty of people who sleep in doorways and parks, and can be seen pushing around their life's possessions in supermarket buggies. How is this possible? What has happened to the past profits generated in our Western countries?

Fortune magazine's 1988 list of the world's top 10 billionaires indicates that three of the 10 richest families in the world are Canadians. Furthermore, it indicates that Toronto's Reichmann family alone increased their wealth in the preceding year from 5 billion to 6.3 billion dollars, a staggering increase of 1.3 billion, which represents a 26 percent increase in assets during that one year period.
{B33}

When the Queen of England, the world's richest female billionaire who has also derived wealth from Canada, is taken into consideration, then the number of the world's top ten billionaires who have directly exploited Canada's

resources for their personal benefit increases to 4 out of 10.

And last but not least, we ought to give mention as well to another billionaire Sir James Goldsmith, of London England, who owns 2.5 million acres of North American timberland, which is just a half million acres less than the 3 million acres owned by the Canadian billionaire Kenneth Colin Irving. {B34} {B35}

Globally, the speed at which wealth and power is being concentrated in the hands of a very small minority of economic elite has intensified at an alarming rate. Does anyone need to hire a financial analyst to see a correlation between the wealth accumulated by billionaires, and the grocery handout centers and soup kitchens?

Keep in mind that the same story is being played out in all the other countries dominated by an economic elite. The bottom 90 percent are being systematically milked, and the cream is being skimmed off by the folks at the top. We need to take steps to homogenize the economic classes.

The inequities in wealth distribution that originally prompted the formation of trade unions are now being overlooked in the rush to say unions today have gotten too powerful and are demanding too much. Don't forget, it would still have taken 433,000 so called "greedy unionists" to have been able **to save** \$3,000 each in 1987, to have collectively benefited as much as the Reichmann family.

Feudalism...A Progress Report

In case there are any readers left who doubt that the rich are getting richer while the poor are getting poorer, information from the US Census Bureau should remove any doubt whatsoever. The following statistics bear mute witness to the feudal realities that have taken place during the 80's.

SINCE 1979, Reagan's pro-elite administration increased the inequities dramatically. The top 20% of the population increased their income by approximately 10%, while the bottom 20 % of the population saw their income decline by approximately 22%!!

The reality suggested by these statistics is so alarming, that

it may for some even appear untrue. Because of this, some previously mentioned facts deserve being retold.

- There are now about 140 million Americans between the ages of 20 to 64, and a staggering 30 million of these individuals are not working! {B36}
- Since 1980, the blue-collar work force has decreased by 11%. {B37}
- In 1988 alone, spending by overseas subsidiaries of American firms increased by 23% to \$42.3 billion!! {B38}
- Less than a third of the 32.5 million Americans living below the poverty level receive welfare assistance. {B39}
- Of the 37 million Americans who entered 1990 *without medical coverage*, over half were employed!
- In 1986, two million adults living below the poverty level *held full-time jobs*. {B40}

But despite all this, Mrs. Dole, Bush's Labor Secretary, is trying to introduce a compulsory six-month "training period" during which a "new hire" would receive a sub-minimum wage!! {B41}

How The Elite Exploit The Nation

Techniques such as exporting America's manufacturing base, and importing labor willing to work for the minimum wage or less, are but the tip of the iceberg of methods used by the elite to make themselves richer while at the same time actively keeping America's bottom 90% unorganized, subservient, and basically poor. Let's begin by discussing by far the most important method used ...that of controlling the laws affecting taxation.

Tax Laws - The Key to Wealth and Power

To the degree one would wish to help improve the quality of life within Western society, one must acknowledge the role played by the existing laws, and in particular the tax laws.

Tax laws, more than any other factor, determine the socioeconomic nature of a society. They determine the economic hierarchy of wealth and power just as surely as

chess rules govern what occurs in a game of chess. A king always wins in a game of chess, and in Western society, the top 1% always own more assets than the bottom 90%. Tax laws ensure that Western society remains securely locked into a social structure based on wealth distribution inequities that have changed little since the Middle Ages. Presidents now avoid the nation's scorn by raising payroll taxes instead of income taxes. By 1990, payroll taxes will have risen by 30% since 1978, and the majority of the country will be paying more in payroll taxes than they do in income taxes. Of course, the bottom 90% as usual are hit the hardest, but they are generally not yet wise to the switch that has taken place, so the deceit continues at full bore. {B42}

Robbing The Poor by Not Taxing The Rich

In Feudal society, the most successful of the feudal merchants went outside of their lord's territory to secretly hide a portion of their profits in foreign lands, mainly to avoid taxation. They were clever enough, however, to leave store front businesses running at home to keep up appearances. Our present day corporation owners do exactly the same thing. It takes little imagination to realize that the same methods to avoid taxation have gone on without interruption from Feudal times.

With regard to the previously mentioned exodus of industry from America to 2nd and 3rd World countries, the fact that American corporations choose to carry on modern day colonial exploitation is not even the issue. The real issue is that corporate America built, and continues to build its foreign factories **with the help of corporate tax deduction laws, ...at the American taxpayers expense, and to the detriment of the taxpayer's standard of living.**

To add insult to injury, the head offices of many business entities are located in playboy tax havens such as the Bahamas to avoid taxation, thereby depriving the American taxpayer of getting any benefit from having initially paid for the foreign factories. The fact that so many oil tankers owned by the elite are registered in Liberia and not in America (to avoid taxation) should be a topic of concern to those who are being forced to take pay cuts and tighten their belts, ...but it isn't. Americans have been desensitized

to this issue and countless others like it.

However, to get an idea of the quantity and nature of tax avoidance loopholes that exist in America today, one has only to read a few issues of Forbes, a magazine which caters to the needs and interests of the nation's economic elite.

Incidentally, every year Forbes magazine compiles a list of the world's richest people, as well as a list of the 400 richest Americans. In its July 24th 1989 issue, the magazine clarified some of the methods it used in determining the wealth of those who qualified to be included in its listings. Part of the explanation it provided is worth quoting:

"Since wealth abroad is sometimes held in complicated ways designed to retain control or bypass various taxing authorities, we count property owned if it is involved in obvious devices for ownership, like family holding companies, or cross-ownership, and sometimes less obvious ones, like certain foundations designed merely for tax avoidance." {B43}

In practically every issue, Forbes "exposes", or at any rate acquaints the reader with, one or more additional schemes devised by clever tax accountants or investment managers to avoid taxation. No doubt each issue must send the super rich scurrying off to call their accountants to ensure that they are not missing out on the very latest loopholes.

One would expect that reading about tax avoidance loopholes for the privileged class could very well upset or anger the average American who for the most part doesn't make enough money to take advantage of the loopholes discussed. But there is little danger of that. Editors in charge of mass media information sources like newspapers and TV news shows very rarely devote any attention at all to this type of material. In contrast, Forbes editors obviously feel free to flaunt it because the magazine is read almost exclusively by the economic elite, and those who aspire to join their ranks. It is alleged that the average worth of Forbes readers is 1.4 million dollars, and that at least 250,000 of its 750,000 subscribers are millionaires. {B44}

It is beyond the scope and intent of this book to launch into a detailed discussion of the tax loopholes currently available, but as was mentioned above, even a subscription to Forbes magazine would serve as an introductory primer.

One need only read the article "The bad news about estate taxes", on page 238 of the June 26 1989, or the article "Tax strategy" on page 186 of the Sept 4 1989 issue to see why the magazine is so popular among America's economic elite. {B45} {B46} Due to the extremely complicated nature of tax laws, tax avoidance will remain the exclusive and somewhat secret domain of those who earn enough money to hire the services of a tax specialist. This book will attempt, however, to make the reader acutely aware that tax avoidance privileges enjoyed by the rich, are the root cause of the nation's economic inequities.

A perfect example of class oriented tax legislation, that exacerbated the wealth distribution inequities, occurred during the Reagan administration. With inspiration lifted straight from Sherwood forest, REAGAN HOOD (the well known American folk bandit who can't normally see the forest for the trees) took it on himself to take from the poor and give to the rich. In 1981, he instituted new taxation legislation which dramatically decreased corporate taxes and transferred the burden to the bottom 90 percent. (salary and wage earners)

It is not as important to discuss what the tax changes were, so much as pointing out that the changes were part of a continuing policy to free the rich from corporate taxation.

Statistics taken from the Historical Tables of the Budget of the United States Government, Fiscal Year 1986, table 2.1 indicate that the proportion of Federal Income tax derived from Corporate income tax declined steadily from 32% in 1952; to 23% in 1960; to 17% in 1970; to a low of 9% in 1985. {B47}

It should come as no great surprise then that George Bush has openly voiced his intention to continue adding to corporate welfare legislation by reducing the capital gains tax by more than 50%. The Joint Committee on Taxation said that the capital gains tax proposal passed by the House on Sept 28 1989 would cost \$35 billion dollars in lost revenue over the next 10 years. This largesse would go almost exclusively to the richest 10%. {B48}

Both the graph and the previous statement ought to give you a chilling appreciation for the continuing success of the super rich, in their drive toward total immunity from taxation.

On General Motors' 1987 Income Statement, a footnote indicated that the federal tax for 1987 was minus \$1.3 billion, thus intimating that the automobile giant may have received a tax rebate for that amount. Citizens for Tax Justice had figured that GM would end up getting a tax rebate for \$742 million. In any case, it should be a little clearer just where the money comes from that enables car manufacturers to offer such huge cash rebate incentives for new car buyers. {B49}

Citizens for Tax Justice (a group backed by Ralph Nader, which monitors tax abuses and lobbies the government for fairer taxation) pointed out that the average reader paid more tax last year than AT&T, Du Pont, Boeing, Merrill Lynch, Dow Chemical, and Walt Disney paid collectively from 1982 through 1985!!

Do yourself a favor and reread the above paragraph.

In fact, of the 250 companies that they were monitoring, **108 of them had an average tax rate of 1.6%.** {B50}

Neither government nor economic smooth talkers are now able to mask the social effects of taxation changes favoring the richest 1% introduced during the Reagan administration. As a result of fiscal policy initiated by Paul Volcker and James Baker, the number of billionaires began skyrocketing. From a relatively stable 13, their numbers all of a sudden doubled in 1986, quadrupled by 1987, and have (*since 1987*) increased an additional 50 to their present level of 99. This unethical shift of wealth from the poorest to the richest 1% simultaneously caused shelters for the homeless and grocery handout centers to spring up in practically every city in the nation. The more the reader appreciates the tremendous scale of corporate welfare, the less apt he or she will be to blame the deficit on the increasing numbers who are forced to collect unemployment or welfare. The crime and drug abuse epidemics are additional visible manifestations of the anger and desperation felt by the policy's victims.

In case you had noticed that the Reagan administration seemed virtually unconcerned with the huge national debt. Here's why:

The ballooning deficit, which can only be paid back through taxation, will continue to translate into a declining standard of living for "those who pay the taxes", and most for those

who are hit hardest by taxation.

Contrary to their continued displays of concern over the increasing deficit, the elite and their functionaries in congress will in reality become less and less concerned about the growing deficit because **their share of the tax burden diminishes with every new tax reform!!** In future, billionaires and multimillionaires will accumulate ownership of the national wealth at an even faster rate than at present.

For those who pay little or no taxes, the growing national debt is scarcely a concern!

The elite are not at all affected by cuts to social welfare programs. The only social welfare that affects them is corporate welfare and it has been increasing non-stop since the 50's. However, for the so-called *working middle class* and their children, the ballooning deficit will translate into a significant loss of social benefits, poorer education and health facilities, etc., in short, a continuing drop in standard of living.

If the corporations and wealthy elite don't pay their share of taxes, why should the working class?

The three trillion dollar Star Wars military expansion program is being funded directly out of the taxpayer's pocket. There is simply no rationale for the so-called middle class taxpayer to pay the bulk of the defense bill, when the majority of the wealth and property being defended belongs to the economic elite, who take every opportunity to excuse themselves from sharing the tax burden.

In case you have wondered why the deficit is ballooning so rapidly, here's at least one atrocious reason.

Undermining America with Leveraged Buyouts

One of the most scandalous causes of **lost tax revenue** (from corporations) is currently sweeping the nation, and is referred to as the leveraged buyout, also known in the industry as an LBO. During the 80's, LBOs have been the focus of Wall Street activity. To understand how they work, let us begin by considering a recent LBO.

The RJR Nabisco corporation was purchased for a sum of about 25 billion dollars. Prior to its takeover, Nabisco made

an annual profit of about \$2.5 billion dollars, on which they pay about \$700 million in taxes. *{B51}* As a result of the buyout, the new owners will most likely pay NO TAXES. Not only that, they will probably claim billions of dollars back (from the government, i.e. the taxpayers) in tax rebates! Surely this is not possible, you might be saying to yourself. As unbelievable as this sounds, it is true. START GETTING CONCERNED. The new owners will still produce their shredded wheat and cigarettes, etc., at the same prices and with the same manufacturing costs. Right? ...Right! So their profits should be expected to remain around 2 and a half billion dollars. Right? ...Wrong! The new owners are now eligible for tax deductions that the former owners did not have. The new owners **borrowed** most of the \$25 billion dollars to purchase Nabisco. Why? ...because the interest (that they pay on the money they borrowed to buy the giant) qualifies as a tax deduction! (Thanks to Section 163 of the Internal Revenue Code)

Tax avoidance rears its ugly head. The cost of borrowing the \$25 billion could quite conceivably be around \$3 billion dollars per year, but the operating profits, as before, would be only 2 and a half billion.

Are you sitting down?

As a result of a leveraged buyout, a firm like Nabisco can be transformed from a profitable company making 2.5 billion dollars profit, and contributing \$700 million annually to Federal and state tax revenues, ...to a firm which could draw billions out of the Federal tax pot because it would be "technically" operating with an annual loss of a half billion dollars due to the tax write-off for money borrowed to purchase the giant.

With no taxable income, the new owners would pay no taxes!!!

There's \$700 million a year that won't get used to repair the roadways they buckle when delivering their goods. There's also \$700 million per year that won't help to clean up the rivers and lakes corporate America has polluted, and continues to pollute.

Taxpayers must come to appreciate that their standard of living will progressively worsen as unemployment rises, and corporations contribute less tax in future than they have in

the past. Even though the taxpayer has been secretly robbed (thanks to the gagging of the press), the corporate raider has just begun his assault.

As unbelievable as it may be (that elected congressmen would allow corporations to stop contributing taxes), **they even allow the taxation avoidance to be retroactive! Here's how.**

Tax losses can be carried back 3 years, and forward 15 years. In other words, corporate raiders who make their new companies run in the red are able to claim back as a tax refund the legitimate taxes previously paid in the previous three years by the former owners. In a case like Nabisco's, this could amount to billions. The LBO tax avoidance loophole must be the single most significant cause of reduced Federal and State tax revenue from corporations for at least the last decade.

Because it is so important for the average person to fully understand LBOs and their destructive social consequences, and because many readers may be unfamiliar with the world of stock trading and Wall Street jargon, a more in-depth explanation is in order.

First of all, a leveraged buyout refers to the transaction that takes place when an individual or group of investors (outside a corporation) manages to take over the decision making function of a corporation by buying up enough shares of the company to assume controlling interest. The term "leveraged" refers to the fact that most of money used to purchase the corporation is borrowed or on credit. In all LBOs, the purchasers borrow as much as they can from banks, by using as collateral the equity of the corporation to be purchased. The remainder of the money required is normally raised through the sale of "junk bonds", which are issued by the purchasers (the corporate raiders), and promoted and sold (underwritten) by certain brokerage houses or investment banks which specialize in corporate takeovers. Junk bonds can attract investors because they normally offer a significantly higher rate of interest than other bonds and normal bank interest. Usually the part of the operating profits that formerly went to pay taxes, are now freed up to pay the interest on these junk bonds, so the junk bond holders can feel relatively safe.

For example, in a case like RJR Nabisco's, the \$700 million that normally would have gone to pay taxes is now capable

of paying the interest on about \$5 billion dollars worth of borrowed money. **The real significance is that the taxpayer is effectively footing the bill for \$5 billion of the purchase price!**

Combine that initial subsidy of \$5 billion with the \$2 billion they can receive in tax rebates, and the loss of tax revenue could effectively amount to about \$7 billion on that single takeover.

In case you think this is not typical of what is happening, consider Safeway which went from paying \$122 million in taxes, to being a tax rebate recipient of over \$10 million. Macy's collected a \$32 million rebate instead of paying a normal tax bill of over \$200 million. Before its leveraged buyout, Unocal paid over \$500 million in taxes. After the leveraged buyout its tax bill dropped to \$68 million. But the above is unfortunately only half of the picture. {B52}

So far we have only discussed how LBOs have caused a drastic reduction in taxes paid by corporations. Next we will look at how and why the corporate raiders use LBOs to skim hundreds of millions of dollars out of the national economy without contributing one iota to the nation's productivity.

Why do LBOs occur in the first place?

To explain this, I will resort to an analogy. A car wrecker will often buy a fully functional (but old) vehicle, and simply junk it, because to the wrecker, the vehicle is worth more as *spare parts* than it is as a fully functional car. This is precisely the way corporate raiders look at a corporation! (as a conglomerate of companies that can be broken apart and sold separately as independent companies)

Incidentally, those who take over another corporation forcibly are known as "corporate raiders". When the takeover results from the acceptance of a buyout offer, the purchase is simply referred to as a leveraged buyout. Raiders buy corporations for the purpose of selling off the component companies separately for more money than what they paid for the fully functioning corporation. In other words, the raider attacks corporations whose spare part value is greater than their stock market share value.

To illustrate the point, let's say that a corporation has 100 million shares that are trading on the stock exchange for \$1 each. Theoretically, the market place puts a value on the corporation of \$100 million dollars. However, if a corporate raider determined that he could sell the various companies comprising the corporation separately for \$150 million, he

could theoretically make a quick unearned \$50 million by buying the stock market shares for \$100 million, and then individually selling off the components of the corporation for \$150 million.

In other words, the takeover operators secretly have reason to believe that the one million shares are therefore in reality worth \$1.50 a share, so they will approach the corporation and offer to buy enough shares to get controlling interest. Acquiring **controlling interest** is necessary to be able to initiate the "sell off" of corporate assets. In order to be able to buy enough shares to gain controlling interests, the takeover purchasers might try to lure the shareholders into selling their shares by offering a premium of say 10 cents per share over the going share market price. So in our example, the raiders could offer to pay \$1.10 per share, instead of the going rate of \$1.00 per share. If enough shareholders agree to sell their shares at this premium, the raiders could assume controlling interest in the corporation. The corporation would effectively be bought out. The new owners would then proceed to sell off whatever of the corporation's companies they wished. Often, just enough companies are sold off to cover the cost of the purchase, while the remainder, which represent the profit of the deal, are kept. Usually the better companies, known as the "cash cows", are kept as sources of positive cash flow to fund further takeovers.

If, as another alternative, they choose to sell off *all* the companies (i.e. even the cash cows), and succeeded in doing so for \$150 million, they could make a relatively instant \$40 million profit, involving no productivity whatsoever.

When corporate managers try to prevent corporate raiders from buying up enough stock to hold a *controlling interest* of their corporations, directors are usually forced to borrow heavily, or to sell off some of their companies' assets, in a desperate move to get cash to purchase their own common stock at the abnormally inflated stock prices offered to their shareholders by the takeover operators.

The other alternative is for the existing directors to virtually pay the corporate raiders what amounts to a ransom to leave the corporation alone. This ransom, which usually involves a "buy back" of whatever shares the raiders have managed to buy up, is known in the industry as "greenmail", a euphemistic term for the *technically legal* blackmail that takes place, and which the justice system blatantly ignores.

If the corporation gets bought out, or, if it is forced to pay greenmail, the end result is similar; the equity of the corporation gets replaced by debt, which lowers its tax liability, reduces its cash flow, and makes it increasingly vulnerable to financial problems.

Basically, raiders act as "corporation wreckers", functioning much the same as "car wreckers". If, as a result of selling off the component companies, the corporation's primary product stops getting produced, well tough luck! Raiders are interested only in quick profits.

Stripped bare, corporate takeovers are, in essence, non-productive, economically debilitating real estate flips.

Those wishing to have a clearer appreciation of the debilitating effects suffered by companies which try to fight off takeover bids are encouraged to read the article entitled "Invasion of the company snatchers" in the Dec 12 1988 issue of Forbes. {B53} On the other hand, the article on page 102 of the Sept 4 1989 issue entitled "Don't blame me", details some of the debilitating problems suffered by businesses that have been taken over and reorganized according to the whims of new owner/speculators. {B54} Similarly, the article "One man's poison" on page 38 of the Oct 16 1989 issue leaves little doubt that businesses burdened with LBO debt are, from a competitor's point of view, often less able to compete.

In addition, "tax loss credits" that are generated by LBOs later encourage MERGERS with other profitable companies who use the tax loss credits to avoid paying taxes on their own profits. A brief discussion of this additional tax avoidance rip-off will follow later under the topic: Mergers (Monopolies and Tax Avoidance).

Can those taking part in a corporate raid get rich milking the economy like this?

To partially answer that question, let me quote from the July 11 1989 edition of Financial World which had an article on Wall Street's one hundred highest paid earners.

"In general, most of the top 100 earners have two things in common ...they are principles in their firms, and they are deeply involved in takeovers."
{B55}

The answer, therefore, is that you most certainly can, and in two distinct ways. The most profitable way is to be the corporate raider.

Example: According to Forbes magazine, which does a yearly assessment of the wealth of the richest 400 Americans, Ronald Owen Perelman, (a leveraged buyout specialist) increased his personal wealth by \$750,000,000 (Seven hundred and fifty million dollars) in the period between their 1988 survey, and their 1989 survey. Start getting concerned!! He was not alone. {B56}

The second most profitable way is to help provide the funding for the corporate raider. For this service, the banks and the junk bond salesmen earn handsome commissions.

How much can a junk bond commissioned salesman make, who assists the corporate raiders?

Example: Michael Robert Milken. Forbes indicates that Mr. Milken increased his own personal wealth from 800 million in the 1988 survey, to one billion, two hundred and seventy million in the 1989 survey. His 470 million increase in one year, like Ronald Perelman's seven hundred and fifty million dollar increase didn't materialize out of nowhere.

One way or another the cost of his commissions will be passed along to the consumer. {B57} The article "Who's really picking up the tab?" in the Oct 30 1989 issue of Forbes provides enough facts and figures to make anybody steam under the collar. {B58}

LBOs continue at great cost to society, and with far ranging social and economic repercussions, despite the economic elite's rhetoric to the contrary. The numerous social side effects of LBOs are even more ethically scandalous than the flip profits or the drastic reduction to taxes paid. The various component companies which formerly worked together smoothly may now be convulsing under new inexperienced managers. In fact, many managers who spend a lifetime working their way up through the ranks are often let go, suddenly depriving them of well earned pensions, and forcing them quite abruptly into competition with much younger men for a diminishing number of managerial jobs. Management, however, are not usually the only ones who face unemployment hardships as a result of "mergers and acquisitions" (M&As), as they are jointly referred to.

Companies or divisions of companies which manufacture items that can be manufactured more cheaply using 3rd

World slave labor, are often shut down and relocated overseas. A recent survey of several thousand American takeovers which took place between 1977 and 1982 has shown that firms *which had been taken over* employed about 12% fewer staff in 1982 than they had in 1977, while firms *which had not been taken over* had, on average, increased their staff by about 4%. Overall, wages and benefits fell by about 12% for the staff of firms taken over. {B59} Often a drop in product output, and/or a drop in product quality follows on the heels of cost cutting measures introduced by new profit conscious owners. Effectively, Americans are being fleeced, cheated, and unemployed simultaneously.

Meanwhile, the bulls continue to run as the stock market continues to climb **from LBO buying pressure**, and consequently the share prices are once again unrealistically high. The LBO frenzy has also driven up the cost of corporate real estate, and in the process, residential real estate as well, to the point that buying a home seems beyond the reach of many hard working productive Americans.

Market speculators will begin 1990 once again nervously poised to dump their stock portfolios at the very first sign of a market sell-out, and that is precisely what the October 1989 crash was all about. The stability of the economy as a whole has already been seriously undermined.

A recession, or worse yet, a depression, could easily cause these *leveraged to the hilt* corporations to go bankrupt due to a loss of cash flow which could occur during a normal recession. {B60} They could begin defaulting on their enormous bank loans and usher in a catastrophic collapse of the banking system!

So don't let politicians convince you that a corporation based on debt (with no reserves left to survive even minor disruptions to its cash flow), is now better equipped to compete internationally. Remember instead the old maxim that the bigger they are, the harder they fall. Besides, politicians are usually the first to defend legislative gifts to the rich because they too can take advantage of the loopholes. In the case of LBOs, William E. Simon, a former Treasury Secretary was one of the very first to jump on the LBO gravy train. In 1981 he took over Gibson Greetings Inc. for \$330,000 and within two years made \$70 million. {B61}

And just how shaky, artificial, and ridiculous have leveraged buyouts gotten?

Well, Forbes magazine pointed out that "...Duff and Phelps, the Chicago-based bond-rating service, underwent a management buyout early this year and issued its own junk bonds. When the deal closed, long-term debt ballooned to \$112 million from \$34 million. Net worth fell to *minus* \$10.8 million from positive \$3.6 million. Fees and expenses in connection with the buyout ran almost \$13 million, which was more than the equity contribution of the management investors." {B62}

Who stands to lose money if these "leveraged to the hilt" corporations collapse in a recession, or a depression brought on by another stock market crash?

Two entities will bear the brunt of banks going bankrupt if and when the cash poor leveraged corporations default on their payments to the banks. If the banks get bailed out by the government, taxpayers as a whole will end up paying for the economic elite's gambling spree. If the impending economic collapse is severe enough to make widespread bank bailouts impractical or impossible, YOU and the little old lady who put her life savings on deposit will lose your shirts. That's who! So when you hear that a huge corporation is running at a loss, don't be too eager to get out your hankie unless you are crying over the havoc caused by corporation wreckers who have, in the process of milking the nation, driven it to the brink of bankruptcy.

Lest we forget:

The proportion of Federal Income tax (derived from Corporate income tax) has already declined from 32% in 1952; to 23% in 1960; to 17% in 1970; to a low of 9% in 1985.

To make things even worse, the *bulk* of the leveraged buyouts which ushered in a horrendous wave of tax avoidance, have occurred since 1985. In 1988 there were 3,500 public deals worth some \$300 billion. {B63} The four firms previously mentioned on 1-36, alone represent a potential annual *legal tax avoidance* in excess of \$2.2 billion.

Furthermore, Mr. Bush has been fighting for some time to have the capital gains tax reduced even further, this time by half. However, in the face of some congressional opposition, he has suggested and will probably succeed in passing a supposed compromise to his original demands. His compromise involves a significant reduction of the capital

gains tax for a two year period only. This compromise would nevertheless effectively give all the *profit takers* a golden opportunity to remove from the system whatever windfall profits they have been sheltering from the tax department over recent years. Few concessions to the rich have been as blatant as this impending tax scam.

The excuse has always been given that "Reducing corporate taxation stimulates the economy." It does no such thing. On the contrary, the proposed corporate tax reductions will free up enormous amounts of capital for investment abroad!

In banking circles, this whole process of exchanging debt for equity is known as the "monetization" of private wealth. It is estimated that 40% of the \$311 billion value of deals carried out in 1988 alone went into private hands. {B64} In other words, the elite have been exchanging their industrial equity for cash which can now be used to buy up cheap industries overseas in order to take advantage of the remaining pools of cheap unorganized labor.

As a result of the exodus of American industry previously described, America's capital stock (industrial machinery, etc.) fell from 70% of GDP in the mid-1970's, to 56% in the mid-80's. {B65} And of course less industry means more unemployment which in turn tempts more employers to cut wages back as close as possible to the minimum wage.

In addition, much industrial machinery is old and outdated due to the reluctance of corporations to consider anything beyond the next quarter's earnings. Consequently, the elite have begun to pressure employees into buying outdated plants and machinery (through employee stock ownership plans) with threats of plant closures.

Employee Stock-Ownership Plans (Watch Out!)

Now that the elite have removed equity from the economy and replaced it with debt leaving a large proportion of corporations utterly vulnerable to bankruptcy in the event of a serious recession; and after they have left American industries uncompetitive from decades of removing profits while allowing manufacturing machinery to become old and obsolete; the economic elite are eagerly saying its time for the employees to share in the ownership of the nation.

Obviously, if corporations are eager to get on the ESOP bandwagon, and they most certainly are, logic if nothing else should suggest that despite the lies being fed to employees all around the country, employee stock-ownership plans benefit employers more than they benefit the employees. And they do. Here's how.

As the ESOPs are phased in, a company's existing pension plan gets phased out. For an increasing number of people, their retirement income will then be tied to the fluctuating price of the company's stock. This means that in a recession, or worse yet a depression, neither their stocks nor the dividends from the stocks will be worth a damn. For companies that go bankrupt, in good times or in bad times, the pensions for all current and retired workers will simply cease to exist!!

Because post-retirement medical coverage gets phased out as well, employees will have the option of withdrawing equity from their stock accounts to pay for their own medical coverage. If medical costs skyrocket in later years, and they will, employees and particularly the retired ones will feel the pinch of reduced pension income. If stock dividends plummet in a recession, which they most certainly would, pension income would be reduced accordingly. Not so with the cost of medical care. With little or no income during a recession, sickness may cause many to borrow against whatever equity is left in their homes.

In recessions and depressions, workers who have not retired yet will be faced with the option of allowing their company to go bankrupt, and in the process losing both their jobs and their pensions, **or they could keep the company going, at any and all costs, by working for wages that would at last compete with 3rd World labor costs!!**

In bad times many workers would be forced to sell off their company stock for additional income. However in bad times, dividends from the stocks would most likely cease as well. If many people are forced to desperately dump their shares on the market for survival income, the stock market could once again easily collapse.

The prospect of getting rid of existing pension liability is so lucrative to the elite that the current administration is providing no end of tax incentives to corporations to get them to participate in ESOPs. Even the banks and Insurance companies are being given irresistible tax incentives to

provide corporations with loans to set up their ESOPs. They only have to pay tax on 50% of the interest revenue from ESOPs!! Next, the corporations can write off not only the interest they pay on these loans, **but also the principal!** In addition they can write off the dividend payments on the stock. The tax incentives alone are so lucrative that last year over \$18 billion was borrowed by corporations to set up ESOPs. In short ESOPs are simply another vehicle designed for the economic elite to reduce worker benefits, and withdraw their money completely by selling the country's debt laden industrial carcass to gullible workers. On the other hand, the mega-rich minority would be fewer and richer than ever. Many have already taken their wealth out of America and invested it in 3rd World countries. During recessions and depressions, their wealth will, relatively speaking, escape the losses suffered by capital invested in the 1st and 2nd World countries. {B66}

What makes the whole ESOP scheme transparent and laughable is that, almost without exception, when companies are 100% owned by the employees, the employees have little or no representation on the company's board, and subsequently little or no influence over supposedly their own company's policy.

Studies carried out by Michael Conte at the University of Baltimore, by Jan Svejnar of the University of Pittsburgh, and by the General Accounting Office (GOA) itself, have all reached the same conclusion. ESOPs do not improve either profits or productivity. They have however reduced Federal tax revenues by billions, and suckered many workers into jeopardizing not only their present well-being, but their retirement security as well. {B67}

Mergers (Monopolies and Tax Avoidance)

Another flurry of Wall Street activity has involved mergers. Why? ...because each LBO can spawn a further proliferation of tax avoidance involving mergers. To explain how, let's use RJR Nabisco again as our model.

Let's assume that Nabisco operates with an operating loss of \$500 million per year. Theoretically, this operating loss can be prorated out to each of the companies forming the corporation, all of which can begin accumulating tax loss credits. This means that an outside company which is

running with a profit of \$100 million per year could approach Nabisco and arrange a deal to buy up a portion of Nabisco's companies that account for a loss of \$100 million per year.

After the merger, the new hybrid company would now theoretically pay no taxes either, because their previous \$100 million profits would be offset by the \$100 million tax loss of the newly acquired companies from Nabisco. And so another \$100 million dollars in taxes would not get paid in taxes. In this way, unsold companies that run in the red can **accumulate** their tax losses for 15 years, thus becoming even more lucrative to the diminishing number of companies that have not yet jumped onto the tax avoidance bandwagon.

Congress goes through the motions of "preventing the trafficking of tax loss credits", however, loopholes are left to effectively get around the weak legislation. I could elaborate on the loopholes, but enough has been said about the topic of tax avoidance already. Those wishing to know how, can read "Guess which shell has the loss" on page 215 of the Nov 14 1988 issue of Forbes.; "It's the right thing to do", on page 104 of the April 17 1989 issue.; or "ESOP fable" on page 98 of the June 26 1989 issue.

In general, Congress defends its "hands off" policy with regard to *mergers and acquisitions* on the grounds that bigger corporations are necessary to compete internationally. This would have been an acceptable argument back in the old days when mergers used to occur between companies which produced components of a finished product. However, **it is precisely these massive corporations** that are being bought up by the takeover raiders and **broken up** to be sold off in bits and chunks to the highest bidders!

In any event, the fact that some genuine mergers are producing virtual monopolies is being casually overlooked amidst the circus of ongoing business abuses currently taking place. Reagan began taking the heat off of big business monopolies by cutting the government's anti-trust staff by about 60%.

An additional generous loophole was provided in 1984 with the introduction of the National Co-operative Research Act which provided exemptions from anti-trust lawsuits for companies engaged in joint R&D projects. Those most

concerned with antitrust suits are now involved in joint R&D projects at least in a token way! {B68}

Society's Parasites (The Speculators)

If prostitution is the oldest profession, gambling is certainly one of the runners-up. The practice of increasing one's wealth without having to expend one's energy, or be productive in any way, has attracted followers from the dawn of time. In the West, individuals who do so as a career, have percolated to the top of the economic and social ladders because their predecessors have successfully lobbied for the legislation that makes it all possible.

Regrettably, the message being broadcast by the yuppies and the super rich is that putting in an honest day's work for an honest day's pay is reserved for suckers and those afraid to take risks. Accordingly, the fever to get rich quick, without really working, is causing countless lower class entrepreneurs to choose drug trafficking as an elevator to their financial success, just as stock market and real estate speculation is chosen by the upper class entrepreneurs. To put it mildly, Wall Street scandals are becoming commonplace, and stock markets seem more and more to be the playing field for inside traders and stock price manipulators. Legitimate balance sheet acrobatics makes it increasingly unwise for all but seasoned market professionals to invest in America's potential. The article on page 46 in the Jan 9 1989 issue of Forbes, entitled "Never, but never, give a sucker an even break", exposes just how easily the unwary can be parted from their money.

Although the stock market has always had a casino-like atmosphere attached to it, the contagious "get rich quick" fever, now seems to have pervaded virtually every aspect of legitimate business. Corporations are spending more time and effort on making profits through balance sheet maneuvers than through anything even remotely related to efficiency or productivity.

The investment departments of corporations have usually preferred to gamble on the stock market, and banks on real estate. But in reality they each gamble in both speculation games simultaneously, converting assets back and forth from real estate to stocks whenever they think one or the other of the speculation games is ready to crumble.

The October 1987 stock market crash was to the stock market speculation game, the equivalent of a national run on the banks in the real estate market speculation game. Stocks across the board had been traded back and forth until they were hopelessly overvalued, at which time the gamblers who did not get out in time, took their losses, and passed them on to their customers in the guise of price inflation. Of course there were the usual bailouts, but some of the brokerage houses still went bankrupt.

The key, to understanding why the public at large should be concerned about market and bank failures, centers around the fact that speculators rarely gamble with their own money. They normally borrow the money from someone else. To appreciate the magnitude of this problem, let's examine why so many banks and savings and loan thrift institutions have gone bankrupt.

Why Banks and S&Ls Go Bankrupt

The banking world, which has up to now enjoyed a reputation as a trustworthy, stable cornerstone of society, no longer merits either the respect or the trust which most citizens, in ignorance, continue to ascribe to it. One of the oldest jokes in the banking industry wryly acknowledges that "The easiest way to rob a bank, is to own one."

And in a nutshell, this is precisely why hundreds of banks and S&L thrift institutions have recently declared bankruptcy.

A knowledge of the root causes of S&L failures is so fundamental to an overall appreciation of society today, that a synoptic description of the scam behind the failures will now be outlined.

Most important is the fact that banks and S&Ls were, and still are today, vehicles for acquiring money to gamble with. Most depositors who deposit their money in a savings account, or on fixed term deposit, tend to think of banks as giant vaults in which their money can safely reside free from the ravages of fire, theft, and accidental loss. Even the massive amounts of money that flow into banks from pension funds are put on deposit basically for safekeeping. Decades ago, when interest rates, and property values were relatively stable and comparatively fixed, the image of

banks as vaults was not that far off the mark. Most institutions made their money from the spread in interest rates between what they paid to their depositors, and what they received from those who borrowed from the bank. Times have changed.

With speculation profits as the lure, **S&L thrift owners have been using depositors' money as their personal gambling stakes to engage in real estate speculation.** They bought up plenty of actual properties, and also issued mortgages on others. Some of these mortgages were assigned, at preferred interest rates, to friends, relatives, and business partners, etc. In this way, a network of chosen insiders could also use depositors' money to engage in real estate speculation!!

As prices continued to rise, the speculators were free to sell their properties for profits. The mortgages could be paid out or passed on to the new real estate buyers, in which case, new properties could be purchased and new mortgages taken out. The profits for many were enormous. Prior to the real estate slump, prices had skyrocketed. Although much of the speculation involved commercial real estate, the price of residential real estate was also inflated in the process. Meanwhile, the innocent bank depositors were still only being paid their measly fixed low interest. The profit difference, which for some has been instant millions or hundreds of millions, was pure profit involving absolutely no productivity whatsoever, and for that matter, little or no risk either. Why little or no risk?

Well, when the real estate market inevitably collapsed, the banking and corporate gamblers start dumping their real estate holdings on the declining market. Almost instantly, there were no buyers in sight. The gambling bankers were left with overvalued properties, and overvalued mortgages whose holders predictably chose to default on. Hundreds of bank and thrift owners knew the party was over, and that they were on the road to bankruptcy.

Were the speculators now going to lose all the profits they had made on the way up? Not a chance. They were all capable of walking away from their institutions relatively unscathed, and here's how.

Between the time the gamblers know they have lost, and before a bank or thrift actually declares bankruptcy, the insiders purposely maintain appearances and keep the

institution afloat as long as possible **to buy time to carry out some or all of the following remaining steps of this much used scenario.**

- 1) Maintain the institution's cash flow, often by offering higher interest rates than its competitors to attract "brand new" depositors. These new depositors are in effect unsuspecting victims right from the start!! This tactic allows time for the insiders to withdraw as much of their own capital as possible, and leave the new unsuspecting depositors as victims to absorb the losses, and/or have their money tied up during the bankruptcy or bailout delays.
- 2) Pay themselves out as many dividends, bonuses, private country club membership dues, etc. as is possible.
- 3) Transfer the bulk of their entire personal wealth into their wives or children's names, (if they hadn't already done so), and stash away some extra cash in foreign banks, in case they later get sued.
- 4) Issue low interest or interest free loans to their family businesses, friends' corporations, and even their own healthy subsidiary businesses, etc. Needless to say, when the bank goes into bankruptcy, these loans will start defaulting too, and will probably eventually be written off as bad debts by the liquidator or receiver.
- 5) Operate the last few months strictly on credit, running up the tab to the hilt.
- 6) Apply for a government bailout. Even if a bailout is denied, individual investors may be repaid through deposit insurance plans. Here again, it is not the gamblers who end up covering any of their losses. Either directly or indirectly, it is the taxpayer who pays for the gambler's winnings and losses.
- 7) Failing a successful bailout bid, they declare bankruptcy, and walk away from the carcass leaving countless "depositors" (victims) innocently holding the bag.

The present and future taxpayers, whose standard of living will be reduced in the process of paying back the two to three hundred billion dollars in S&L bailout money, are simply paying for all the profits taken out by the speculators who now pose as the nation's most successful entrepreneurs, and respected community leaders!!

It should be noted that the same sort of scam can be carried out in a period when the real estate market is relatively stable. Properties can be purposely sold back and forth between corporations or individuals in an effort to leave a plausible but totally artificial inflationary sales track record for the property. For example, Individual # 1 can sell a piece of real estate with a current market value of \$10 million to Individual # 2 for \$20 million. Individual # 2 then sells the same piece of property to Individual # 3 for \$30 million.

Then after the value of the property has been sufficiently pumped up through artificial sales, the S&L owner or bank manager, who is also in on the scam, either buys the property or issues a mortgage on the property as if the property were worth \$30 million. **So now the bank depositors in effect own the unrealistically overvalued property!** *After all, it is the mortgage payments that are used as money to pay the depositors' interest, and it is the sale of the overvalued properties that is used to pay back the depositors' principal. Needless to say, the true market value is still only \$10 million! The \$20 million difference is then split amongst the S&L owner and his associates. When the S&L has been milked sufficiently using this or other scams involving leveraged buyouts and junk bonds, it is cast aside for the taxpayers to bailout the exploited depositors.*

Don't be fooled into thinking your money is automatically safe, just because it is in the bank. The phrase "safe as a bank" is an anachronism.

In 1937 a record number of banks went bankrupt, and that record number lasted as an unbroken record for almost a half century until 1984! The number of bank failures since then is as follows: 79 in 1984, 120 in 1985, 138 in 1986, 184 in 1987 and finally 200 in 1988!!! Furthermore, the Federal Deposit Insurance Corporation disclosed that in 1986 there were 1484 banks around the country which it officially listed as "problem banks". In 1988 this number had declined by 69 to 1415. Normally this news would be good news providing one doesn't take into account the number of banks that failed in the same period. {B69}

And don't forget, these figures are for banks only! The figures for "problem" and "failed" Savings and Loan thrift institutions are even much worse.

You also ought to be aware that, thanks to Emergency

Banking Regulations, your bank deposits can be frozen and dribbled back to you on a fixed limit per month if your bank's doors get locked some day for a liquidation party. Don't assume you will automatically have access to your safety deposit box, because you probably won't, not unless you are wealthy enough to pull the right strings.

The reason that owners of banks and thrifts can afford to gamble in this way and risk having their own bank go bankrupt, is that they only have to cover the depositors money by 4%, and 3% respectively of their own capital; and that money itself could no doubt have been borrowed for the investment, and this can be debt equity.

So what did the thrift owners lose? Practically nothing. As paltry as the 4% and 3% amounts may seem for the privilege of gambling with depositors' money, much owner equity was in the form of business "goodwill"!! The balance sheet intangible called "Goodwill" is being used increasingly as just another tax avoidance loophole. Because goodwill has to be amortized over thirty years, earnings, (i.e. profits) can be artificially reduced to zero with a sufficiently large "goodwill". When Philip Morris bought out Kraft foods, \$11.6 billion, or 90% of the purchase price of \$12.9 billion was "goodwill". In the process, Kraft passed on the valuable profit-reducing "goodwill" to Philip Morris. Although theoretically its profits and therefore its taxes will be reduced substantially, (it may even run at a loss) its dividends paid to stockholders may not be affected at all. The mania for mergers and acquisitions is fueled by tax avoidance opportunities. In other words, some bank and thrift owners risked practically none of their own money. *{B70}* The abuse of depositor's savings could virtually be eliminated if banks could only take in deposits equal to say twice the value of their own shareholders' participatory equity, not just a ridiculous 4 percent. The safety and value of all bank depositors' money has been seriously undermined.

Not only have the life savings of many unsuspecting bank depositors provided gamblers with their gambling capital, to add insult to injury, in the process the real estate values for the whole community have been artificially pumped up to the extent that, for an increasingly large number of modern day workers, the prospect of owning a home is becoming only a pipe dream. Many young couples now have difficulty even saving the 10 percent down payment necessary to qualify for a lifetime of mortgage payments.

But the consolidation of real estate ownership is not a new phenomenon, it has been going on relentlessly since the 50's. Mr. Joseph Minarik of the Urban Institute shed plenty of light on the issue. He pointed out that a typical 30 year-old purchasing the median-price home under typical mortgage terms would have incurred carrying costs equal to 14% of his pretax income in 1949, 15% in 1959, 21% in 1973, and 44% in 1983. {B71} Needless to say, this trend has worsened significantly since the start of the 80's. In fact, the Joint Center for Housing Studies at Harvard University have disclosed that between 1980 and 1987, there has been close to an 8% decrease in home ownership for the 25-34 age group. {B72}

Whitewashing and Hiding the Rip-offs

In the headlong rush for quick profits, owners of banks and S&L thrifts that won, won big ...(millions and hundreds of millions). Those that lost, simply walked away and made the taxpayer pick up their gambling debts. At present, the *government's* official estimate (from the General Accounting Office) is that the thrift bailout will cost \$285 billion over 30 years (no doubt a gross underestimation).

While the effects of the S&L bailout will certainly be felt by the bottom 90%, neither the President nor the Congress is keen on the topic being too visible to Americans or the rest of the world for that matter, so the initial 50 billion of bailout money will not even be part of the government's budget. Instead, the Gramm-Rudman deficit cutting law will be purposely avoided by taking \$20 billion from this year's already budgeted and allocated money, and by having the remaining \$30 billion borrowed not "on budget" by the Treasury, but "off-budget" by a newly formed government agency called Refcorp which will sell bonds which pay higher rates of interest than normal treasury bonds. Because the revenue from the sale of Refcorp bonds are treated as budgetary receipts, the S&L bail-out will appear to *actually generate revenue* this year!

As Charles Bowsher, the Comptroller-General of the United States put it,

"By conventional wisdom, the U.S. federal budget deficit in 1990 will meet the Gramm-Rudman-Hollings target of \$100 billion. Why, then, will the

federal debt rise during the same year by about \$280 billion? Because the federal government has cooked the books. The American public is being led to believe that the deficit is falling when it is actually rising"

Mr. Bowsher also pointed out that Bush's S&L plan will cost the taxpayer **tens of billions in extra, unnecessary interest, just to hide the S&L losses "off budget"**. {B73} This practice of hiding deficits "off budget" is done strictly for political public relations, and therefore is blatantly meant to deceive and manipulate the public.

Just as the bailout of the Federal Savings & Loan Insurance Corp. (FSLIC) will cost the taxpayer nearly \$300 billion, so the following organizations are potential bombs that have *the autonomy to borrow money without government approval, but whose debt does not get added into the Federal Budget deficit*, and whose debt is not therefore subject to Gramm-Rudman constraints: The Farm Credit System; The Federal Home Loan Mortgage Corp.; the Federal National Mortgage Assn.; and the Student Loan Marketing Assn. {B74}

While the government's formally recognized debt amounts to \$2.6 trillion dollars, the "off budget" hidden deficits such as government credit, insurance and loan-guarantee commitments have grown in the last 20 years from \$400 billion to more than \$5 trillion - nearly twice the national debt, and five times the annual level of federal spending! {B75} The general public has been successfully kept in the dark regarding the future hardships that these off-budget deficits will cause. {B76}

Congress is responsible for going along with this type of deceit. Says Lee Hamilton (D-Ind.), Chairman of the Joint Economic Committee, "We have developed considerable skill and sophistication in meeting deficit-reducing targets ...without reducing the deficit.

Corporations and Insurance Companies

For the purposes of insight and perspective, it is relevant to point out the similarities that exist between corporations and banks. In many respects, corporations can act as banks. Effectively, their "depositors", so to speak, are their

shareholders and those people who buy their corporate bonds. Their investment departments can get involved in many of the same type of real estate speculation as banks. In fact, the convoluted transactions that can occur between parent and subsidiary companies within a corporation make "following a bank's audit trail" appear like a kindergarten exercise compared to their own.

Don't be fooled into thinking that when a corporation fails, some big player has lost a fortune. In the corporate version of the S&L scam previously described, corporations, which more often than not are holding companies, can purposely set up a separate subsidiary investment company to go bankrupt if the gamble fails.

Insurance companies too have speculated in real estate with their policy holders' funds, in the same way that S&L thrift owners and the investment departments of corporations have speculated.

Similarly, many insurance companies have suffered massive losses through real estate speculation and through extensive investment in junk bonds. *However, accounting conventions in the insurance industry have allowed the losses to go largely unnoticed and unreported.* Consequently the significance of losses incurred by this industry have not received the media attention that they so justly deserve. No doubt the insurance industry lobbyists have assisted in preventing the information from being publicized too widely mainly because (unlike the S&L thrift industry) **the insurance industry is not backed up by government guarantees!!** In addition, clever accountants in this industry too have found methods of bypassing legislation put in place to ensure there is always enough capital surplus to pay out claims as they come due. {B77} The industry's deteriorating capital base is being disguised in part through reinsuring part of their liabilities with offshore insurers in places like the Bahamas which do not require the same level of controls or safeguards. {B78} Since eight out of ten Americans own life insurance, a recession causing junk bond defaults or widespread business and bank bankruptcies would almost certainly cause a related general collapse of insurance corporations on a scale that is perhaps under present circumstances difficult to imagine. {B79}

Bank Losses From 3rd World Loans

While the savings and loan thrifts were going broke as a result of making too many millionaires wealthier, the big major banks were even more seriously going broke due to defaulting foreign loans. It's no secret that the major U.S. banks have loaned vast sums of money to 2nd and 3rd World countries. Most of the underprivileged debtor countries holding "floating interest rate" loans were virtually bankrupted by the developed nations when the major Western banks pushed their interest rates into the 15-20% range. Debtor nations faced the situation where their interest payments to the developed nations exceeded their national revenues.

Not surprisingly they were left with little alternative but to default on their loan repayments unless they received additional loans to be able to repay even the interest portion of the debt. Just be aware that the 3rd World debt is now over \$1,200,000,000 and the repayments have almost stopped. {B80}

The country has yet to suffer a national run on the banks like what happened in 1929, but the writing is on the wall. Many have gone bankrupt already and the government has arranged for hundreds of billions of taxpayer dollars in bailout money. But that's only the tip of the iceberg; there are hundreds of banks waiting in the wings. In 1986, the FDIC listed over 1,500 U.S. banks on its problem list, up from a little over 600 three years earlier. Their losses are very conservatively estimated to be well above \$200 billion dollars. Those closest to the facts put the figure over \$300 billion.

To put it mildly, debtor nations can barely repay the interest, much less their loan principal. Logically, these facts should spell big trouble to the shareholders of the major banks (many of whom belong to the economic elite). That might ordinarily be the case if they were not the ones who pull government strings, ...but they are.

Getting the Taxpayer to Buy the 3rd World Debt

Initially, David Rockefeller, using the power of the Trilateral Commission lobbied for taxpayer money to be given to the International Monetary Fund and the World Bank so that potential defaulters could be loaned at least enough money to make interest payments on the money they owed. This

prevented a coordinated revolt of international loan defaulters. Subsequent to that, the BIG BANKS successfully lobbied for and obtained various other ways of transferring their losses directly back to the taxpayer.

Taken together, the various methods provided what amounted to **free banking insurance** for the bankers.

To begin with, a piece of legislation was passed through Congress in 1980 that the public didn't even really get to hear about. It was called the Depository Institution Deregulation And Monetary Control Act and it gave the Federal Reserve the right to purchase any bad debt. The sentence doesn't sound all that menacing, until you realize how that power can be used to perpetrate one of the great superscams.

The government has already indicated that there are certain major banks that it would not allow to go bankrupt, in the national interest. How might the Fed prevent the bankruptcy of major banks who have literally hundreds of billions of dollars of foreign bad debt that they would otherwise be forced to write off? ...simply by buying or "guaranteeing" the foreign bad debts from the banks.

What is currently happening?

America's Treasury Secretary, Nicholas Brady, is encouraging the major banks to give new loans to the debtor nations in order to keep the interest payments flowing. How could the banks possibly be enticed to supposedly throw more good money after bad? Well, when the original loans come up for renewal, the government is offering to "federally guarantee" the new loans (with your hard earned tax dollars), provided they are channeled through the International Monetary Fund. The government's excuse is that it can afford to risk taxpayer money because of the stipulations and provisions (imposed by the International Monetary Fund) that a debtor nation must agree to, as a requirement for getting the new money. Interest on these bonds is now guaranteed by the US Treasury, and the principal is covered by zero-coupon Treasury bonds. {B81}

The reality of the matter is that one by one, the shaky defaulting loans, which the **banks are liable for**, are slowly being replaced by new loans in the form of bonds which the **taxpayer is now indirectly liable for**. Increasingly, YOU own "the pieces of paper" from the 3rd world country that

says that it owes you 100 million dollars.

In other words, taxpayers are being covertly and periodically fleeced of billions of dollars instantly, and without a consultation!! The banks and their shareholders who incurred the original debt will end up with crisp new bills to start off another exciting and lucrative round of real estate inflation, just for a change of pace. Although there is now slightly more chance of the principal being repaid, the likelihood of this happening is still remote.

On the other hand, the economic elite are, through the IMF and World Bank, able to maintain and exercise political and economic influence, if not domination, over the 2nd and 3rd world debtor nations by making the loans conditional to their agreeing to all sorts of fiscal policies such as "privatization of national resources" which consolidates political and economic power into the hands of a wealthy few who are eager to make future deals with the Western elite to increase their wealth and power. By accepting these conditions, the 3rd World economies are kept vulnerable to exploitation by the Western superpowers. (i.e. ...political and economic slavery, as opposed to physical slavery)

For example, in exchange for a recent \$500 million loan, the World Bank bargained with Brazil to allow American banks like Citicorp to engage in buying Brazilian real estate. Just as America's manufacturing base left America for cheaper labor abroad, American banks are eyeing the virgin lands of the 2nd and 3rd World as the next real estate speculation arenas!! Brazil got the loan all right, but has so far reneged on the new banking arrangements. Lucky Brazil! The vultures are circling. {B82}

So far, the government has "guaranteed" more than \$30 billion of the World Bank's 3rd World debt, but IMF board members have begun lobbying to have the IMF funds increased by 80%. Chances are they will be successful. Additional debt for America's unborn. {B83}

But that's not all.

Besides the new loan "guarantees", there are the additional billions written off by the banks as bad debts. These "write-downs" are business expenses which reduce their profits and hence their taxable income. In 1988, Latin debt was written down by about \$17 billion.

The above-mentioned measures, and others, were used to insure that the interest payments kept flowing. This after all is primarily what the bankers are interested in. Interest payments are the source of their profits. Most bankers couldn't give a damn about the security of the money in their banks. Mind you, even though only 3% or 4% of the banks' assets belong to the bankers themselves, they are still not eager to see a national run on the banks because bankrupting the banks would ultimately cut off the source of their income. Consequently bankers have lobbied to have the bottom 90% encouraged to save, and thus get workers to inject some equity into the banks to help keep some of them from going bankrupt due to their gambling losses.

Not surprisingly, the Bush administration is about to launch an extensive campaign to get the working class to start placing more of their money into banks. Why? Like the corporations who are trying to sell corporate debt through ESOPs, bankers want to bail out the banks by selling their 3rd World debt to unsuspecting depositors. In addition, the banks want a fresh injection of money to gamble with. Don't forget that bankers had little or no qualms about using depositors' hard earned cash, in addition to workers' pension fund money to finance leveraged buyouts. To them, the money is there to gamble and invest with.

Note well that much of the corporate debt owed by the "leveraged to the hilt" corporations is currently held by banks, and it is the bank depositors who will stand to lose their money if the corporations collapse en masse in a depression.

Fleecing the Social Security and Pension Funds

The only difference between squirrels who rely on the nuts they have stored away to see them through the winter, and workers who rely on their pension funds and Social Security to see them through their retirement years, is that the nuts will be there, but the Social Security money and Pension Funds may not be. They are being heartlessly milked by an elite who are consumed with selfishness and greed. Do you think that sounds a bit harsh? Well, you be the judge.

Although both the stock market and real estate speculation games are basically gambling, which involves and risks

someone else's capital, fleecing the Social Security and Pension Funds is barely distinguishable from outright theft.

Over time, pension funds have a way of increasing in value substantially, and many private companies hold vast sums of worker's pension fund money which they invest, and collect interest on. One reason that pension funds have increased in value so quickly is due to the fact that their investment income is non-taxable.

However, when one company buys up or takes over another company, the resultant merger allows the management of the purchasing company to form **a new hybrid company** and restructure or reorganize many aspects of both of the original companies to form the new hybrid firm. The problem is that **the owners of the hybrid firms are allowed to create a "new" pension fund and in the process, strip off all surplus value that had accumulated over the years.** This siphoning off of surpluses is known in the industry as "pension reversions". It's probably a moot point whether the "reversion" refers to the wealth of the pension plan, or to social progress itself. In any event, money that theoretically belonged to the workers, has easily been skimmed off to create instant billions for the hybrid firms' owners. This type of merger leaves in it's wake, a trail of brand new "virtually poor" pension funds.

Even under normal circumstances, when an insured employee dies, a corporation is free to pocket the surplus that has accumulated tax free over the life of the policy. *{B84}* Here again, value that should have been paid to the policy holder in compensation for the loss of value through inflation gets swiftly pocketed by the corporations.

In the last decade alone, huge corporations like Exxon Corp., United Air Lines, TWA, Union Carbide, and close to 1900 other companies have stripped off about \$20 billion in pension fund surpluses. Exxon siphoned off \$1.6 billion from its employees' \$5.6 billion pension fund. *{B85}* Currently there is a backlog of over 600 companies waiting for government approval to do exactly the same thing. *{B86}*

Under current legislation, if a pension plan is closed down prematurely, the new owners are only obliged to pay workers what they have accrued up to that point in time. The normal pension arrangement of "retiring with a percentage of your salary at retirement time" has been

robbed from countless workers who had served decades of loyal service.

According to a Federal body called the Pension Benefit Guarantee Corporation which currently underwrites America's pension commitments, *over half of the reversions that have taken place have been replaced with either vastly inferior pensions, or else the pension plan has been discontinued entirely!!* In 1988 alone, one third of the 230 pension plans which were closed down, were not replaced! {B87}

These pension plan closures always leave their victims stunned because few workers can predict who will be next. The majority of workers do not even anticipate the possibility because the tragedy is seldom if ever given any attention in the media. This media silence is of course not accidental.

Most workers expect to retire with pensions, but very few are aware that *no more than 1 in 6* end up collecting them. Too often workers have retired and submitted a claim for pension benefits only to discover that for one reason or another, they have been disqualified from receiving pension benefits by some minor technicality. Many have become victims to commonly occurring events such as changing union locals; temporary interruptions to service caused by an industrial accidents or work shortage layoffs; company bankruptcies; and pension plan terminations.

In fact, the pension problem is so ludicrous that a government official once put it in these words, "In all too many cases the pension promises shrink to this:

"If you remain in good health and stay with the same company until you are sixty-five, and if the company is still in business, and if your department has not been abolished, and if you haven't been laid off for too long a period, and if there's enough money in the fund, and if that money has been prudently managed, you will get a pension!"

What protection does the Federal government provide for workers' private corporate pension funds?

For starters, the government is by its actions encouraging corporations to eliminate private pensions plans! The \$1.6 trillion dollars of pension funds still theoretically insured by the Federal government's Pension Benefit Guarantee

Corporation, is being reduced at an alarming rate by pension plan terminations. Incidentally, the term "theoretically insured" was used because the PBGC is already carrying on in the red, with a **deficit** of \$1.5 billion! {B88}

Mr Charles Bowsher, the comptroller-general at the government's General Accounting Office (GAO) estimates (probably quite conservatively) that losses in the private pension fund area alone may amount to from \$100 billion - \$150 billion! {B89} Even if PBGC were not running in the red, it would not help those folks whose companies closed down their pension plans and paid out their employees with annuities. First of all, annuities are not by nature indexed to inflation, but worst of all, **the PBGC does not provide insurance for annuities.** If an insurance firm responsible for the management of the annuities goes bankrupt, and there are plenty of likely candidates, pensioners would be left completely out in the cold!

Perhaps you are confident that the Federal government's Social Security system will come to your rescue?

Well, there is ominous news even there. As with private pension schemes, tax-free interest generated from the invested pension payroll deductions generates substantial surpluses each year. The surplus for 1989, which should be used to index the social security to inflation, amounted to about \$56 billion dollars. Although this trust fund is theoretically "off-budget", the Treasury not only counts the "surplus" as "on budget" for the purposes of Gramm-Rudman jiggery-pokery, but spends the surplus and hands back to the social security trust fund some Treasury securities (i.e.IOUs) which don't increase the nation's acknowledged budget deficit, even though when it comes time to pay the money out to pensioners there will be IOUs and not money. {B90} As recently as May 1989, the House Rules Committee *rejected* a resolution submitted by Marty Russo (D-Ill) to correct this very deceit. {B91}

Will there be pension money left for the retiring baby boomers 10-15 years from now?

Probably not, if the bottom 90% continue to allow the economic elite to milk the economy dry. Pension funds will have been literally skimmed off or terminated to make countless millions for existing multimillionaires (and of course billionaires). Keep in mind too, that much of the pension fund money held by corporations on behalf of their employees is invested with banks. Also be aware that this

pension money is precisely the money that was extracted by the elite through their "debt for equity" swaps.

Have we been fleeced in any other major way?

Sure. The travesties to economic justice previously discussed have merely been the ones which seemed most relevant. There are many others. We will however look at one more. Monetary devaluation.

Monetary Devaluation

I hope the following explanation will shed some light on this seldom discussed but extremely important topic. To do this we must start with a discussion of how and why bits of paper used as currency have come to be valued for more than their intrinsic paper value.

Let's start out by saying that everything has a trading value. Since ancient times, people have traded their labor and possessions for other people's labor and possessions. Cars, ball-point pens, even old shoes, you name it, practically any object can be taken anywhere else on the planet and exchanged for something that the other trader considers to be of equivalent value. Most things have an obvious value due to their usefulness, like tools, furniture, real estate, watches, or tractors. Other objects, like paintings can be valued almost entirely for their beauty. Gold bars on the other hand are neither functional nor beautiful in the strictest sense of the terms.

But because gold has always been looked upon as a precious commodity by practically every social community on the planet, it has been used as a trading medium for millennia. In fact the longest lived form of tradable and transportable wealth has been gold in the form of coins. Unlike livestock and other perishable goods, gold has an intrinsic value because it does not decay or corrode, and because it has always been a somewhat scarce commodity. Over time, gold became a symbol for permanent value. Gold coins "became money" simply because the gold that formed the coins was valued practically everywhere. Not surprisingly, gold became popular as a means of transferring large sums of wealth from one country to another.

In fact, until relatively recently, the value of all coins was based on the intrinsic value of the precious metals from which they were made. In other words, coppers had the value of the copper from which they were made, nickels were worth the value of the nickel they were made of, and dimes, quarters, and dollars for the silver. Theoretically the quarter should have weighed two and a half times as much as the dime, and a silver dollar should have weighed four times as much as a silver quarter. Because pure gold is a relatively soft metal, people used to bite their gold coins to see that they were not counterfeits. Slowly but surely, people came to trust coins as a form of tradable wealth because the governments guaranteed that coins had a real value based on the value of the precious metal they were made of.

Now, what about paper money?

Paper money supposedly had value because the governments (those in power, the elite) gave their guarantee that at any time the paper could be converted into real wealth. Citizens could exchange a dollar bill into coins which supposedly contained real wealth in the form of actual silver, nickel, and copper. It was solely this guarantee that supposedly prevented the elite from running the paper money presses in the middle of the night to print as much money as they needed to pay for wars or imported goods. On some American money you will read the words "In God we trust", but it is not God in whom we trust to maintain the value of the money, it is the elite who are in charge of printing the bills and minting the coins.

On July 1 1944, as part of what became known as the Bretton Woods Agreement, the American government gave its word to the American people and to the world that in exchange for \$35 US paper dollars, the American government would hand over an ounce of real gold. That was the promise that gave the American paper dollar its value!! In fact, the vast warehouse of gold stored at Fort Knox came to be acknowledged and accepted as the tangible proof of that promise. The American people have had to trust ever since, that the government would not print any more paper money than there was real wealth to redeem the bills. That is the understanding and the promise upon which the value of American paper money has been based. {B92}

However, neither the government (the elite), nor the media (the elite) saw fit to make it clear to the American people

that the real wealth and value (upon which the American paper money was based), was systematically being removed!

Here's how.

As long as a gold coin is made of gold, it can theoretically be taken to any other country in the world and melted down for the value of the gold it contains. However, while the US government has exercised exclusive control over the minting of coins, *they have slowly devalued the currency by minting coins which looked somewhat the same, but which contained less of the precious metal than they were supposed to contain. Now the majority of coins in America have scrap metal value only.* The dimes, for example, are no longer made of silver, the quarters are now made of sandwiched alloys. In other words, over time, the real value of coins has been stolen!! In case you are wondering, the gold and silver that used to be in the coins has not disappeared or corroded, it's weighing down the Swiss vaults like never before.

During the Vietnam war, there were over 500,000 military personnel that had to be fed, housed, paid, hospitalized and entertained while they weren't busy dropping expensive bombs, and chemicals on a barefoot peasant population. This was indeed a very costly war. But the American elite simply spent, and spent and spent. Of course the elite knew that the American people would have cut off funds for the war if they had been given an opportunity to do so. Instead, the elite used the treasury's printing presses to pay for the Vietnam War. The American government secretly printed as much paper money as it wanted or needed to carry on the War. Eventually, foreign bankers, who suspected this might have been going on (i.e. that paper money was being printed without actually creating the real wealth to redeem it), called America's bluff by demanding to redeem their American paper dollars for actual gold.

Finally, on August 15 1971, Richard Nixon refused to redeem 35 American paper dollars for an ounce of real gold!! The deceit had at last been exposed.

Immediately, the price of gold skyrocketed. Most Americans went to bed that night knowing that the price of gold had skyrocketed but few knew why. In reality, it was not the value of gold that rose that fateful day, it was the value of the American dollar that had taken a nose dive to adjust to

what the world considered the paper dollar was really worth in relation to an ounce of gold.

The fact that the American government had prevented its citizens from buying and holding stocks of gold had been no accident, it had wished to prevent its citizens from ultimately demanding to exchange their own paper dollars for the gold in Fort Knox. Americans have been purposely kept in the dark about the systematic devaluation of their money.

The move quickly ushered in a decrease to the American standard of living second only to that caused by the great market crash of 1929. And yet few still appreciate what actually happened that day.

It did not take long for the cost of living in America to begin escalating because Americans had an insatiable appetite for imported goods, the prices of which had been raised (like the price of gold) to compensate for the now publicly acknowledged devalued dollar.

Incidentally, insiders who knew that the government was going to abandon the gold standard (i.e. refuse to sell its gold for \$35 dollars an ounce) made instant fortunes by secretly buying gold abroad before it happened, and then buying back American dollars once the dollar had been devalued. And this could very well have been what finally tipped off the foreign banks to start redeeming their U.S. paper dollars for the real wealth of gold. The prohibition on buying gold in America prevented a run on American gold by forcing the insiders (who wished to capitalize on the inevitable devaluation) to purchase their gold from foreign countries. In fact, the America elite had for some time been effectively cheating 2nd and 3rd world nations, by knowingly buying their raw materials and foreign products with devaluing money.

Americans were already feeling the pinch of expensive European imports by the time the OPEC nations raised the price of oil. Ironically, this came as a welcome relief to the American elite, not only because it made oil in America, both above and below ground, worth billions more for the oil barons, but because the elite now had a scapegoat on which to focus blame for the dropping standard of living. Even the higher cost of goods from abroad could now be totally blamed on the increased cost of Arab oil.

Moreover, because the American people remain virtually blind to this style of thievery, it has continued unchecked. In the last two years, the American dollar has been devalued more than 40% against the Japanese yen and most other foreign currencies!!!

Just remember at all times that the majority of politicians are actively cooperating to deceive the American people on this and countless other issues. It is no wonder that the rich don't wish to hold their wealth in banks where the dollars can be devalued, Instead, they buy real estate, and real gold, that can't be devalued in this way. Or else they have their money salted abroad where economies are growing and where devaluations are most unlikely.

Should anyone be surprised that Mr Bush is about to encourage the bottom 90% with tax advantages (that only come collectible when withdrawn upon retirement), to invest their money in banks via Investment Retirement Accounts (IRAs), and other similar savings instruments such as the "Family Savings Account" that will lock their money in for the next devaluation theft. *{B93}*

Before leaving the topic of economic travesties altogether, the reader should realize that with the exception of monetary devaluation, the techniques mentioned in the book have all involved taxation avoidance perks and incentives. Although the book has described their disastrous effects within America, the reader should be at least be partially aware that some of the effects are also felt around the globe, and especially by the poor in the 3rd World nations.

Repercussions in the Third World

Perhaps the worst aspect of the 3rd World Debt crisis has been what is referred to in the banking circles as "flight capital", which refers to the net outflow of money from a country. First of all, it is commonly acknowledged that despite the obvious moral implications, money flows North. In other words, more money flows from the poor 3rd World

nations mainly located in the Southern hemisphere, to the rich 1st World nations primarily located in the Northern hemisphere, than vice versa. The drain of capital from the poorest nations to the richest nations is caused by two main factors. The first reason is the net outflow of interest payments to 1st World banks. The crux of the problem for these countries lies in the fact that the amount owed in interest payments quite regularly exceeds a country's total revenue from exports. (i.e. the country's profits) By not being able to use their profits to stimulate economic growth in their own economies, most 3rd World countries are kept on the brink of bankruptcy. Since 1982, this *net outflow* of capital from the poor to the rich has amounted to over \$160 billion dollars. But that is only half the tragedy!

More importantly, because the economic elite running the 3rd World nations realize they cannot milk too much more wealth out of their bankrupt economies, and because they fear for the safety of the wealth they have already accumulated, vast quantities of cash have been sent out of these nations for safe keeping in Swiss and American banks. Astoundingly, the \$300 billion flight capital from Latin America has already exceeded the total Latin American debt of \$257 billion!

Without too much imagination required, one can speculate that much of the money loaned to the elite went straight into the hands and bank accounts of the very people who have shipped money out of the country for safe keeping. While the rich ride out the economic turbulence on their yachts, much of Latin America has been thrown violently into poverty and hunger. Argentina's inflation rate, for example, is over 1000%. No wonder the frustrated workers in 3rd World countries are so quick to loot from the wealthy when opportunities arise. {B94} In fact, looting occurs in America with increasing regularity, and probably because poor Americans too watch helplessly with frustration and anger as the rich get richer and the poor get poorer.

Just as the American elite are causing hunger and poverty in the 3rd World nations, the selfish behavior of the economic elite in some 3rd World nations affects Americans in no less a fashion, and not surprisingly, due to their taxation avoidance laws.

The destruction of the Brazilian rain forest is a very important case in point. Tax laws favoring the Brazilian economic elite are affecting the air the planet breathes, and

here's how simply it is happening. The Brazilian government has for all intents and purposes *exempted agriculture from taxation*. This has led businessmen who have little or no interest in farming to buy as much farm land as they could from farmers, in order to be able to falsely declare their non-farm income as farm income to avoid taxation. Needless to say much of the best agricultural land, that was formerly used to grow food for Brazil, is now lying fallow. The displaced farmers then had to compete with businessmen for a share of the remaining rain forest land, which incidentally, is practically unusable for growing crops. However, because there is a tax on unimproved land (i.e. land with forest on it), the trees are being chopped down to avoid taxation. Additional tax credit schemes favoring the cattle ranchers are further speeding up the process. A handful get rich while the planet's air supply is jeopardized. {B95}

Yet another planetary rip-off for the feudalists in pinstripes!

A Quick Recap

- 1) We have seen how the elite have used mergers, acquisitions, takeovers, and leveraged buyouts to undermine the entire U.S. economy by extracting equity from American Corporations to reinvest overseas. We have also noted that as a result, the bottom 90% are now being pressured into buying up America's obsolete, non-competitive, debt-ridden corporations through ESOPs. In other words, invited to replace the corporate debt with fresh equity once again.
- 2) We have seen how bank and S&Ls thrift owners use workers' savings as gambling stakes to make instant fortunes with very little risk to their own money. And we have seen how taxpayers are subsequently forced to pay inflated real estate prices and/or to pick up the tab for their gambling losses.
- 3) We have seen how the banking elite have arranged to have their defaulting 3rd World loans replaced with federally (taxpayer) guaranteed loans issued through the International Monetary Fund and the World Bank, and have seen how tax revenue from banks has been drastically reduced as a result of the bad loan "write-

- offs".
- 4) We have seen how the Pension Funds have been milked by skimming off the surpluses, closing down the pension funds, and forcing the workers to provide their own pensions with ESOPs.
 - 5) We have seen how the interest earned on the Social Security money paid in by the nation's workers has been quietly siphoned off, spent, and replaced with I.O.U.s, thus diminishing the old age security benefits for today's baby boomers.
 - 6) We have seen that the elite have even robbed the real value out of the currency itself and caused Americans' bank savings to be repeatedly devalued

Arranging The Getaway

Because the elite have milked the corporations almost dry, run up horrendous bad debts in the banking system, and siphoned off both the Social Security and private corporation Pension Funds, it should surprise no one that they now wish to bail out with the profits.

With all the capital gains recently made from the current wave of "debt for equity swaps", an immediate need has arisen for the elite to be able to temporarily **bypass taxation on capital gains**.

As the ultimate insult, George Bush and his friends are trying to pass legislation that would drastically reduce the Capital Gains Tax for a brief two year period. If they succeed, it will allow the super-rich to take their quick and dirty profits out of the system, and ultimately out of the country and into the 3rd World to inflict the same exploitive tricks and measures on less sophisticated victims. Economically rape a country, and then head off for virgin territory to do it all over again.

Do the elite care who follows in their wake to buy up the bankrupt banks and corporations?

Not really, their allegiance is not to any country, but to profits. And at this stage of the game, they can make more profit abroad, especially because the American taxpayer has already paid for their existing foreign factories.

On September 14 1989, the House Ways and Means

committee voted to approve a temporary cut in the capital gains tax. {B96} The potential cost to taxpayers in lost tax revenues will be horrendous. In the wake of a decade of leveraged buyouts, George Bush's intention of drastically reducing the capital gains tax for a two year period is somewhat equivalent to his saying "...let's show some goodwill to society's thieves by leaving the prison gates *half open* for about five minutes". {B97}

The bottom 90% have been fleeced and will continue to be fleeced in any and every way the elite feel they can get away with, without provoking an out and out popular revolt.

Sooner or later, wage earners must learn to equate the dollars they pay into the tax kitty, with dollars that the banks and corporations don't pay into the same kitty. A dollar is a dollar! Every billion dollars not paid in taxes by the corporations or banks will have to be made up by the wage earners, ...or else additional health benefits, education benefits, or retirement benefits will get axed!!

And that's the bottom line!!!!

What can be done? Plenty. The following ideas are provided as a springboard for discussions or reforms.

Possible Corrective Action

From Feudal times, the taxation system has been at the very heart of economic inequities. By using their influence to shape taxation policies, the economic elite have not only maintained, but are currently dramatically increasing their concentration of wealth.

Radical Tax Reforms are Required

We are faced with the situation today, whereby tax avoidance opportunists have reduced the government's revenue mechanism, based on "taxable income", to a shameful display of contempt for social equality and fair

play.

Just 4 of the 300 companies involved in leverage buyouts and takeovers (Safeway, Macy's, Unocal, and RJR/Nabisco), represent a potential annual loss of Federal and State tax revenues amounting to roughly \$2.2 billion dollars. Additionally, they represent billions more in scandalous tax rebates.

The possible tax avoidance from these 4 companies alone is equivalent to 400,000 taxpayers, each with \$25,000 in "after deductions" taxable income, ceasing to pay their taxes. Can you imagine the media storm and congressional outrage that would ensue if 400,000 taxpayers refused to pay their taxes!!

We must no longer allow the government to simply **go through the motions** of trying to keep one step ahead of the corporate tax lawyers and economic opportunists. Only RADICAL TAX REFORMS will now put an end to economic bondage.

Safeway, Unocal, Macy's, RJR Nabisco, and hundreds of other corporations, and innumerable wealthy individuals as well, have displayed all too clearly the absurdity of basing tax revenues on taxable income.

Tax Wealth ! ...Not Income

(Achieving this reform should be Priority # 1)

The simplest, fairest, and most logical approach to taxation would be to assess taxes proportionally based on the degree of one's ownership of assets. If the justification for doing so is not already intuitively obvious, consider the issue with regard to the cost of defense.

Logically, all citizens share an equal interest in defending life and limb. However, for the economic elite, defense spending is an insurance premium spent to safeguard their physical property. This includes all the nation's factories and manufacturing plants, all the nation's towering office blocks, and of course the majority of the nation's residential real estate which is owned as much or more by wealthy landowners and banks, as by those who actually occupy the mortgaged dwellings. The cost of the insurance should

logically be paid proportionately by those who **own the equity** of the property. Why should an individual, who owns little or no property or wealth, be forced to risk his or her life on the battlefield, or even to pay the insurance premium (i.e. the defense bill) to protect assets belonging to an economic elite who are otherwise indifferent to his or her well-being or suffering. This is especially relevant in light of the fact that, like Vice-president Quayle, the elite rarely risk their own lives on the front lines. They're the ones who end up in the hidden fortified strategy bunkers, if they choose to participate at all.

Defense is, however, **just one** of the nation's costs that should logically be prorated based on wealth distribution. If the top 1 percent own 50% of the nation's wealth (as a study by the University of Michigan has shown), then let them pay 50% of the 3 trillion dollar defense bill. Perhaps they may not be so hawkish if they had to pay their proper share of the defense bill. In short, if you own little or nothing of the nation's wealth, you pay little or nothing of the nation's tax bill. Simple, fair, and effective. Taxing the nation's wealth would yield another benefit that would, by itself, justify the policy:

Deficits would be a phenomenon of the past!

The government would simply figure out, as per normal, how much money it required to operate for the next fiscal year. The treasury would then take the amount required, and figure out how much prorated tax would be owed "for each \$100,000 of equity owned", in order to collect the "exact" amount required. The principal is not new, many municipal governments assess school taxes based on property value assessments.

One's "Taxable Assets" would be based on one's total assets, especially including those assets "invested abroad" to take advantage of the remaining slave labor pools, or currently held abroad in tax havens. Very heavy fines and penalties could be devised to adequately discourage those hiding wealth at home or abroad. (undeclared wealth) **Americans could at last begin to benefit from all the industries they paid to have built abroad.**

There would be no more advantage to giving your company

or yacht to your dog Spot, or to your one day old child, because whomever or whatever legal entity owned the equity would be taxed.

- **1a. Limit Earnings (Not a real Alternative)**

A less desirable, and less beneficial social alternative, would be to limit the amount of wealth one can earn annually to a multiple of what the least paid worker gets for full time employment. (perhaps 20 times the minimum wage)

In Financial World's July 11 1989 survey of Wall Street's "100 best paid", George Baker, who finished in 71st spot still earned an average of \$3,846.00 per hour. {B98} In Forbes's October 16 1989 issue, attention was given to America's highest paid lawyers. Their list of 63 *trial lawyers* earned \$750 million collectively. Based on a 40 hour work week and 52 working weeks per year, this represents an average compensation of *\$5,723.44 per hour!!*

Should anyone be respected who vetoes a raise in the minimum wage to \$4.55 per hour, or should someone who gets run off their feet serving fast foods for the minimum wage feel content that this group of lawyers earn on average seventeen hundred (1700) times as much per hour? In a similar way, Michael Milken, who made his money from selling LBO junk bonds, did so at the staggering rate of \$213,346.00 per hour.

This wage control approach would at last put reins on members of our society such as the legal profession, who seem content to make their services too expensive for the bottom 90% of society to afford, while taking full advantage of the services of citizens who are, relatively speaking, being paid as slaves. (on \$3.35 per hour minimum wage, or even \$10 or \$15 dollars per hour)

Egyptian slave labor built pyramids, whereas American slave labor builds tall rectangular skyscrapers. The alternate perspective is to view the pyramid builders not as slaves, but simply as workers who derived less benefit from their labor than the pharaohs.

We should not forget for one moment either, that when a corporation is forced to pay a court settlement, the losses (which include the lawyers fees) simply get passed along to the consumer, one way or another.

Even if strict "progressive" taxation on earnings in excess of say 20 times the minimum wage were introduced, the approach would still be susceptible to tax evasion because it would be based on *Taxable Income*. Safeway, Boeing or Walt Disney could still end up paying less taxes than a pensioner forced to supplement a meager income by fetching your french fries!!

- **2. Make investment in America mandatory**
Instead of having to show one's loyalty to the country by swearing allegiance to the flag, or feigning one's loyalty by wrapping oneself in a flag, *simply pass a law requiring all American citizens to invest at least three quarters of their assets within America.* I have a sneaking suspicion that doing so would completely eliminate the unemployment problem. Perhaps even consider allowing Americans to invest abroad only if there is no unemployment at home. This policy would no doubt also ameliorate racial and economic problems involving the minorities.
- **3. Provide harsh deterrents for white collar crime**

Many business practices that should be illegal, are not. A good example is that few money-laundering bankers are in jail anywhere in the world. Criminal laws have a tendency to ignore the elite as they have since Feudal times. This must be changed. For every crook handling large quantities of money (as with the drug trade), there is a banker! To consider these bankers, who quite obviously turn a blind eye to the source of large deposits, any less of an integral part of the criminal activity is to ignore reality. Because the elite own the banks and benefit directly from money laundering, laws have not been written to deter this type of criminal activity. Laws must be written to convict the elite who benefit from criminal activity. Their wealth should also be confiscated ...as is currently done with the smaller fish who accumulate wealth from illegal activities such as the drug trade.

- **4. Eliminate the transferability of tax losses**
This would eliminate the additional tax evasion related

to the disposition of companies involved in leveraged buyouts, as well as the growing problem concerning the virtual sale of the hundred billion dollars worth of tax losses relating to the failing and failed S&Ls.

- **5. Disallow interest payments as tax deductions**
North Dakota Democrat, Byron L. Dorgan is again behind a bill which is a modification of one which he introduced only days before the October 19, 1987 market crash. A study by the Securities and Exchange Commission suggests that the original bill (which would have largely removed the LBO tax deduction incentive) may well have triggered the 10% decline in prices on the 14th, 15th and 16th of October 1987, which in turn may have set the market up for the further 20% sell-off which occurred on the following Monday.

*If the SEC findings are to be believed, one would have to accept that **corporations are valued less for their capacity to provide products and services, than for their artificial value as profit vehicles for speculators.***

In any case, Congressman Dorgan's bill, even in its present watered down form, would serve to discourage the continuing wave of takeovers. Unfortunately by now (two years later), most of the takeovers have already occurred, but better late than never. {B99}The very least that should be done is to invalidate the tax deductibility of interest payments on indebtedness **which exceeds the owner equity.** {B100}

- **6. Raise bank owner's equity to at least 25%**
Limit the amount of money taken in by banks as deposits, to three times the amount of equity put up by the bank's shareholders. In other words, raise the matched equity from 4% to 25%. Gambling within the economy only occurs to the extent that it does, because the gamblers are basically not risking their own equity.
- **7. In bankruptcies, make family wealth partially accessible.**
Make it impossible for the unscrupulous to grow steadily richer while leaving a trail of unpaid creditors and bankrupt businesses. Consider making wealth

owned by spouses and dependent children at least partially accessible to the bankruptcy creditors.

- **8. Back the currency with REAL wealth**

Ensure the currency is backed by real wealth, perhaps even by returning to the gold standard.

- **9. Privatization and Deregulation**

Lastly, I must mention two extremely important topics which were only very briefly addressed in this chapter. They are:

- **Privatization of nationally owned industries.**

- **Deregulation of industries.**

Both are essentially concessions to the economic elite, and have already cost the bottom 90% of Western societies an incredible loss of benefits. Each affects the working man's standard of living in no less a fashion than the bailout of banks and S&Ls, or the loss of tax revenue following LBOs. Neither topic was dealt with adequately because each merited more coverage than I was prepared to devote in this book. The media has largely avoided discussing either topic objectively or in depth, mainly because both yield benefits to the economic elite by the removal of benefits from the rest of the country.

Privatization amounts to a politically motivated, quid pro quo distribution of previously developed national wealth to the richest 10%.

Deregulation gives the unscrupulous a freer hand to sacrifice standards and service for profit maximization.

Just as deregulation in the banking industry caused the taxpayer a \$300 billion S&L mop-up headache, deregulation in other industries has had similar drastic repercussions.

Deregulation of the airline industry, for instance, allowed for profit oriented reductions to maintenance programs. Within no time at all, planes were breaking up in mid air, cracked fuselages were being sent up till the doors blew off and the sky was visible from the passenger section, etc.. Competition was drastically reduced as the industry was reduced through mergers and acquisitions to six mega-carriers which fly about 90% of all passengers. To add to the problems, foreign airlines funded some of the industry takeovers. But

worst of all, the cost of financing the LBOs was passed directly on to the passengers in the form of ticket price rises. *{B101}*

Other sectors of our economy have been given the opportunity to set their own standards, with similar benefits to the general public. The reader should, out of self defense, become more concerned and informed regarding these two additional issues. However, discussion of the rip-offs must of necessity terminate to get on with other equally important issues.

Let's now turn our attention to the democratic process itself to expose just how and why politicians elected by the bottom 90% continue to churn out legislation that does not serve the best interests of the majority whom they supposedly represent. As we shall see, gaining control over the writing of the tax avoidance legislation may not be as simple a task as those who trust in their democracy may think. Don't forget that the politicians voted in by the bottom 90%, are the very same politicians who pass the tax avoidance legislation favoring the elite!!

The next chapter is therefore devoted to showing that just as the nation has been manipulated and victimized economically, it has been manipulated and victimized with respect to democracy. In America, democracy is as much a hoax as equal opportunity and equitable prosperity. Does that sound unreasonable or even impossible? Then read on.

Chapter 2

The Hoax of Democracy

There is easily as much myth, illusion, and deceit built into the concepts of democracy as there is with the myth of equitable prosperity. Democracy, and American democracy in particular, is certainly not as cut and dried as it may superficially appear.

Trojan Democracy

To begin with, it would do well to keep in mind that Greek democracy, after which the Western democracies were patterned, ran on slave labor! Most of the mundane work of Greek society was carried out by a large work force of slaves, who like the Feudal serfs and the early American black slaves, exerted virtually no influence over their masters. Additionally, *the majority* of the Greek population, comprised collectively of the slaves, plus the Greek women, *were prohibited from voting!* So, in the sense that Americans use the word democracy, Greece did not have a democracy because much less than half the population voted.

Be wary of capitalists bearing democracy.

Unfortunately, nowadays most Americans have been programmed into simply equating democracy with voting. In reality, **the ballot box does not automatically ensure democracy.** On the contrary, it can also be used as a tool to defeat the will of the majority.

For example, in countries like Chile, elections such as were held in October 1988, are as dangerous as they are superficially promising. Although Pinochet suffered a landslide loss at the polls, he disregarded the results and refused to give up his power as dictator. Despite his loss at the polls, holding an election was of great benefit to him. It not only mapped out clearly where his supporters lived, but where the greatest concentrations of his political opponents lived! While the ballot system is only secret at the individual level, it can and does in reality expose whole villages to the threat of death squads. Death squads simply love democracy, it makes their job so much easier.

In El Salvador, America pumped in more than \$5 billion during the last decade to prop up the virtual dictatorship of President Jose Napoleon Duarte whose death squads have so terrorized the electorate (by assassinating unsympathetic mayors), that over a third of the country's 262 municipalities are without a head. *{B102} {B103}* Although the concept (of exposing one's city, town, or village to the threat of death squads) may have little meaning in America, it does expose, however, that in countries where death squads prevail, it is meaningless to point to election results either as proof of a dictator's popularity or as justification

for continued economic and military support from America.

In Columbia, the left-wing Patriotic Union party had its presidential candidate murdered in October 1987, and its deputy leader murdered on March 3 1989. Furthermore, 29 of its 87 candidates for mayoral office in the 1986 elections have since been murdered. {B104}

In Guatemala, which normally makes America's top 10 list for foreign aid (as does El Salvador), more than 150,000 citizens have been murdered since the CIA helped to topple the democratically elected President Arbenz back in 1950.

So, having looked briefly at Greek, and death squad democracy, it should be obvious that democracy comes in many guises. And, because it does serve both good and evil purposes equally well, let's objectively look at how democracy is being used in America.

Quite logically, American democracy should have at least two obvious characteristics:

- 1) Each adult in America should be able to vote, and each vote should have equal value.
- 2) The result of the voting should quite understandably reflect the will of the majority.

Since everyone in America can vote, the system should reflect the will of the majority. However, it would be both naive and absurd to assume that the bottom 90% voluntarily choose to have a socioeconomic arrangement whereby not just one but two minority groups own more wealth than they. Obviously, American democracy does not reflect the will of the bottom 90%, so **we will now investigate the methods used by the elite to successfully subvert the democratic process** to ensure that wealth and economics still constitute the real power and controlling forces as they always have.

The first method worth considering is closely related to death squad democracy, in that the votes cast in America also show the exact locations where opposition party strengths are located. But instead of sending death squads, Western politicians simply alter the electoral district boundaries to maximize their seat winning potential for the next elections. This old democracy defeating ploy is called

"gerrymandering", and is still used throughout the West by those who have *contempt for democracy*. Like the death squads, gerrymanderers love democracy too!

However, with regard to contempt for democracy, no one does a better job at defeating democracy than the country's lawmakers. {B105}

The Power of Lawmakers

Since society's laws determine the structure of society and how it operates, democracy boils down to getting control over the lawmaking process. To begin with, the rich have always known the power that accompanies the *writing of the rules*, and that is why they have never allowed that power to slip out of their grasp. After all, the laws determine not only who does or doesn't pay taxes, but also who benefits from the collected tax money. Thus, control of law gives control over the making and keeping of wealth.

The Founding Fathers were also acutely aware of the role of legislation, so, in an attempt to prevent the economic elite from continuing to use their power to manipulate the rest of society, they wrote a Constitution that attempted to banish Feudal conditions forever. As you may have guessed,

The original constitution never intended that the top 1% should be capable of possessing more wealth than the combined wealth of the bottom 90 percent. If it did, then the constitution was a Feudal charter right from the beginning!

To have strayed so far from the original visionary concepts, old laws have had to be altered, and new ones introduced. And this is where the elected politicians enter the picture. They introduce bills that they themselves vote into law. Not surprisingly, the bills they introduce and make into law reflect to whom they have given their allegiance. This is precisely why there is a glut of very complex taxation orientated laws favoring the elite and their corporations.

Conservatism vs Liberalism

The long and short of it is that since the Founding Fathers departed, the elite have used their wealth and power to introduce countless tax laws that maintain and even enhance the Feudal wealth distribution structure.

That is what "Conservatism" is all about! That is also why the elite go so far out of their way to discredit "Liberalism", which allows for changes to the status quo. "Conservatism" maintains the status quo and that in turn ensures the rich stay rich and the poor stay poor. The reason we have a democratic society being run as a Feudal oligarchy lies not with a faulty constitution, but with a subversive voting system that connects the elite directly with the politicians.

Lobbying (America's #1 Voting System)

American laws cater to the special interests of the feudal elite, not because the existing popular system of voting is at fault, but because **America has, not just one, ...but two voting systems!!**

In the first voting system, the general public is allowed, every few years, to put a tick on a voting ballot that almost totally prevents them from having any say whatsoever with regard to controversial issues of the day. Prior to the election, discussion of important controversial topics is avoided wherever possible in favor of discrediting one's opponent, or getting lost behind a patriotic smoke screen.

In the second and somewhat covert voting system, *roughly 23,000 lobbyists swarm over Capitol Hill every day to fight for favors on behalf of the "special interest groups" that can afford to hire them.* **On a daily basis**, the economic elite can send their legion of lawyers to **talk directly with specific congressmen** to make bargains with the legislators **behind closed doors.**

What kind of favors do the wealthy bargain for? Well, they bargain for such goodies as personal or corporate income tax concessions, or a means of getting around the inheritance tax, or for price subsidies, or write-offs for any number of things, or to have the capital gains tax reduced even further, etc., etc.,.

Why do the elite have so much power over the legislators?
...two reasons. To get elected, a politician requires votes. To get votes a candidate requires campaign support in the form of money and publicity. Nowadays, getting elected is a very, very costly business. Even though most politicians have small personal fortunes, few politicians would be willing to personally fund their own campaigns and risk losing the bulk of their personal wealth just for an opportunity to unselfishly serve the public. In big states like New Jersey or Illinois, a candidate in the 1990 elections can easily require \$10 million to compete. {B106} In 1988, the average Senator spent \$4 million to campaign. {B107} So even those with a few million can end up on the payroll through the need for election campaign support.

Therefore a politician doesn't even get to first base without the support of a sympathetic media and without financial contributions from benefactors *with money to spare*. This, for all intents and purposes, excludes the bottom 90%, and leaves corporations, wealthy individuals, and other business interests.

Democracy could still theoretically function under these circumstances except for one important point. *Those who fund the politicians either openly or covertly demand favors in return.*

...exit "POPULAR" DEMOCRACY!

...ENTER "SPECIAL INTEREST" DEMOCRACY!

The second reason why the elite have so much influence over the legislators, is that to a politician, there is only one thing more important than getting elected, and that is getting reelected! Consequently, they enter politics eager to bargain for reelection campaign support which is required every two years. Once elected, politicians know that from that point on they must win favor of the moneyed interests who will eventually finance their reelections. And that is the bottomline. **By using this leverage, the lobby community effectively purchases whatever favorable legislation it needs! Democracy, if you can call it that, goes covertly to the highest bidder!**

The first voting system serves the public, the second serves the elite. Not surprisingly, the one that serves the elite is much more powerful because the lobbyists can vote daily, and they can seek specific and obscure minor changes to the wording and meaning of previous legislature that can greatly favor a special interest group, ...usually to the

detriment of the rest of society. A good example of this was the lobbying carried out by the rich wine making Gallo family regarding an inheritance tax exemption that has since come to be known as the "Gallo Amendment". *{B108}* The reader can get a rough idea of the ultimate cost to the taxpayer in lost taxes, as a direct result of this family's successful lobbying, by reading the article "Before the loophole closes" on page 239 of the Oct 2 1989 issue of Forbes. *{B109}*

Another reason that the lobby system works so well and seems so firmly entrenched is that nowadays most politicians already have a few million dollars in personal wealth, and politics presents an opportunity to increase their social and economic contacts in order to multiply their personal wealth more rapidly.

Since the system's legislation clearly favors the richest 10%, and more specifically the richest 1%, it's evident that the elite have more effective power using their lobby voting system than the majority do using their tick on a ballot. In many ways, a tick on a ballot every few years has about the same effect as a tick on an elephant every few years.

Disguising the "Favors for Favors" Payoffs

The discouraging aspect regarding payoffs is that the variety of methods used to disguise an exchange of favors seem limitless. And while many methods used may be transparent in their function, and ethically despicable, few if any are illegal.

- 1) The traditional "cash-in-the-envelope" method has given way to a host of new methods.
- 2) For example, kickbacks have for a long time masqueraded as generous "speaking fees" which are referred to euphemistically as "honoraria". Public uproar eventual led to a ceiling of \$2000 per speech. Nevertheless, honoraria collected in 1988 alone amounted to more than \$9 million. *{B109}*
- 3) In a token gesture to diffuse growing public criticism regarding campaign fund-raising corruption, congress made it illegal for a political candidate to accept more than \$1000 from any single donor, plus \$1000 more from the donor's spouse, or a total of \$2000 per family. However, Political Action

Committees (PACs) could each give \$5000 to a candidate. Critics relaxed a bit, but not for long. Overnight, thousands of Political Action Committees sprang up to absorb the usual huge donations from single donors, now broken down into \$2,000 and \$5000 increments. *{B111}* One fund raiser complained of having to stay up one night to mechanically sign a mountain of papers which listed him as either the chairman or treasurer of yet another Political Action Committee. *{B112}* There are currently 4,268 Political Action Committees in existence. In 1987-88, candidates received \$151 million from PACs. *{B113}* By now the reader should know that the elite only ever go through the motions of making amends for their ways. You could push the Empire State Building through the contribution loopholes.

- 4) For example, there is no limit to the amount an individual can contribute to state groups for "party-building activities". This means a billionaire can contribute his \$1 million cheque to be spent on a voter registration drive in his chosen candidate's district. In other words, it saves the candidate from having to spend his or her private campaign funds to do the same job. The result is the same. The billionaire's cheque just isn't personally addressed to the candidate. And the candidate does not have to declare a cent of it.
- 5) In a similar way, although an organization (such as the National Rifle Association) can give only \$5,000 directly to a given candidate, the association can launch a direct-mail, or TV promotional campaign which directly supports a specific candidate. Don't forget, these are not tax loopholes that are supposedly thought up to bypass the will of Congress. These loopholes are purposely left by Congress to carry on with "business as usual". The restraint legislation is strictly meant to dupe the public and to diffuse public criticism.
- 6) Another loophole is referred to by politicians as "Bundling" which will effectively negate the PAC limit of \$5,000. For example, in 1987-88, Senator Bill Bradley received a "bundle" of 60 cheques, each for \$1,000, which had been donated by the executives (and I suppose their spouses as well), from just two Wall Street firms. *{B114}*
- 7) The "Grandfather Clause", on the other hand, blatantly launders the favors for favors "donations"!!

The grandfather clause, dear to so many politician's hearts, allows members of Congress to keep, for their own use in retirement, any unspent PAC contributions. So far, some 190 incumbents have amassed "unspent donations" totaling over \$39 million. {B115} Dan Rostenkowski, Chairman of the Ways and Means Committee, for one, has accumulated more than a million. {B116} In this age where elections are won and lost on TV, smear ads, and other expensive promotional gimmickry, these large election campaign war chests constitute a formidable advantage to incumbents. All too often, money wins elections.

- 8) Another practice which is wide open to abuse, and difficult to monitor involves the loophole where, in exchange for some lobbying, politicians can receive tens of thousands in "consulting fees". John Mitchell (Nixon's former Attorney General), and former Interior Secretary James Watt, among others, have served as consultants for Housing and Urban Development (HUD) projects. {B117} HUD was rife with favoritism and kickback scandals.

Quid Pro Quo In Action

No better example will serve to demonstrate the quid pro quo arrangement that underlies American politics than through an acquaintance with the circumstances surrounding the failure of a particular S&L, Lincoln Savings and Loan of Irvine California. First a brief introduction.

The S&L problems began in 1982 with the introduction of the Garn-St.Germain Act (introduced by Senator Jake Garn (R-Utah)), which had to do with deregulating the banking industry. Deregulation in a nutshell amounts to less regulation and less supervision. The first relaxation of regulations actually occurred in 1981, when S&Ls were permitted to offer variable-rate mortgages. In 1982 they were allowed to branch into business loans and into the funding of developers' real estate ventures. {B118} The relationships that soon evolved between developers and S&L owners amounted to real estate speculation teams. The speculation binge that resulted created an artificial boom that made billions of quick and easy profits for existing multimillionaires, before eventually going bust in a big way. Hell-bent on deregulation, the Reagan Administration even denied the Federal Home Loan Bank Board money to increase the number of its regulators.

And now to the Lincoln fiasco.

When Mr Charles Keating, a lawyer, purchased Lincoln Savings and Loan for \$51 million back in 1984, it had assets worth 1 billion. In one of his investment ventures later that same year, Keating used Lincoln's federally insured S&L deposits to effectively make \$30 million in "greenmail" profit involving a take over bid for Dallas-based Gulf Broadcasting Co. {B119} Then in 1985, Mr Keating hired none other than the present chairman of the Federal Reserve Board, Mr Alan Greenspan, to lobby government to allow diversification from home loans into direct equity investments. In fact, Mr Greenspan praised Lincoln as "a financially strong institution that presents no foreseeable risk to the Federal Savings and Loan Insurance Corporation". Mr Greenspan was successful. Mr Keating was virtually free to speculate directly. Mr Greenspan's lobbying had in effect pulled the cork. By October 1986 when San Francisco regulators first investigated Lincoln, the S&L already had *unreported losses* of \$135 million. The regulators started putting pressure on Mr Keating.

At this stage Mr Keating first called in four of the five Senators (that would later come to be called the "Keating Five") to lobby on his behalf. The Senators, who were all recipients of Keating's generous campaign support, received the following: Senator Alan Cranston of California, \$974,000; Senators John McCain of Arizona, \$125,000; Dennis DeConcini of Arizona, \$48,000; Senator John Glenn of Ohio, \$234,000; and Senator Riegle of Michigan, \$76,000. The first four Senators lobbied the Washington-based head of the Home Loan Bank Board, Mr Edwin Gray, on April 2 1987, *in Senator DeConcini's office*. Mr Gray, who later commented that the four senators "came at me like lawyers arguing for a client", refused to be bullied into submission and suggested that they deal directly with the San Francisco Bank Board regulators under whose jurisdiction Lincoln actually fell.

One week later, they did. But this time the four original Senators were joined by Donald Riegle, now Chairman of the Senate Banking,

Housing and Urban Affairs Committee. The San Francisco regulators held to their position that Lincoln should be shut down.

Soon after this meeting Mr Gray in Washington was

replaced by Mr Danny Wall, who had been the top aide of Senator Garn (who had begun the reckless spree in the first place). Mr Wall acted quickly to prevent the San Francisco branch of his Board from shutting Lincoln down by transferring the regulatory authority for Lincoln Savings and Loan from San Francisco to Washington, and thus under his direct control. *{B120}* It is estimated that the 20 month delay to the closure of Lincoln Savings that resulted (caused collectively by the five senators and Danny Wall), will cost the taxpayers an additional \$1.5 billion dollars. *{B121}* In all, the cost to taxpayers for the failure of this S&L alone, is estimated at from \$2 billion to 2.5 billion.

Few articles have conveyed the favors for favors mechanism underlying American politics better than the article entitled "An amazing tale" on page 66 of the August 26 1989 issue of The Economist, which deals with the Lincoln Savings and Loan debacle. If you next read "High-Rolling Texas: The State That Ate FSLIC", you probably won't need to read much more about how Congress operates. *{B122}*

However, if you are a glutton for punishment, I would certainly recommend you read the following additional related articles, but make sure you have a sick-bag handy when you read them.

Start with "The Seduction Of Senator Alan Cranston which appeared on page 82 of the December 4 1989 issue of Business Week. *{B123}* Then try the article entitled "DeConcini Banks On Voter Loyalty" in the Dec 18 1989 issue of Insight which disclosed, among other things, that DeConcini and family had made a 540% profit on parcels of land that they, through privileged political knowledge, knew were to be used for a \$3.8 billion canal project called Central Arizona Project. The DeConcinis, it seems, did not share this information with the folks whom they purchased the lands from. *{B124}* The article also mentions that Senator McCain flew in Keating's private plane on several occasions to the Bahamas to vacation and enjoy hospitality in Keating's house.

In short, each of the articles gives a tip of the iceberg peek into the general ethical standards of the men running the nation, and does a fine job in helping to put American democracy in perspective.

But the Lincoln incident is not an isolated incident, **quid pro quo is practically the only game in town.**

Additional insights on the topic of quid pro quo can be gained from reading "How one family handles its finances", on page 42 of the June 12 1989 issue of Forbes, which outlined how Jim Wright, the ex Speaker of the House was able to enhance his lifestyle beyond the normal limits of his Congressional salary. {B125} It is worth noting too that in 1986, Jim Wright also used his lobby power on behalf of his fellow Texans to prevent Mr Edwin Gray from putting the squeeze on the S&L industry. I guess it was his way of thanking the thrift and real estate interests who had donated \$240,000 to his 1986 campaign war chest.

Meanwhile, in an effort to stamp out thrift examiners, Texans killed a measure in committee in 1987 that would have increased the pay of thrift examiners, whose starting pay is only \$18,500.

Honest Politicians

Wait just a minute. In all fairness, should not the honest politicians be given some credit too? Yes indeed they should, no matter how few in number they may be.

One such individual is Mr Henry Gonzalez, chairman of the House of Representatives' banking committee, who played such an important part in exposing the Lincoln abuses. He is busy investigating another S&L called Silverado which appears just as worthy of headlines. It is alleged that Silverado, like Lincoln, was involved in buying up assets (mainly junk bonds) which had been first artificially pumped up in value by being sold profitably back and forth between selected insiders (prior to selling the overpriced assets to the various S&Ls involved. The insiders allegedly included among others, Colorado-based Silverado S&L, California-based Lincoln S&L, a Miami-based thrift called CenTrust, Houston-based San Jacinto Savings (owned by the now bankrupt Southmark), and a troubled Colorado property development company called MDC Holdings which worked closely with Silverado S&L.

The interesting point to note is that it was Mr Larry Mizel, chairman of MDC Holdings who introduced President Bush when he surprisingly showed up at a Republican fund-raising lunch in Denver in late 1989. Mr Mizel's company is at the center of a federal investigation of Silverado S&L which had as one of its directors none other than one of

President Bush's sons, Neil. Both Silverado and Mr Mizel's company (MDC) are being investigated by the honest politician Mr Gonzalez.

Neil Bush, the President's son, was a director of Silverado from 1985-1988, during which time the alleged artificial profit taking was occurring. Silverado's bailout alone cost the taxpayers over \$1 billion.

Not only that, the man who provided the insider connection between all these entities was none other than Michael Milken the junk bond king. He provided the means for the entities to buy up each other's thrift junk bonds. Should anyone be surprised?

Perhaps I should have warned the readers to wear knee high rubber boots when approaching politics for a closer view, because it's literally impossible to get a close look into the pig trough without being surrounded by some pretty foul smelling mire. {B126}

Keep your nose plugged, because I have to tell you that even George Bush's campaign manager, Thomas Loeffler (another Texan) solicited support from the Reagan Administration to appoint lobbyist Texan Durward Curlee to the Federal Home Loan Bank Board. Loeffler's client list was a virtual Who's Who of S&L owners, and Curlee was once executive director of the Texas Savings and Loan League. Again it's foxes minding the chicken coop.

Jay Leno, an American talk-show comedian had a brilliant suggestion. Because there is such a shortage of prison space in America, why not build a high wall around Capitol Hill and the White House and convert the whole area into a State Prison!!

Red-handed but definitely not Red-faced

We are currently going through an era where money and favors are being dished out so fast and furiously, that in the scramble, players are losing track of the need to conceal the graft and corruption. When politicians get caught nowadays, they don't consider remorse or guilt any more, ...only anger and indignation at perhaps losing their place at the trough. One or two examples from the countless available will serve to illustrate this brazen new technique for sidestepping

justice.

Although Mr Wall resigned in December to help take some of the heat off the issue, {B127} and Mr Keating began taking the 5th amendment, {B128} the cocky senators have not stepped down because what they did is no different from what *virtually everyone else in Washington is doing*. After the scandal was uncovered, Senator Riegle returned his campaign contributions in a naive bid to buy back his innocence. Senator McCain eventually reimbursed Mr Keating for his plane rides. Later he commented, "I've openly and candidly admitted it was a mistake for me to not reimburse on time". {B129} But like Nixon and Oliver North, all five senators are well aware that defiance and continued declarations of innocence are honored and rewarded, because it gives the establishment a chance to use the mass media to do what they can to diffuse the issue.

For starters, it is practically unthinkable for lawyers to admit guilt, and so even though an increasing number of Washington lawyers or their clients get caught red-handed, they, like Oliver North, take their chances at riding out the controversy, because history has proven that this approach works best. To weather the storm, some or all of the following tactics are almost always employed:

- DENY guilt
- DECLARE innocence
- DELAY the investigation and/or prosecution proceedings
- DESTROY any incriminating evidence.

Why have these tactics come to be used so often, so successfully, and increasingly more openly on Capitol Hill? Mainly because these four tactics are the most successful tactics used in law today, and **Capitol Hill is literally teeming with lawyers**. Sixty out of 100 senators, and 186 out of 435 House members have law degrees, as have the majority of the Senate and House Judiciary Committee members. {B130} Needless to say, the lobbyists are basically lawyers as well. Congress, is little more than a fraternity of lawyers. Capitol Hill is to lawyers what Wall street is to MBAs.

Those who are forced to disembark from the gravy train are usually compensated by the elite for their past loyalty. The media elite quite often help out by promoting their books, or by tucking them under a wing as they did with Nixon in

subsequent years.

The special interest lobbying and subsequent legislation that allowed for easy overnight wealth for S&L owners, and merger and acquisition players, will be extremely hard to top in the coming decade. Nevertheless, no one appears to know when to stop. As more and more S&Ls declared bankruptcy, Mr Wall kept the brakes on remedial action by insisting on *lowball estimates* of the potential S&L industry losses. When it became obvious that the Federal Savings & Loan Insurance Corporation (FSLIC) could no longer cope with the enormity of claims payouts, Danny Wall was placed in charge of the new Office of Thrift Supervision which then had the job of disposing of the assets from the bankrupt S&Ls.

Evidence is now coming to light to suggest that the S&L bailout operation itself was taken as yet another opportunity to offer favors to the wealthy. As director of the Office of Thrift Supervision, Mr Wall was again in the driver's seat, ...talk about leaving the fox to mind the chicken coup. The plan he came up with was called the Southwest Plan, and just two of his deals should be enough to convince anyone that Mr Wall has made many friends among the economic elite.

The first case involves a Mr Ronald O. Perelman. (You might remember Mr Perelman as the *billionaire* who, according to Forbes magazine, made \$750 million last year.) For this particular deal, Mr Perelman put up \$315 million, of which \$155 million was borrowed, to take over ownership of, among other things, First Texas Gibraltar, an S&L which had racked up its losses serving as a real estate speculation vehicle for none other than the *former Democratic Party chairman* Robert Strauss, whose very close social friend Mr Alan Greenspan, currently in charge of the Federal Reserve, was the gentleman who initially lobbied for Lincoln Savings and Loan to deregulate the S&L industry! Amazingly small world isn't it, and all so logically interconnected! {B131}

However, to get back to the point. For his \$315 million investment, Mr Perelman received the following: good assets worth \$7.1 billion; \$5.1 billion in Federal guarantees to cover the thrift's bad assets; plus \$900 million worth of tax benefits! Within a week, Perelman had sold \$2 billion of FTG's dodgy assets which generated tax loss credits that saved him roughly \$135 million in taxes. In short, the rate of return on his initial investment, in the *first 90 days*,

amounted to roughly 80%. We should all be so lucky. The rest will be gravy. {B132}

The second case worthy of mention involves the sale to PMH Corporation of five S&L thrifts with 25 retail branches and about \$1.3 billion in assets, for the paltry sum of \$45 million. Like the deal to Perelman, the terms of the deal ensured that the government (i.e. the taxpayer) would absorb any of the thrifts' existing bad debts. In the first 15 months, \$132 million of good assets were sold that more than easily recouped the initial \$45 million purchase price. Most of the remaining assets are covered by government guarantee against loss to the new owners, and the estimated \$40 million in earnings and tax breaks expected this year alone are pure profit.

Although these deals sound more like giveaways, many of the deals initially sanctioned by Mr Danny Wall were just as lucrative. Incidentally it is probably worth mentioning that Mr Grosfeld, the CEO of PMH's subsidiary, is director of several Blackstone Group funds. And, oh yes, the Blackstone investment firm just happens to be headed up by Mr Peter G. Peterson, *former Secretary of Commerce*, and by Roger C. Altman, the *former Assistant Secretary of the Treasury*. {B133}

Unfortunately for the elite and the taxpayer alike, the S&L bailout deals appeared a little too much like additional gifts to the haves at the expense of the taxpayers, so that a special boondoggle committee may have to be set up to investigate the matter. The aspect that has made these bailout deals so beneficial to the lucky buyers is the tax loss credits that went along with the deals. In short, massive tax avoidance vehicles.

The impending Capital Gains Tax cut will be a variation on an already too familiar theme. The Joint Committee on Taxation says the capital gains proposal passed by the House on Sept. 28 1989 would cost \$35 billion in lost revenues over the next 10 years. The recipients will be almost exclusively the richest 10%. In the House, 64 Democrats who theoretically owe a fiduciary responsibility to the bottom 90% voted for Bush's tax cuts. {B134}

Because politicians, both Republicans and Democrats alike, come mainly from the richest 10 percent and have small personal fortunes to protect, they are eager to create tax shelters. After all, *exemption from taxes* is still one of the

best vehicles available for amassing and retaining wealth. The tax reforms of 1981, which relieved the elite of so much of their tax share that budget deficits and widespread social program cutbacks resulted, were passed for exactly the same reason. As long as the Congress is controlled by lawyers, the rich will continue getting richer while the poor become poorer.

The Forgotten Concept ...Representation

Democracy by nature implies representation. Congress is supposed to be composed of people who represent the needs and interests of the group who elect them. Unless this happens, democracy doesn't happen!! And it certainly isn't happening!

In reality, Congress is made up mainly of lawyer/politicians who have never known hunger. Few if any have worked for the minimum wage. Few if any can count even one blue collar family as belonging to their circle of friends. Due to the lack of meaningful contact with the nation's poorer citizens, Congress manages at best an academic appreciation of the day to day hardships endured by the people to whom they owe a fiduciary responsibility, but with whom they have little or no real social contact, except for a brief period immediately prior to elections.

American democracy as it functions today does not represent the will of the majority, nor does it satisfy the needs of the majority. Instead, Washington is controlled by lawyers who have cunningly transformed the supposed seat of democracy into an arena in which representatives of the elite, can compete to amicably decide how best to share both foreign and domestic resources. Lawyer/politicians act as the intermediaries to minimize disputes among the special interest parties. Politicians and special interest groups (lawyers, and more lawyers) fit together like hand and glove.

The "quid pro quo" relationship works so well that in both 1986 and 1988, **98% (ninety-eight percent) of House members seeking reelection, were successfully reelected.**

Considering the amount of political corruption that came to light during that same period, a 98% percent reelection

rate, which now threatens to translate into life tenure for the elite's chosen politicians, exposes yet again how easily and effectively democracy can be manipulated. {B135} **The electorate don't choose their representatives, they only get to choose between candidates who are pre-selected by the elite using the campaign support process.** America is run by the Golden Rule - Them that's got the gold, rule.

One of the factors contributing to the 98% reelection rate among House members traces back to a long standing privilege enjoyed by incumbent members. Members of Congress are allowed six taxpayer sponsored *mass postal mailouts* per year to constituents in their election ridings. These mailouts are used primarily to enhance and increase their public profile for reelection purposes, but it is openly acknowledged that these mailouts give incumbents an obvious unfair edge over first-time candidates.

Furthermore, it appears that the reason House elections are held every two years is not to ensure a healthy turnover of people's representatives (as the public are led to believe), but to ensure that politicians are **constantly** in need of seeking campaign support from their wealthy special interest benefactors, and also to ensure that they can be gotten rid of quickly if they don't play ball.

With all its obvious flaws, the lobby system is unfortunately only the first of many factors which negate democracy in America. The next factor involves the existence of deals made in private.

Back Room Deals (The Secretive Third House)

Voters are aware that in order for a bill to be made into law, it must first get passed by a majority in the House of Representatives, as well as by a majority in the Senate, before it is passed on to the President for his approval.

What most voters are not aware of is that *the most important bills* (about 20% of all legislation) go through a little known back room bargaining procedure that can and often does effectively negate the decisions reached previously by both the House and the Senate. This vital step involves passing the bill on to a third group which effectively wields more power than either the Senate or the

House independently! The group, known as a **House-Senate Conference Committee**, which is made up of selected members from both the Senate and the House, can insist on meeting behind closed doors. They can take a bill which had already been passed unanimously by both houses, make additions and alterations as they wish, and resubmit it back to each house for a take it or leave it vote. For example, during one such conference committee session, Mr John Murtha (chairman of the House Defense Appropriations Sub-committee) added a clause into a defense-appropriations bill that would give the Speaker of the House the exclusive use of a military airplane at all times! Neither House had debated or voted on that clause.
{B136}

To make matters worse, Senate-House conference committees purposely **take no minutes**, so that no member taking part can be held singularly responsible for having voted for or against any of the changes or additions. Through some unwritten but powerful dictate, decisions reached by this Third and more powerful "back room House" are **practically never rejected**.

On average, **only once in a hundred times** does a bill, which has been mauled over by this Third House, **get rejected** by the House or Senate!!

The existence of covert back room deal making is not new, but then neither is special interest lobbying. With regard to "Special Interest Lobbying", this is the court of last appeal. Behind closed doors, members can once again trot out demands that had been rejected by a majority of either or both lower Houses, ...or amend proposals that had enjoyed overwhelming approval by both Houses! In short, this group has the power **to veto the will of the people** by vetoing the will of both House and Senate!!

Would the bottom 90% of the nation be so willing to refer to American democracy as the "beacon of democracy" if they knew that the combined will of their elected representatives plus the will of the Senate can be rejected in some smoky back room by a small group of politicians who are by nature prime targets for special interest lobbyists?

I think not!

In 1934, Republican Senator George W. Norris of Nebraska, who had by that time already served 40 years in congress,

considered the existence of this power group undemocratic. He had this to say,

"The members of this 'house' are not elected by the people, the people have no voice as to who [conferees] shall be. ...No constituent

has any definite knowledge as to how members of this conference committee vote, and there is no record to prove the attitude of any member of the conference committee". {B137}

Every time I recall that a proposal can receive a majority approval from both the House and the Senate, and survive a further undemocratic mauling by a House-Senate conference committee, and yet can be vetoed by an actor from Hollywood, I feel sad for the generations of Americans who have struggled so diligently for a democracy, but who have instead been saddled by feudal oligarchy.

Unfortunately, a Presidential veto is not what it appears either, for the simple reason that the Presidency itself exists in a domain of power that lies beyond the realm of democratic influence. At the Presidential level, the elite exercise a far more direct and insidious influence.

The Covert Takeover of America

While lawyer/politicians, lobbyists, and the media have all been successfully used in the past to defeat the effects of democracy, an event in 1973 radically altered the political destiny of the nation. **A small group of the economic elite staged a covert and bloodless coup that has since secured absolute control of the highest echelons of American politics!!** They successfully placed their representatives into the highest positions in the White House to exercise direct rather than indirect power.

Not surprisingly, this incredible takeover requires some background explanation.

Prior to the Second World War, the American elite had not yet exposed the magnitude of their colonial appetite to the world. When the United Nation Organization was formed just after W.W.II, America still appeared to stand as a role

model for many 2nd and 3rd World nations who were eager to throw off the yoke of colonial exploitation. After all, America appeared not only to have thrown off the yoke herself, but to have become a dominant military and economic force in the process.

As a result, the United Nations became a forum not only for cultivating American allies, but for stemming the growth of Communism, which many 3rd World countries had begun to view as an increasingly good role model for throwing off the burden of colonial exploitation prior to W.W.II.

Because a significant portion of America's industrial machinery had been redirected away from consumer goods and into military hardware for the war effort, America began trading military supplies to all the countries who felt that independence also meant an ability to defend their national borders.

And so a slow process began whereby the poorer nations either took loans from America to buy her military hardware, or alternately, they entered into economic co-ventures with America's economic elite to allow them to share in the supposed development of the poorer country's natural and human resources.

It took decades for the 2nd and 3rd World nations to gradually acknowledge that the American elite were not the saviors they had made themselves out to be, but simply a new colonial power that had been only too willing to fill the void left by European colonial powers as they abandoned their colonial holdings.

The poorer countries were being pushed to the brink of bankruptcy simply to meet their interest payments to the Western elite banking community. Increasingly, nations were forced into more and more economic agreements for the exploitation of their resources in an effort to afford the interest payments on their outstanding debt.

Gradually, the mood in the United Nations changed, and it became a forum of voices complaining against Western economic exploitation. Neocolonialism was in fact alive and well. The colonialists had all gone home, but the economic exploitation had remained, and many countries were even economically worse off than under direct colonial rule.

As the American policies grew increasingly unpopular

within the UN, the elite sought ways of limiting the power of the UN to act independently. Consequently, America began defaulting on its financial commitments (i.e., its membership dues) to the UN.

In the early seventies, a far more troubling situation suddenly arose that threatened to reduce the power of some of the elite's most powerful members. With nearly a trillion dollars in outstanding loans (to the 2nd and 3rd World countries) at stake, the elite with banking interests were in serious potential trouble. Fearing a domino effect might happen if even one country defiantly refused to pay its loan repayments, the elite went into action.

The Trilateral Commission

To take more immediate measures to eliminate the growing threat of loan repayment defaults, and to reaffirm its leadership of the world's economic elite, the American elite solicited the help of the most powerful members of Western society to create a new organization that would represent the economic elite from the three most successful Feudal empires of the modern age, namely America, Japan and Western Europe. Although Germany dominates within the Western European group, members were also chosen from the other allied nations.

The result was the Trilateral Commission, the most powerful economically oriented organization ever formed to shape the planet's future, and the closest entity possible to a global board of directors overseeing the feudal based societies.

The Commission's creation was begun in 1973 when its instigator David Rockefeller, who was chairman of the Chase Manhattan Bank, appointed Zbigniew Brzezinski (who had previously been the director of the Research Institute on Communist Affairs), to select the more than 200 future members.

The members were chosen from the top executives of the corporate and banking worlds, and included business interests such as Chase Manhattan Bank, Bank of America, Barclays Bank, Continental Illinois National Bank & Trust Co., Bank of Tokyo, Wachovia Bank & Trust Co., Sony, Seiko, Bendix Corp., Hitachi, Hewlett-Packard, Texas Instruments, Shell, Exxon, Royal Dutch Petroleum Co.,

Mitsubishi Heavy Industries Ltd., John Deere & Company, Caterpillar Tractor, Toyota, Fiat, Datsun, Coca-Cola, Sears, Roebuck & Co., etc.

Don't be surprised if you have never even heard of this organization, its members have cooperated to purposely maintain its almost non-existent public profile. After all, the public would have an impossible task criticizing the actions of a group it didn't even know existed.

To deal properly with the threat of foreign countries defaulting on their loan repayments, the TC had to somehow get control not only over the foreign policy but over the nation's purse strings as well to be able to deal directly with the banking problems abroad. They wanted control of the budget and the interest rates among other things. But seeing as the President appoints these unelected people, the Trilateral Commission first had to have one of their sympathizers or members elected President. To do this they took under their wing several good potential Presidential candidates, including Jimmy Carter.

The reason Carter made such an excellent choice was that as a Southerner, he had no real connections or contacts with the Northern Establishment. Consequently he would predictably and gladly accept backing and continued support from such an auspicious group of international big shots as the Trilateral Commission.

As they had successfully planned, after Carter was elected, he appointed the director of the Trilateral Commission, Zbigniew Brzezinski, as **National Security Adviser**. After all who else would Carter pick as his foreign affairs expert than the man who had purposely helped him write his foreign policy campaign speeches.

It should also be mentioned that Z. Brzezinski was not the only Trilateral member that Carter appointed to his administration, but he was the most important. It is probably also worth mentioning that the Trilateral Commission membership also cleverly included some red herring members to give the appearance that the Commission had the interests of the entire nation at heart. But the policies and legislation that emerged during that administration left no doubt that some members were only perfunctorily included to avoid bothersome criticism within the ranks.

After the commission's members had taken office in the White house, a stream of special interest legislative policies were enacted that greatly benefited the interests of the Trilateral membership.

As David Rockefeller's own special interests lay within the field of banking, and because foreign countries, who had taken out massive loans from U.S. and other major banks were now threatening to default on their loan payments, it is not surprising that a rash of measures that provided what amounted to *free loan insurance* for the banking club soon emerged. The following examples will provide an insight into how the banking interests alone were aided by the commission's presence in the White House.

The World Bank, which had always been a tool of the elite's interests, was given a huge contribution from the American taxpayer. This money could then be doled out "as required" to the foreign debtor countries who looked most likely to default. **The American taxpayer had effectively started paying the Third World's interest payments to major US banks!** So far the government has guaranteed, with taxpayer's money, \$30 billion of the World Bank's 3rd World Loans. Potential future debt for America's unborn. {B138}

Because of the elite's close economic connections with the dictators of the world, legislation was even voted down that would have prevented loans going to countries with abysmal human rights records. These countries too had to be kept eligible for ongoing loans to ensure their ability to maintain interest payments to U.S. banks.

To facilitate the implementation of their economically related foreign policy changes, a committee to review national foreign policy was reorganized to include the previously excluded Secretary of the Treasury. By doing so, the machinery to ensure government of the economic elite, for the economic elite, and by the economic elite, got a permanent shot of oil.

To achieve all this, the Trilateral commission simply had to extend campaign support to a small town peanut farmer, and a Democrat to boot. Why have there been so many wars when you can completely take over a government with such silky legal smoothness? Real chess games require more chess strategy than this.

In case you're tempted to think that the Trilateral

Commission was a phenomenon of the 70's, think again!
**Ronald Reagan was up to his ears in Trilateral
Commission appointees!**

Ronald Reagan's Trilateral Commission Appointees:

- **Vice-president ...George Bush**
- **Chairman of the Federal Reserve ...Paul Volcker,
Alan Greenspan**
- **Defense Secretaries ...Caspar Weinberger, Frank
Carlucci**
- **White House Chief of Staff ...Howard Baker**
- **Secretary of State ...Alexander Haig**
- **UN Ambassador ...Jean Kirkpatrick**
- **Council of Economic Advisors ...Martin Feldstein**

**THE TRILATERAL COMMISSION HAS BEEN
RUNNING THE COUNTRY!!**

The process of forming an integrated global Feudal empire began in earnest with the formation of the Trilateral Commission. Since its inception, **the Trilateral Commission has funded numerous studies which deal with key aspects of controlling whole populations.**

Since the TC infiltrated the White House, it has collected a frighteningly comprehensive pool of knowledge, all of which will be used to establish the new global order.

The following **incomplete list of Trilateral Commission book titles** should give a concerned reader reason enough to believe that this elite group means business.

- **1975 Report on the Governability of
Democracies**
- **1978 Task Force reports on Commodities
Issues**
- **1978 A compilation of reports of the Task
Force on Oceans**
- **1978 Energy - managing the transition**
- **1979 Collective Bargaining**
- **1979 Report of the Trilateral Task Force on
Industrial Policy**
- **1980 Elite Planning for World Management**

- **1982 Economic Relations with the Soviet Union and Eastern Europe**
- **1983 Sharing International Responsibilities among the Trilateral countries**
- **1983 Task Force on Security and Arms Limitation, Defense and Arms Control**
- **1985 East Asian Security and the Trilateral countries**
- **1986 Conditions for Partnership in International Economic Management**

Based on information gained from these studies, the TC members are presently hard at work forming infrastructures to coordinate control of all the economic Feudal populations on an international or *global scale*, rather than just as *independent national Feudal empires*. As you read this, international contracts and legal agreements are being made by members of the new Trilateral oligarchy.

The Trilateral Commission's *successful bloodless coup* of the American democratic system draws attention to the fact that even the American President is rarely one of the elite, but normally only one of their functionaries. Whenever possible, the elite have preferred the position to be filled by someone (actors are ideal), who can memorize speeches written by specially trained speech writers, without having too many original thoughts or opinions of his own to confuse the situation. While Reagan has been playing the role, it has been convenient to hold press briefings under roaring helicopter blades, or not at all.

In contrast, John F. Kennedy may have had a few too many thoughts of his own, and fallen out of grace with the elite. Despite coming from a wealthy and established family, he was probably snubbed by his peer group for being too much of an upstart who chose to run the country according to his own dictates instead of strictly following the elite's wishes.

America's Unelected Government

Increasingly, American government policy is being dictated by the President and his appointed cabinet members. This latter inner circle of unelected officials are the real power holders. This is especially true concerning

foreign policy, when presidents are purposely promoted who are functionally illiterate when it comes to a knowledge of international events, and the political and economic forces which determine international alliances. Peanut farmers and actors make ideal presidents, because of their anticipated dependency on the experts whom they are steered into appointing.

It is the unelected advisers who take us into war. It is they who decree not only who gets taxed and by how much, but just as importantly who benefits from the tax money that is collected. They also raise and lower the interest rates. It is these men who most directly enact the will of the economic elite!!

They are not the elite, but they are rewarded so well either overtly or covertly that it is rare, if ever, that a person in that position goes against the will of the elite. To do so would be tantamount to giving up one's career, and jeopardizing the security of one's family.

Presidents can come and go, but the unelected policy makers can transfer from administration to administration, to provide security for the elite's long-term plans!

A prime example of these behind the scenes power wielders is James A. Baker who, within hours of Bush's victory, was named Secretary of State. In the 70's, he was not only Ford's campaign manager, but also his Undersecretary of State. In 1980, he was Bush's campaign manager who pulled him from the campaign in time to become Reagan's running mate. After the election, he became Reagan's (Bush's) Chief of Staff, and worked closely with both Ed Meese and Michael Deaver to control the White House with an iron hand under the watchful eye and direction of his old friend George.

After he had the White House power patterns fully established, he transferred to the post of Secretary of the Treasury in order to more directly work toward the elite's economic objectives. *It was during his tenure in the Treasury, that most of the debilitating tax reforms came into effect, and during the same period that the country became the world's #1 debtor nation.* Not only did his policies purposely accelerate the devaluation of the dollar, he also *lobbied diligently to maintain loans to the defaulting debtor nations as a means of protecting the elite's banking*

interests.

James A. Baker is no small player. In fact, he has held these important positions during such critical times primarily because of his tremendous ability to lobby the press as well as individual members of Congress. Being from Houston, he is also a staunch defender of BIG OIL interests, and has proven to be one of their most influential and hard working lobbyists. *His track record shows he has spent an inordinate amount of time cultivating relationships with members of the press.* Because of his special lobbying abilities, he remains one of the most powerful men in politics today.

Another good example would be Mr Brent Scowcroft who now serves as George Bush's National Security Adviser. Unlike Mr Baker, Mr Scowcroft has preferred a less intimate relationship with the press and a lower public profile altogether. Even out of view, he has remained a very powerful figure in American politics ever since he served as National Security Adviser under President Ford.

Meanwhile the proliferation of unelected, unaccountable quasi government policy makers is making a mockery of a government the original Constitution was aspiring to achieve.

Of course the Treasury Secretary, the budget director, and the head of the Federal Reserve Bank all hold immense power over the American people, and so these men are chosen very carefully for their willingness to play ball with the elite, especially with regard to maintaining the status quo. These individuals all have advance knowledge of fiscal changes. Possessing their knowledge is a bit like knowing the winner of a horse race before the race begins.

It is definitely no accident that all the key unelected power holders are personally chosen by the president, ...the elite's most powerfully placed chess piece. This arrangement affords them untold advantages. For example, if the Federal Reserve Bank, which sets interest rates, were to quietly leak out information to sympathizers(i.e., inner circle bankers) regarding an impending monetary devaluation, those *in the know* could quickly transfer moneys or assets into foreign currencies and then, after the devaluation had occurred, they could buy back American dollars cheaply, and in the process, make an instant fortune. Paper transactions, that transfer assets within multinational corporations, can achieve this sort of transaction with the greatest of ease.

This could have been especially true when America abandoned the gold standard.

Conflicts of interest, and the illegal use of insider information, influence peddling, etc., occur so frequently that they too, like many other immoral and unethical business practices have been woven into the fabric of the system.

Individuals like the Watergate plumbers and the Iran-Contras Affair participants cooperate readily in covert schemes because they know that even if the scheme is uncovered, the elite's total machinery will swing into action to assist and compensate the appointed fall guys. This never amounts to much of a problem because the attorney generals and the whole legal system are integral parts of the elite's machinery as well. Their level of confidence in the protection system afforded the elite's lawbreakers is shown by the fact that both of the above groups operated directly out of the White House.

By the time individuals have climbed to the summit of their fields to the point of qualifying to be chosen as the President's appointed cabinet members, they are being rewarded so well that, like the politicians, they too are interested in retaining the status quo. They too are interested in tax perks to protect their moderate fortunes. They are critically aware that their careers would be ruined by trying to initiate policy that would threaten either the wealth or power of the richest 1%, and so the system continues to favor the wealthy.

Perhaps this would be as good a time as any to at least have a cursory look at the other two major lobby groups, besides the banking elite, who have determined America's domestic and foreign policy the most - the oil lobby, and the military industrial lobby.

A Closer Look at Lobbying

1) The Oil Lobby

As much as the lobbying power of the banking interests were successful in manipulating government, the rewards of lobbying had already been enjoyed as much or more by the

equally powerful oil industry lobbyists. In the Trilateral Commission, these two powerful lobby interests finally converged. Not surprisingly, the Rockefeller family itself held the largest share blocks in Mobil and Exxon, two of the four companies making up ARAMCO, the conglomerate of ARabian and AMerican COmpanies that exploit the Arabian oil fields.

It is probably safe to say that one of the quickest and most dramatic reductions to America's standard of living seemed to coincide with the dramatic rise in the price of oil by the thirteen oil producing countries who organized themselves to form an Organization of Petroleum Exporting Countries (OPEC).

At this point the reader should remember that it was Nixon's financing of the Vietnam war by printing money without generating the wealth to back the paper money that placed America's standard of living on the slippery slope of decline!! It will take serious study to determine to just what degree the price of oil rose, as the price of gold had already done, to adjust to the fact that the value of America's paper money had been recklessly undermined and ultimately devalued by the rest of the world.

In any case, the elite went out of their way to make Americans see the OPEC oil merchants as THE TYRANTS responsible for America's inflation, higher prices, and consequently for her dropping standard of living. For all intents and purposes, the monetary devaluation heist was pulled off flawlessly. Most Americans still don't have the foggiest clue as to what really went on. It would be of benefit to elaborate on the issue.

For many of the American economic elite, the OPEC policies were a source of unforeseen wealth. So much so, that strong lobby groups formed to maintain both OPEC and its policies.

The owners of American oil companies couldn't have been more pleased. The anti-trust legislation that had been previously introduced to prevent the American oil companies from hosing the motoring public at the pumps, was no longer effective. OPEC could now be officially blamed for the exorbitantly high prices. In addition, the value of the oil reserves in America both in storage above and below ground went through the roof. Overnight all the lobbying power of the oil industry was secretly refocused to

maintain the high prices and develop friendly relations with the Arabs.

The banking elite became OPEC lobbyists for several reasons. Firstly the OPEC members who were still developing their oil industries borrowed heavily from the major U.S. banks. Countries like Saudi Arabia who were already quite developed, now had excess capital which found its way into American banks as deposits. These deposits as early as 1977 totaled about 50 billion dollars. The Trilateral banking members quickly grew fat at the OPEC trough. They were able to borrow at reduced rates from the Arabs, and loan the money to Americans among others for substantial profits. The banks of course had a vested interest in maintaining the OPEC deposits. In fact many U.S. banks bought equity in banks already established in the Middle East.

Because corporations also borrowed from this cheap source of money, the number of pro-OPEC lobbyists continued to balloon.

Arab oil money quite literally poured into the States through Houston based Aramco Services Co., which was the American purchasing arm for the Arabs. In addition to billions of dollars of oil industry equipment, Aramco Services supplied billions of dollars of goods and services that were needed to upgrade overnight the standard of living in the oil rich Arab nations. Even though the products ranged from foodstuffs to hospital equipment, the major beneficiaries were again the largest corporations who were the only ones capable of supplying goods and services on such a grand scale.

The feeding frenzy at the OPEC trough also included a whole legion of consultants and lawyers who became beneficiaries and consequently lobbyists for OPEC. Those conscripted for service included such notables as Richard Helms the former Head of the CIA and former Ambassador to Iran; William Rogers, Nixon's former Secretary of State; William Fulbright, the former chairman of the Senate Foreign Relation Committee; and Clark Clifford, former Secretary of Defence, to name but a few.

In short, the 750 % increase in gasoline and home heating oil costs came directly out of the working man's pockets, travelled to the Middle East, and then got redistributed back into a minority of economic elite pockets, many of

whom were members in good standing of the Trilateral Commission.

It is certainly no surprise that there was no end of lobbyists willing to support OPEC policies, and **even the idea of an OIL SHORTAGE** to help justify the continuing high price of oil!

Subsidies to the oil industry have cost the taxpayer plenty. In fact one of their former tax avoidance deceits also cost the government untold amounts of tax revenues. It's worth knowing about, and it went something like this. Because taxes paid to foreign countries could be deducted against any taxes owed in America, oil companies arranged with the Arab oil vendors to falsely designate as "tax", a totally erroneous proportion of the price paid to the Arab producers. Consequently, profits made by some American oil resellers were offset by the amount of the purchase price falsely labelled as taxes. The net result was a tax evasion of the highest order. Needless to say, the oil racket has increasingly concentrated the nation's wealth in the hands of even fewer people.

It is probably worth mentioning as well that in the period before OPEC and the International Energy Agency, anti-trust laws were in place to avoid collusion between oil companies. Anti-trust laws relaxed the public's fears, but what the public didn't know was that even though the companies were prohibited from meeting together to discuss pricing strategies, etc., *almost 2 dozen oil companies retained the same lawyer*. One wonders how many palms got greased to keep that scam quiet.

Despite the horrendous windfall profits enjoyed by oil producers when the price of oil went up, *they still lobby for and receive government (taxpayer) subsidies for oil exploration*.

2) The Military Industrial Lobby

Another excellent example of private industrial interests exerting immense power within the government, while remaining unelected, unaccountable, and hence irresponsible, ...masquerades as the Military Industrial Complex.

The disposal of three trillion dollars for the Strategic Defense Initiative (a euphemism meaning accelerated nuclear escalation), is in the hands of a legion of extremely powerful *part time Pentagon consultants* recruited straight from the private sector. Many previously worked within the Pentagon as government employees, whose loyalties were first and foremost to the nation and its best interests, but who were later lured one way or another to serve private industry. Their knowledge of the Pentagon's procurement methods, combined with having friendships with existing Pentagon procurement employees, makes them an invaluable private sector commodity, and herein lies the conflict.

A consultant doesn't bill himself as *a conflict of interest balancing act*, but he purports to be operating in the nation's interest while successfully balancing with one foot in private industry, one hand reaching ominously into the Pentagon purse, the other hand under the table clutching kickback payoffs, and his eyes riveted to his own bank statement. Armed also with a knowledge of the procurement system's vulnerabilities, the situation is ripe for procuring \$10 washers and \$620 toilet seats.

Corruption and conflict of interest are far from the real issue however. The degree to which private sector self-interests and their lobbying **created** *the three trillion dollar Strategic Defense Initiative, is the issue that deserves the limelight.*

The production and sale of war machinery in peace time has traditionally been one of the chief sources of wealth for many of the Chess Society elite. It is, therefore, not surprising that the present budget allowance for Star Wars is in the neighborhood of 3 trillion dollars.

Let's consider some of the advantages:

- 1) The elite always have a chance of owning the best weapons to maintain or expand the realm of their continued dominance. If "constantly developing better weapons" is a permanent defense strategy, then there will be a constant need for buyers of slightly outdated weapons. This provides a good reason to have mini wars brewing at all times, because one cannot afford to hold on to older technology weapons too long, for fear that no one will want them. It is a self-perpetuating cancer.

- 2) The fortunes spent find their way back into familiar bank accounts as industrial profits, kickbacks, etc.. Because so much money is involved, it has always been, and still continues to be one of the best tools to perpetuate the lopsided distribution of wealth.
- 3) It provides a means of influence and control over foreign nations, as events in the Middle East clearly demonstrate.
- 4) By locating much of its non-military related industries abroad, the elite have ensured that a high percentage of the total work force in America is dependent on jobs in government and military related industries. This automatically serves to numb the population against continued demands for strong defense budgets, and contributes to the subconscious acceptance of hawkish policies.

In addition, threats to job security are an ever present form of subtle economic intimidation keeping employees from exposing corrupt or illegal practices.

The elite have repeated over and over that the technological discoveries made through defense industry research end up benefiting the average citizen. However, despite the fact that 65% of our scientists are involved in war effort technology, the main improvements in living conditions for the bottom 90 percent consist of relatively old technology; motor vehicles, electricity, telephones, TVs, stereos, and dishwashers. Although pocket calculators and computers have ended up in many homes, the public derive little value from the enormous waste of physical, mental and natural resources involved in the shameful production of instruments for destruction, carnage and social devolution.

Discussions in the press concerning the benefits and synergetic effects of spending three trillion dollars on programs beneficial to mankind are conspicuous by their absence. They could be telling about unimaginable social improvements if the money were channeled into health care research; or on educating everyone to his or her capacity; or set to the task of eliminating needless human starvation; or funding the myriad of other worthy causes that would prove beneficial to mankind in general.

Another Golden Age waits quietly inside a Feudal cocoon for a people with a sense of international brotherhood to set it free.

The Two Party Facade

As Congress increasingly becomes a fraternity of lawyers competing for special interest favors for the particular economic elite who support them, **the distinction between Republican and Democrat becomes increasingly irrelevant.** The Trilateral Commission virtually came to power on the coat tails of Jimmy Carter, a Democrat. Four of the five senators used by (pro-elite) Charles Keating of Lincoln Savings and Loan, to lobby on his behalf were also Democrats. {B139} The distinction is becoming progressively academic, and really only seems to matter when all the congressional showmen take part in the electoral farce every few years.

In Western Society, labor-oriented interests (whom the Congressional Democrats are supposedly representing) never truly ever get controlling power over their nation's destiny. Why not? because...

The economic elite exercise an operating control over the economy, the media, the legal profession, the military, the secret services, as well as the majority of congressmen to whom they provide campaign funding, no matter which party is in power.

Of course getting control means more than just winning a Presidential election, because the elite are as capable of using a Democratic president as a pawn for their purposes. The previous discussion of the Trilateral Commission under the topic of *The Covert Takeover of America* should have left no doubt about that. The infiltration by elected and appointed members of the government who swear allegiance to the Trilateral Commission makes it increasingly irrelevant which major party is seen to be in power at any given time.

Elections serve two main purposes. For the Republicans and Democrats alike, it is a time of arranging future rewards for the lower echelon business communities in return for their support. Secondly, they are festive events to cleverly create a happy atmosphere in which to reinforce the illusion that America functions as a democracy.

It is at least theoretically possible for labor oriented interests to "get control" of the government, but important

changes would be required first. **Legislation would have to be introduced to eliminate the campaign support dependency of candidates and to cut the ties between politicians and the media.** *Without doing both of these, the job cannot be accomplished.*

The level to which the elite have succeeded in their control of both politics and the public mind, is attested to by the fact that few people see anything wrong with a political democracy that would elect as President, a Hollywood actor who made a career of memorizing scripts and parroting them back, ...followed by the ex-head of a secret service.

When George Orwell wrote "1984", it was the elite who took the most notes.

As long as big money effectively determines how the country is run, and even who rules the country, democracy will exist in name only. Through their influence over both the elected and appointed politicians, the low profile economic elite quietly dictate new policy and legislation that support their national and international business ventures. The Trilateral Commission provides a clear and excellent example of how such control is exercised. Members of the elite make international deals such as loans and economic co-ventures with the elite of 2nd and 3rd World countries like South Africa, Panama, El Salvador, etc., and then manipulate the people's representatives into adopting foreign policy that supports and protects their interests. The ethical and moral reputation of the American people is compromised when the deals involve the world's dictators and human right's violators.

Increasingly, the tail is *wagging the dog*.

International foreign policy is being shaped in response to lobbying by the multinational corporate body. **Government has taken on the role of acting as an extension of the legal department of the corporate world.** As well as successfully maneuvering it's members directly into powerful positions in the White House, the Trilateral Commission simply includes among its membership anyone whose help it needs.

The Webster's dictionary definition of **Feudalism** stands as a reminder for those who still think objectively:

...3: control by an entrenched minority esp. for its own benefit : social, political, or economic oligarchy.

Let there be no uncertainty about the following:

Attaining a proper democracy will require much work, and maintaining it will require even greater vigilance.

To refer to the existing hoax as *Government of the people, for the people, and by the people*, ...borders on the absurd.

Possible Corrective Actions

1) Install a More Democratic Election Process

In order to prevent the economic elite from controlling the outcome of elections as a result of their financial power and subsequent influence, consider the following election system.

Let's say a country wished to elect a government of 100 elected members.

To eliminate the theatrics and monetary waste involved in current election campaigns, and to prevent any party from requiring or in fact being helped unfairly by contributions from the economic elite, put all parties on an equal footing. First have each party prepare a platform which makes clear its stand on all the key issues of the day, and let the platforms be debated first nationally by relevant party authorities, and then exhaustively in local public forums. A fund of money from taxes would be set aside for televised interparty debates concerning the merits and flaws of each others platform planks. At party election time, have the party's previous contributions to society posted for all to see. Make each political party prepare a written platform that if elected will stand as a matter of record.

Then at each polling booth let the people initially vote for a PARTY (and its platform), ...instead of for a candidate. After a party is chosen by the most per capita votes in the country, the respective number of members of each party are determined by the relative ratio of total votes received. By electing a party by the number of per capita votes, the

abuse of gerrymandering would be eliminated.

Let money from taxes, necessary to elect the 100 candidates, be then divided among the winning parties accordingly, to cover the cost of electing their members. The respective parties would then hold elections to field the appropriate number of candidates nationally. In other words, if one party received ten percent of the country vote, then that party had the right to elect it's ten candidates. Only those who had originally *registered* as voting members of that particular party would then be eligible to vote in the secondary "candidate" elections.

At CANDIDATE election time, have the candidates' previous contributions to the community, be posted for all to see. Make each political candidate prepare a written statement regarding his stand on the key issues of the day. If elected it would stand as a matter of record. Then each party would elect their representatives.

Once in power, the incoming party then has the right, not the obligation to replace ministers holding portfolios.

Ensure that a minister only holds a portfolio for which he has special qualifications and training.

Elected politicians should be considered ineligible unless they have a history of community service as opposed to economic self- service. This should be just as mandatory a condition for the unelected appointees.

Slowly elevate the role of elected official to a position of honor and respect by making the penalties socially devastating for serious abuse of public trust. Influencing peddling, at least 10 years.

Serious abuses of public trust by a President or Attorney General should carry a 10 year minimum sentence, not merely impeachment. Let's get rid of the Divine Right of Kings once and for all.

Strip a convicted elected official of his special pension rights.

And last but not least, it may come as a shock to some Americans, but:

In a real DEMOCRACY, its leader would not be able to veto the wishes of the elected majority.

The scandalous hoax being perpetrated on the American people by a mere handful of their most cunning, and I might add most respected citizens, is of epic proportions. So, before we go any further it would be beneficial to expose the hoax that makes all other hoaxes possible, ...Manipulation Of The Mass Media.

Chapter 3

Manipulation of the Media

Freedom of the press has always passed itself off as one of America's most sacred cows. In reality, it has faithfully served and is still serving as another of the elite's Trojan Horses.

Those who consider America's media to be the freest in the world are perhaps overlooking one important consideration. Virtually all the means of communication from orbiting satellites, to the television networks, to the individual TV stations, to the newspaper chains and the major book publishing houses are owned by the economic elite!

Consolidating Ownership of the Media

The important thing to realize is not just that the elite own virtually all the Western media, but that it is now owned by a *very small handful* of media moguls. The shocking truth is that the ownership of newspapers and TV stations has already been consolidated to such a staggering degree that unmanipulated news coverage has practically ceased to exist.

Only one man and his media holdings need be mentioned to

provide some tip of the iceberg proof to substantiate that perspective. His name is Rupert Murdoch, and he is an American billionaire. His media holdings are registered as The News Corporation Ltd. in Australia "for accounting advantages", but his holdings span four continents.

The areas over which he has the ability to exercise a simultaneous coordinated control include the editorial content and direction of newspapers such as the Boston Herald American, the Chicago Sun Times, and the Sun and the Times of London, to name but a few, and he holds interests in many others including The Financial Times, the Economist, and Reuters, {B140} the European Wire service. He owns 5 magazines in Britain, approximately 20 magazines in the U.S., and more than 100 newspapers in Australia. {B141}

His American based *Metromedia* TV station network alone cost about 2 billion dollars, and he has a *4 channel satellite television network* called Sky Television in Britain. {B142}

Some of his other media holdings include the 20th Century Fox Film Studio (remember that Henry Kissinger and Gerald Ford have been its past directors), the Harper & Row publishing house, the Star, New York magazine, the San Antonio Express, New Woman, Elle, In Fashion, Automobile, European travel & Life, Premiere, etc. etc. Recently Rupert Murdoch agreed to pay 3 billion dollars for 4 publications: TV Guide, Good Food, the Daily Racing Form, and Seventeen.

With wealth of this magnitude involved, it is not difficult to establish first of all that the bottom 90 percent of society are virtually excluded from media ownership. He himself has referred to newspapers as a series of "capital intensive" "local monopolies". {B143}

The Newhouse family of New York, the 5th richest family on the planet, owns Advance Publications and Newhouse Broadcasting outright. Besides being the ninth largest cable TV operator in the U.S., they own 22 daily newspapers, Random House publishing company, and a host of magazines such as the New Yorker, Vogue, Vanity Fair, Glamour, and Parade. {B144}

Billionaire Randolph Hearst and family, own 14 daily newspapers, 6 TV stations, 7 radio stations, and some book publishing companies. {B145} Should we look for a better

reason to explain why his daughter Patty was released into his custody, without punishment, after she had been photographed holding a gun in a bank stick-up, to earn money for a group of anti-government activists. The American media chorus justified her release by claiming that she had been kidnapped and brainwashed, and since brainwashing is their forte, opposition to the argument was conspicuous by its absence.

Kenneth Irving and family of Canada, the world's 8th richest billionaire has virtually monopolized ownership of all English speaking newspapers in his province. *{B146}*The Thompson family of Toronto, Canada (the 10th richest billionaire family) now owns even more newspapers than anyone in the States. In Britain, Robert Maxwell, another billionaire is busy consolidating the media there. *{B147}*

The owner of the largest media conglomerate in the world is Reinhard Mohn, yet another of the world's billionaires. *{B148}*

Each of these media magnates probably echoes the wishes of Rupert Murdoch who has been quoted as saying that his objective is a "global communications company". Each newspaper, magazine, and TV station reaches a specific section of the population; collectively they form a woven grid of influence that few active members of society can elude.

It would perhaps be worth pointing out that for all intents and purposes, media ownership within each of Western society's Feudal empires, Britain, Australia, Canada, America, Germany, etc., has already been consolidated into the control of a small handful of media moguls. Will it be necessary to have these moguls unite under one corporation name before the term "Big Brother" gets seriously discussed? Media owners can, and do, install TV network directors and newspaper and magazine editors whom they are assured will broadcast and print exactly what the elite want the American public to see, hear, and read. Whether they are openly united under one corporate "Big Brother" logo or not, is irrelevant. Covertly they are part of the elite team. Their coordination and control is best exemplified by considering how well they all work together to elect the team's political functionaries into public office.

Using the Media to Rig Elections

The media's role in undermining the function of true democracy, and especially at election time, cannot be overstated. The elite are not satisfied with infiltrating the nation's highest political offices, nor are they satisfied with negating the effects of democracy with special interest lobbying. No, that's not quite enough.

Before the bottom 90% of society are even allowed to approach the polling booth, the elite take the opportunity to subject the entire population to no less than six full months of intense political conditioning in which individuals and policies that pose a threat to their wealth and power, are systematically discredited. *By praising their sympathizers and discrediting and smearing their opponents, the elite have consistently and successfully used the media, to elect enough political candidates to the White House and Congress to ensure success with their future lobbying.*

Needless to say, most of the politicians running for election or reelection are doing so with funds contributed by the elite in one way or another, and of course election support translates into either payoffs for past favors, or for favors due and as yet unpaid.

The Hollywood Connection

The use of the media as a political propaganda tool is old hat, in fact, use of the Hollywood motion picture industry began as far back as 1934 during the campaign to elect a new governor of California. Upton Sinclair, a sincere and dedicated socialist, was running as a Democrat, and had won the Democratic primary with a landslide. By proposing a special tax on the California movie industry, Sinclair put into motion events which transformed elections thereafter into propaganda media events.

To scuttle the movie tax, and therefore to make Upton Sinclair lose the election, studio heads like MGM's Louis Mayer, Irving Thalberg, and Harry Cohn of Columbia conducted the first major motion picture oriented smear campaign. In the process, they set a precedent which would thereafter significantly reduce the fairness and integrity of the democratic process.

To scuttle Upton Sinclair, they first of all threatened to move at least four studios to Florida. Next Mayer distributed blank checks to his employees. All the cheques were made out to himself. Employees were effectively being intimidated to donate money to a slush fund to defeat Sinclair. Columbia's Harry Cohn used other tactics but also threatened his staff using their job security. Warner Brothers studio simply assessed each staff member a \$3 contribution. The half million dollars generated that way was increased to nearly 10 million, an unprecedented amount with which to launch a political campaign for Governor. The money was used to pay for newspaper ads, radio ads, billboard advertising, phony anti-Sinclair smear groups, and a massive leaflet campaign.

All this direct participation by Hollywood was nothing when compared to their most devastating piece of underhanded trickery and deceit that ended up setting the standards for all future election campaigns, ...national or otherwise.

MGM studio, under Irving Thalberg's direction produced a contrived campaign propaganda film that was edited down to 6 minutes and added to Randolph Hearst's Newsreels which normally ran twice per week in all theaters. Louis B. Mayer went so far as to threaten to withhold the feature films if the political trailers were not shown as well. *{B149}*

The film depicted respectably dressed citizens declaring their intent to vote for Sinclair's opponent. Those who spoke well of Sinclair were chosen for their hobo derelict appearance. Of course many of the hobo type characters who appeared in the smear pictures were studio extras(i.e. Hollywood actors and actresses). *{B150}* The carefully edited film left the impression that Sinclair was a champion for rough illiterates who would quickly transform California into a welfare state. The campaign employed psychological tactics to implicitly and explicitly stress that Upton would turn California into a Russian colony. They even stooped to suggest that he might begin dynamiting churches and nationalizing the children.

William Randolph Hearst Sr., father of one of the previously mentioned billionaire owners of consolidated media holdings, used not only his California newspapers to spearhead the attack on Sinclair, but his Movie Newsreels as well to smear Sinclair to defeat.

Those who wish to read about this precedent setting event

in much greater detail can refer to an article entitled, How Hollywood fixed an election, which appeared in the Nov 88 issue of the American Film magazine. Hollywood, thereafter, was considered a vital and indispensable political tool.

Today's Elections

Elections are still won and lost through media manipulations. The impact of carefully designed and contrived backdrops for the carefully scripted "**30 second sound bites**" is well known to media manipulators who employ proven psychological tactics.

In the 1988 Presidential campaign, Bush's Republican party supporters distributed millions of leaflets stating that all the murderers, rapists, drug pushers, and child molesters in Massachusetts would vote for Michael Dukakis, ...still a powerful brainwashing trick in the 80's. The degree to which a society can be effectively controlled using the media cannot be overemphasized. Mr Bush's TV commercials discrediting Mr Dukakis were practically on a par with those that were used to discredit Upton Sinclair back in 1934.

Unfortunately, the public is already so jaded, that the media manipulators don't even try to conceal the fact that what gets shown on TV as casual interviews are in fact, specially staged and scripted performances filmed by "purposely invited TV film crews", to achieve "predetermined reactions" at "precisely the desired time". They are known in the industry by the euphemism "**photo opportunities**".

Although photo opportunities used to be private affairs, nowadays they are pre-arranged and stage-managed so well, that everyone gets invited to record the event for their papers or their TV networks.

Even the rhetoric used by our nation's leaders is not their own. Some of the most important words uttered during these sound bites by both Ronald Reagan and George Bush were written by a **hired speech writer**, Peggy Noonan. What qualifications does she have to write stirring speeches for successive Presidents? Well, it certainly can't be her political convictions, because she used to be a Democrat. But she did work for seven years as a writer and producer for CBS News, and even wrote copy for Dan Rather.

Ms Noonan helped George Bush to see a "thousand points of light", just as she helped Reagan convince the nation that:

"...the freedom fighters of Nicaragua. You know the truth about them. You know who they're fighting and why. They are the moral equal of our Founding Fathers".

Doesn't that kind of bring lumps to your throat?...the variety you would just as soon spit out. {B151}

The reason that the media cooperate so readily and eagerly in this type of trickery can be traced back to the McCarthy era in the 50's. Even then the elite were so aware of the media's potential for influencing public thought, that they took the drastic step of ridding the media of those who might offer serious criticism against either the elite or their policies.

Purging America's Leadership of Critics

In the early 50's, capitalists were in a mild state of paranoia concerning the growing spread of Communism throughout the world. The people of China had just followed in Russia's footsteps and overthrown their emperor. At this point, America realized that the best way to stamp out public discussion of the shortcomings of monarchies and governments run by economic elite minorities, was to purge the country's key positions of socialist thinkers. The purge was spearheaded by a Republican Senator Joseph McCarthy who worked in close cooperation with J. Edgar Hoover, the head of the FBI. Together these two men mounted a fierce campaign that lasted years, and quite successfully instilled in the public a fear and hatred of anything associated with socialist thinking. Nowhere was this carried out more fiercely than for people working in Hollywood's film industry.

During the McCarthy era, anyone working in the industry, whom the FBI suspected of having socialist leanings was branded as a Communist, and banned from employment. Many went underground and continued working under false identities, while others fled the country. As a result of this purge, Hollywood continues to be one of the most useful controlled outlets for propaganda. Because this campaign was carried out so ruthlessly, pro-elite sympathizers were

left to occupy *all the key social positions, and especially with regard to the media.*

Maintaining Team Loyalty and Unity

Today, the most important media members of our society to be kept sympathetic, or on the payroll are: TV Network owners and directors, newspaper owners and editors, film company board members, and advertising industry heads, etc.

Incidentally, before I had become aware of the degree of consolidated ownership of the media, I had always wondered how such tight control over the press is managed, and I was given my first clue when on a flight from Tucson one day, I met a newspaper editor who was on his way to an editor's convention. When he mentioned that he used to work for the CIA, a group renown for its covert scheming, I was left wondering how many more of the nation's editors had acquired at least some of their skills from this College of Infiltrating Activists.

An additional, but vital clue concerning media's link with Capitol Hill and the White House came when I learned that Henry Kissinger and Gerald Ford have served together on the board of directors of 20th Century Fox.

You don't need to be a rocket scientist to recognize this ***inter-relationship of the elite with both the media and Hollywood***, as a telltale hint of the complex ways in which the elite achieve their political and psychological objectives. Hollywood's propaganda potential alone is enormous and has been used extensively. What more obvious connection exists between Hollywood and the White House than Ronald Reagan himself. When Reagan needed support for his Star Wars program, up popped movies like Rambo (with Presidential endorsement, ...no less), Rambo II, and Rambo III. Is there an end in sight? Which leads us to the question as to whether there was any conscious intention for the Star Wars movie to help prepare the public for a military space program by the same name.

Not surprisingly, in the 60's era when police were being publicly criticized and looked down upon because of their heavy handed use of force to suppress demonstrations and anti-Vietnam war protests, TV cop shows and movies, and

"made for TV" movies started springing up like mushrooms to the ludicrous extent that at one point in time there were more than twenty police promotional films, (TV cop shows), running concurrently. Although Hollywood has a large role to play, newspapers and TV play the biggest role.

Today, the media is as interconnected with the elite's political functionaries as ever. Incidentally, Caspar Weinberger, formerly Ronald Reagan's Trilateral Commission Defense Secretary, is now the publisher of Forbes magazine. {B153} And oh yes, Texan Eugene C. Pulliam, founder and owner of a chain of 7 newspapers died in 1975 leaving his grandson Dan Quayle some media power too. {B154}

Ownership of the media has never been more consolidated, and the ability to control public thinking has never been more tightly controlled. Consequently, using the media to get sympathetic politicians elected in the first place, is a snap. Discrediting "liberalism" is a snap. Carrying on alliances with dictators (without suffering any media criticism) is a snap.

Acknowledging the Elite's Teamwork

By far the most important thing to realize is that the elite remain in power because they are highly organized. The elite use campaign financing to buy loyalty from politicians who then work in close cooperation with upper echelon media managers to sell the elite's actions and policies to the public. Together, they determine and control the content of information that flows out through the mass media. In effect, they practically dictate the opinions of those who derive their impressions of America and the world primarily from newspaper and television sources.

For those of you who are still reluctant to think that the so-called "freest media in the world" cooperate with politicians behind the scenes to accomplish just that, let me hand you a bombshell. Think back for a moment to the fact that the Trilateral Commission is virtually operating America. How could this information have slipped the attention of the freest media in the world? (society's watchdog) Very simply. The reason is as shocking as it is revealing.

To help elect Carter, and to be assured of coordinated

cooperation of the media when required, the following media kingpins were also included as

Trilateral Commission Members:

- The Editor in chief of Time Magazine
- The Director of the New York Times
- The Director of the Wall Street Journal
- The Director of the Los Angeles Times
- The Editorial Director of the Chicago Sun Times

But that's not all! TV Network heads were also plugged into the Trilateral Commission.

- The President of the Columbia Broadcasting System (CBS)
- And, the Chase Manhattan Bank board membership, ruled over by David Rockefeller, also interlocked with the American Broadcasting Company (ABC).

The fact that the media kingpins have cooperated to virtually keep the public in the dark regarding the existence of the Trilateral Commission, should stand as an excellent example of the extent to which **the elite and the media function as an integrated team**. Media's role as "society's watchdog" is a carefully cultivated hoax that allows and assists the elite to enforce whatever social policies suit them best. The fact that most voters haven't even heard of this extremely powerful group of international social strategists constitutes one of the most treasonous cover-ups of the century.

The Trilateral Commission could easily serve as a blueprint for a Big Brother organizational structure. Fusion of the nation's economic elite with the nation's media kingpins lies at the heart of elitist power. The benefit of a Big Brother media pyramid, is that the elite can speak into the media system at the top, and virtually the identical message reaches each and every member of society. Let's consider the mechanisms that are used to accomplish this.

Making Sure Everyone Receives the Same Story

Wire Services

Perhaps the worst aspect of the media brainwashing is the degree to which the elite are able to *coordinate and synchronize* the various newspaper and TV networks.

Seeing and hearing the *same* news on different networks and in different newspapers automatically lends an air of authenticity and credibility to the information. Considering the degree to which ownership of the various media outlets has been consolidated into the hands, and ultimately the control, of a very few of the elite, the mass media information we receive deserves absolutely no credibility at all.

With TV, the variety of channels is superficial and misleading as well, because one can swap from channel to channel and from Network to Network only to see the very same film footage of news events, and the same editorial comments being made from information they all picked up from the same Wire Service. This is especially true where government news releases are involved. {B154} Once the government inputs its official colored version of an event or policy into **the Wire Services** (like United Press International, or Reuters), ...within seconds, every newspaper and TV station can be broadcasting the identical story, *whether it's the truth, or misinformation*. And because the Wire Services reach everywhere on the planet, misinforming the whole planet at once is now possible. In overtly totalitarian regimes, information control and censorship is expected and apparent, ...in America it's worse because its hidden. Getting the same message out to everyone has been made even easier by yet another ongoing technique, the number of newspapers has been drastically reduced. In other words, diversity of opinion and real criticism of current policies has been almost totally eliminated.

Focusing Readers' Attention

One Newspaper Per City

Because the dissemination of selected information and ideas, as well as censorship, is greatly facilitated by being brought under centralized control, the consolidation of ownership of the diverse media outlets has been going on relentlessly behind the scenes. With only one point of view to publish, the elite don't require more than one newspaper per city. Since the 20's, the number of cities with at least two daily newspapers has dropped from over 500 to 19!!
{B155}

Even though Los Angeles is one of the largest cities in the world, its citizens can now take their pick from just *one* editorial view of American and foreign events. In Nov 89, with the closure of The Los Angeles Herald Examiner, citizens of L.A. joined the majority of Americans who derive their knowledge of the world mainly from **one newspaper's point of view, and from TV**, where information is fragmented into 30 second sound bites, or equally superficial photo opportunities.

To better understand how the smaller newspapers have been squeezed out and eliminated, readers can read the article "Do you sincerely want to publish?" in Forbes Sep 18 1989 issue on page 68.

Logically, the process of consolidation should have been the focus of utmost concern for a society that considers it possesses a free press. It should therefore be noted that the media virtually never editorializes about this ongoing process, ...or on the dangers to freedom of speech that accompany consolidated ownership of the media.

In a country that boasts of having the freest press in the world, it should be sadly acknowledged that nowadays the only way the public get a chance to purposely voice their opinions through the media is by writing a letter to the editor. From personal experience I can attest to the fact that not only can such a letter be ignored completely, it can be partially quoted, or quoted out of context.

Freedom of the press is limited to those who own one.

A.J. LIEBLING

In contrast, the editors or more specifically the owners of the editors (Rupert Murdoch, and people like him) can easily coordinate the same political coloration of information ***simultaneously** through each of the media entities under their control, and raise **any topic of their choice** through the editorials daily, ...**repeating** specific topics **as often, or as seldom** as they wish.* This of course brings up one other aspect of coordinated news coverage that lends itself to consolidated ownership, ..."**precision timing**" in the *simultaneous release, or delayed release* of carefully prepared news items.

In America, the President reigns for 4 years, and journalism governs for ever and ever.

OSCAR WILDE

Focusing Viewers' Attention (TV and Movies)

Viewer Guides

As far as TV programming goes, you might be tempted to point out that a viewer has dozens of channels to choose from. In this regard, two factors need discussing, uniformity of news and related news comments, and the ratings game.

Not only can the network owners influence or determine the choice of programming to be shown on their networks, Rupert Murdoch went even one step further by buying up TV Guide. Now he is in a position to not only determine **what** will be shown on his own Fox network, but he also possesses the means to steer the viewer toward his network's programs by rating his own programs slightly better than those of his competitors, if and when he wishes.

Brandon Tartikoff, the programming head of NBC was quoted in the August 22 1988 issue of Newsweek as

saying "If we sense a loss of objectivity in the editorial pages of TV Guide, we will take a shift in print buying. We can advertise our shows without TV Guide." He was voicing his fears about how the new owner, Rupert Murdoch, who owns the Fox Network might use TV Guide to influence the TV audiences to watch more Fox Network programs and consequently less of the programs from other networks. (such as NBC) {B156} More importantly, ***the ratings (1,2 or 3 stars), or even the descriptions of the programming can be written up (or omitted)***. Viewers are more tempted to watch programs that have been described with favorable descriptions, or rated with 3 stars or more, than programs that have been given no description at all.

Documentary programs critical of the elite or their policies are broadcast occasionally to maintain the illusion of freedom of speech, but are usually given little if any description in a TV Guide so that viewers who wish to view such material can very easily miss viewing them.

When required, the TV viewer guides in newspapers can in fact be coordinated with the write-ups in the TV Guide to maximize the number of viewers for specially prepared propaganda programming.

The content of TV shows is a case in point. Many live talk shows and situation comedies deal with current controversial topics. Therefore the opinions voiced, as well as the opinions that are not voiced, are extremely significant. Not only is the media purposely used to actively shape public opinion, it is equally effective in controlling public criticism of current events. Network news coverage, with its carefully chosen verbal and video content plays a major role in the formation of public opinion. If newscasters were all as concerned about the future and integrity of the country as Bill Moyers or Fred Friendly, we would have little to fear, but such is not the case.

In a similar way, movie reviews in both newspaper and in TV commercials can be used for example to encourage moviegoers to watch a particular show such as "Mississippi Burning", which not only depicts black FBI men in an era in which black FBI men did not exist, but FBI men risking their lives fighting for civil rights issues on behalf of the blacks. It would be

easy for members of the younger generation to emerge from that movie thinking that FBI men were champions of the civil rights movement at that time. In reality, it would have been fairer to compare them with the type of Sheriff depicted in the movie "Easy Rider". This particular example was not brought up to point out whether or not the inaccuracy was intentional, but to illustrate just how easily new generations in particular can be influenced by Hollywood or TV shows into forming erroneous impressions of previous eras.

Now that we have seen how well the media is organized to influence both the nation's newspaper readers and its TV viewers, let's consider what the elite can achieve through media manipulation. *{B156}*

The Role of the Media

In Chapter 1, we saw that the elite actually exist, despite their purposely low profiles. In Chapter 2, we saw how the elite easily conscript politicians to carry out their wishes. In Chapter 3 so far, we have seen how the elite have conscripted the media ...by buying it up, purging it of critics, consolidating ownership, and placing trusted pro-elite individuals in key positions. In reality, politicians work in close cooperation with the nation's top media managers to sell the elite's actions and policies to the public. Generally speaking, the two groups work together to carry out the following simple tasks.

- 1) Convince the public that America has the best social system possible.(i.e. in reality that Feudalism is the best possible system)
- 2) Prepare the public for the elite's upcoming actions or policies.
- 3) Defend and justify the elite's actions and policies.
- 4) Discredit those who criticize the elite's actions or policies.
- 5) At election time, use any means available to help elect the elite's political candidates.

To accomplish the above tasks, the media team uses every psychological trick they think they can get away with. And it is these tricks and techniques that we will now consider.

Using Recurring, Mind-programming Concepts

Of all the psychological techniques used, the most seductive but the least obvious, is that of giving **repeated media exposure to concepts that subconsciously program the public to be pro-elite.** The average American still clutches onto flawed concepts of America that are being relentlessly dished out by the media to leave the public in a state of mind that allows the elite to continue their exploitation of national and international resources unhindered.

The owners of the media have been working on conditioning our minds for quite some while, and I remember how slowly my own mind responded to the deep significance of the wealth distribution statistics. We are all handicapped by the fact that it is almost impossible to reverse years of brainwashing overnight.

Nevertheless, being aware of the techniques is the first step to being free of their effects. Some quite erroneous themes have been reinforced over and over, to the point that most Americans have been totally seduced by the underlying message.

Let's take a look at the first example.

1) Anyone Can Get Rich, or Become President

If asked why they thought America was a land of opportunity, many would reply that in America "anyone can be President, and anyone can work hard and get rich".

The fact that only one of the 250 million Americans can be president at any one time seems to get overlooked in the process. To say that "practically no one in America can be President" would in fact describe reality more accurately.

Let me ask the original question again. This time we will replace fantasy with reality.

Why do you think America is the land of opportunity?

Answer: Because only those candidates whom the elite wish to back with campaign financing and media support end up in the White House, and because the richest 1%, as well as the next richest 9%, both separately own more assets than the combined assets of the bottom 90%.

Hopefully, this example exposes once again the need to come to grips with reality and shake off some of the traditional but erroneous ways of thinking about America.

To help the bottom 90% accept their subsistence realities while waiting for the *pie in the sky* to materialize, the elite employ a couple of concepts to establish an air of normality to the existing wealth distribution inequities. The first concerns the unwarranted attention paid by the media to the British Royalty.

2) Royalty Kept in Spotlight (to Normalize Inequality)

Isn't it a bit peculiar for a nation which supposedly doesn't want a King or Queen, to have its newspapers and magazines print news articles every time Prince Charles sneezes or Princess "Di" buys a new dress? Of course it is, but the media has **always** given unwarranted coverage to the British Royalty, therefore doing so does not appear peculiar at all. However, by doing so, Americans are constantly reminded that some fellow human beings are "Royalty".

*The constant attention given to Royalty by the American media is really only a clever mask to conceal a subtle conditioning: **to normalize the existence of class and economic distinctions and inequalities.***

The term "Royalty" is loaded with connotations of superiority, both economic and social. The fact that in

1990 people would still curtsy and bow to fellow human beings who have successfully dragged Feudalism into the 21st century bears witness to the power of this technique. What a pompous affront to mankind, but a cunningly useful mind conditioning tactic that the economic elite gladly keep dangling regularly in our media. It is obvious that many, especially in Britain, have been successfully conditioned to accept the normality of a caste system based on inherited wealth and power. Force feeding the public (through books, newspapers, TV, and magazines) with a steady diet of news items related to "Royalty", ranks high on the elite's list of indispensable mind-conditioning tricks. To cement the "more equal than others" concept in the nation's psyche, another equally powerful and totally disarming theme has been etched into the nation's thinking.

3) Any Degree of Economic Inequality is Acceptable

Is there anything in our present system to prevent the same degree of wealth distribution inequities that occurred under early Feudalism, from occurring again under Capitalism?

The answer is ...NO!!

As it stands today, we have been socially conditioned to accept ANY degree of economic inequity as an unquestionable condition of capitalism!

The preceding statements are extremely significant. Your freedoms depend on your ability to appreciate the folly of continuing to accept that condition.

The standard of health and education benefits available to an individual is increasingly determined by one's economic wealth. For an ever growing percentage of the nation, dental services, like legal services and many aspects of medical care, are ceasing to be luxury expenses. They are now downright unaffordable!

*What loss of social services, or level of wealth distribution imbalance are you prepared to accept or overlook? At what point would **you** agree that something is definitely wrong with the system?*

...when the richest 1% own more equity than 93% of us equals?

...or perhaps when they own more than the bottom 95% ?

Quite seriously, ...what percentage would it take? The elite are at 90% now, ...and still climbing.

4) Patriotism (i.e., Automatic Loyalty to the Status Quo)

Generally speaking, the elite's candidates avoid taking definitive stands on the vital issues of the day. Instead of actually committing the party to specific action, they prefer to employ a range of psychological tricks to deflect attention away from vital issues and onto selected red herring non-issues.

At every opportunity, they try to be photographed amid a sea of waving flags, while they spout hollow patriotic rhetoric which is preceded and followed by bands playing the national anthem. It would be an hilarious spectacle if the brainwashing did not have such serious consequences. In fact George Bush went so far as to stage one of his election rally "photo opportunities" in a flag factory (...of course it was televised!). {B157} By bonding himself with the theme of patriotism, and physically surrounding himself constantly with flags and items which conjure up ideas of loyalty to country, George Bush and countless others before him built a subconscious equation in the public's mind.

Reject George Bush, ...and you reject the flag, the nation, military servicemen, veterans in wheelchairs, policemen, and every other patriotic symbol that the media were called in to photograph him with.

Anyone who objected to George Bush's plan of making the recital of patriotic verse mandatory for school children was immediately tarred with the "unpatriotic" brush. The elite have always used patriotism as a vehicle to slyly demand automatic loyalty to the status

quo.

This means automatic loyalty to an economic class system where the richest 1 percent own more than 90 percent of the country's working serfs, ...and where the majority (over 50 percent) of the population most likely own less than 5 percent of the national wealth. George Bush would also like you "to be forced" to swear allegiance to that system. It's not difficult to figure why; the rich folks definitely don't want Feudalism to stop. Don't you think you ought to salute the flag or recite the pledge of allegiance **because you want to**, and not because of a dictatorial imperative. Swearing allegiance to Feudalism is somewhat akin to making reservations for your place on a chain gang. Patriotism is only one of several themes that is used year-round to condition the nation's psyche into accepting *pie in the sky* concepts of collective well-being that a social system based on gross economic and social inequalities will never achieve.

For years at a stretch, voters can be treated like governmental doormats. Then for six months prior to an election, the doormats are rolled up, bound together, and elevated to form a flagpole from which is hung the largest flag available. Then like clockwork, in a show of post-election gratitude, the doormats are again taken to the cleaners.

The recurring themes just mentioned are no doubt very familiar to all readers. There are others. With regard to the tactics used every day, normally one does not have to search hard for evidence of media manipulations because the evidence is presented every single day on TV and in newspaper news coverage. The evidence could fill whole libraries.

Media Manipulation Techniques

Let's now review some of the most used media manipulation techniques. But to make the topic as interesting as possible, we will consider how the techniques have been used to color the reporting of American foreign policy. However, in order to see behind the foreign policy smoke screen, a few initial

perspectives may help.

Perspectives for Interpreting Foreign Policy

Firstly, the elite's foreign policy actions become more transparent when one recognizes that practically all foreign policy is designed to assist the elite in modern day colonialist exploitation, which can be categorized into five basic tasks.

- 1. Protecting their existing foreign investments (e.g., Kuwait, Panama, etc.)
- 2. Setting up new exploitation opportunities (e.g., Mexico, former Soviet Union countries, etc.)
- 3. Giving support to another colonialist ally (e.g., England with the Falklands, France with Vietnam, etc.)
- 4. Trying to prevent the total loss of a country's exploitation potential by preventing the country from adopting either a socialist or communist system of government (e.g., Guatemala, Chile, El Salvador, etc.)
- 5. Attempting to destabilize and overthrow anti-American or existing left-wing governments to install puppets who will reestablish exploitation opportunities (e.g., Iraq, Nicaragua, Cuba, Angola, etc.)

Because it is becoming more difficult to exploit either the land or the human resources in America due to increasing pressure from concerned citizens, corporate America invokes chess-like strategies to make the human and natural resources of Second and Third World nations available for their use.

For example, countries such as South Korea, which have a Communist counterpart, have had billions of dollars pumped into their economies, in an effort to produce Capitalist showcases to serve as ideological bait for enticing less developed nations to form relationships with the Western elite.

Successfully wooing foreign countries for this purpose is akin to sending out marriage proposals. Seeing as the American Dream has turned out to be an illusion, fewer and fewer countries are falling in love with

capitalism nowadays, a sign of the times, and many more marriages of convenience are being arranged.

For a personal share of the profits, selfish and greedy dictators have traditionally shown an eagerness to allow Western capitalists to take advantage of their country's unorganized human resources, and to exploit their natural resources, with scant concern for ecological or long term repercussions.

The World Bank is often called in on these joyous occasions to supply the engagement presents, usually some grants, or low interest loans. Mention is often made at this time, of the lavish wedding presents to follow, which normally include at least one air force base and/or a naval installation. This is a particularly attractive scenario for dictators who use the American backing to maintain their anti-democratic dictatorial controls.

Occasionally however, a foreign country which possesses a resource, strategic geographical position, a cheap unorganized labor pool, or some other such advantage *does not wish* to do business with the Western elite. Perhaps they feel capitalism would not provide the optimum in long term development for their country, or they think they can get a better deal elsewhere. In such cases, the Western elite may secretly offer a lucrative proposal of support to other powerful elements within the country. Almost always, a willing partner can be found who is eager to take a shot at being the country's new dictator in exchange for the necessary military support to stay in power long enough to personally benefit from the co-venture.

The planning required for the more serious International social functions is handled by the National Security Advisor, or by such little known, but immensely powerful organizations as the Trilateral Commission, and various other right-wing think tanks like the John Birch Society and the Brookings Institution in Washington.

The catering for many of the functions is normally handed over to the CIA, the operational arm of these various think tanks, which then has the means at its disposal to covertly organize and fund whatever paramilitary groups or individual operatives (like

Oliver North), that may be required to carry off the function. The inherent covert nature of the CIA makes it a formidable tool in the hands of the elite who wish to carry out strategies that would not stand up well to public or legal scrutiny. Some of the events especially the marriages of convenience previously mentioned can turn out to be rather socially unpleasant events, because proceeding with the relationship usually involves snubbing the country's current leaders. And that invariably leads to bad blood between the rival forces.

Enough of perspectives.

Let's now review some of the techniques used to report actual past foreign policy adventures in order to appreciate the media's invaluable role in making ***cover-up excuses*** to sell the elite's unethical and immoral conduct.

Restricting News Coverage to the Elite's Version

First of all, diversity of news coverage perspective is killed simply by reducing the number of newspapers per city, ...mostly to one. With TV, the variety of channels is superficial and misleading when it comes to news coverage, and especially when *Official Government News Releases* are involved.

Officially prepared government accounts of events are normally characterized by a government spokesperson usually standing behind a podium with a round seal of the United States mounted on it, and a flag or two serving as a backdrop framing the speaker. Seated in front of the spokesperson, there is normally a room full of reporters who ought to be "on the spot", covering the story in person. Where military actions are involved, a general or two usually accompany the speaker complete with their charts, diagrams, and a specially prepared 30 second video clip. We've all seen it. They do it all the time. Absent is the "on the spot film footage" taken by freelance photographers, as there invariably is if the action were taking place 5000 miles away in some remote corner of China, or Russia.

The coverage of the Panama invasion was a classic example.

For nearly three days, Americans were shown the same two snippets of government supplied film footage. The American news crews had been flown into Panama by the Pentagon, but had been virtually held captive on one of the American bases and fed with **government approved news releases, at government arranged news conferences. In reality, for the first two days at least, there was a "news blackout" coverage of the Panama invasion!!** The elite refused to allow the American media to report that whole blocks of the city had been bombed flat, and that Panamanians had been rounded up and held in what amounted to concentration camps to prevent them from defending their own country against the invasion forces. We saw more of the Tiananmen Square action than we ever did of the Panama invasion, and Panama is only an hour away!!

At will, the government can, and periodically does, impose a moratorium on "freedom of the press" at times when freedom of the media is most required. This degree of censorship has the undeniable stamp of a feudal oligarchy!

Did the press complain? Hardly! They're an integral part of the cover-up. Protests by the media were conspicuous by their absence! In any case, protests jeopardize jobs and therefore family security. Restricted coverage is done primarily to control the first impressions.

Controlling the "First Impressions"

Most people form long lasting, if not permanent appraisals of strangers based on their "first impressions" The same thing happens with news stories, and this is the secret behind "photo opportunities" and "30 second sound bites". The technique becomes especially valuable where information is restricted to official news releases, as was done with Panama. In order to maximize the effects of restricted news coverage, another equally important tactic is used, ...the opinion polls.

Reinforcing Public Approval Using "Opinion Polls"

When the media team has to relate news that is potentially embarrassing to the elite or their government functionaries, the media team uses the power punch which consists of giving information exclusively through one or more carefully prepared official news releases, followed by newspaper and TV station editorials, thereafter followed immediately by opinion poll surveys.

In addition to the "official pollsters (like the Harris or Gallup polls) taking their surveys, both TV and radio stations ask their viewers and listeners to call in **right after** their brainwashing sessions to register their reactions to the news story.

Supportive reactions are **fed back to viewers and listeners almost immediately**. The ease with which these polls can be rigged may not be obvious. For example, if only three callers phoned in, two supportive and one in disagreement, the station could announce that the poll showed that twice as many viewers supported the President, the policy, etc., as opposed it.

Not only that, in order to maximize the effects of gerrymandering, the elite have spent great sums of money canvassing the country from door to door to learn how particular households vote. In other words, it would be relatively easy to call specific households and obtain consistently predictable responses for opinion polls. This type of information would also provide invaluable assistance in selecting jurors as well.

In America, opinion poll results help to persuade people who have not yet made up their minds. A good percentage enjoy the security of agreeing with the majority. Thought-conditioning using opinion polls works, perhaps a little too well.

In any event, the secret of success of this technique is

to solicit public reactions **immediately after** serving up either *misinformation*, or a specially sanitized or colored version of the event *specially written to evoke feelings of patriotism and loyalty to country*. In this way, the elite can get public support for practically any action or policy they care to carry out.

The technique was used very effectively with respect to Panama, to gain widespread public support and approval for what amounted to not only **an invasion of another country's sovereign territory**, but more importantly, for **an aerial assassination attempt** to kill the head of a foreign country.

The fact that America installed a puppet government to ensure its continued control over the Panama Canal, was a topic of discussion conspicuous by its absence. The fact that the treaty (allowing American troops to occupy Panama) was in a few short years going to expire, didn't get mentioned much by the press corps either.

With regard to the Panama invasion, and other events like it, Jeff Cohen, executive director of Fairness and Accuracy in Reporting (a New York-based media watch group), summed up the role played by the media like this.

"What the American media does, is ...use jingoistic and chauvinistic methods of explaining the world and then they poll the audience to come back with jingoistic and chauvinistic opinions that get recycled in an endless loop of flag-waving."

Another memorable instance of this technique being used occurred after the U.S. navy had blasted an Iranian passenger jetliner out of the sky with 290 passengers aboard.

News of the event was channeled through official White House and Pentagon news briefings which were repeated over and over, and which drove home to Americans that it was Iran's errors and negligence that were to blame. The two main justifications given for the missile attack were the following:

- 1) The aircraft was outside the commercial jet

flight corridor.

- 2) The plane was at about 7,000 ft. and descending on an intercept path with the battleship Vincennes.

Then for the next three days, the public was subjected to countless opinion polls, the results of which overwhelmingly exonerated the U.S. navy of any guilt.

The public's opinions were already chiseled in stone when the U.S. changed its story and admitted that the aircraft carrier Vincennes had voluntarily placed itself under an Internationally acknowledged commercial flight corridor. Moreover, the White House eventually admitted that the jet had in fact taken off on schedule, and when shot down, was flying in the International flight corridor at about 12,000 feet, and was either climbing or on level flight.

**By that time, the truth held no significance
... the misinformation and opinion polls
had already left their indelible
impressions!!**

All but the naive should recognize that the American public had been purposely, and once again quite successfully, fed lies so that the American elite could indulge in additional psychological warfare and revenge. It should be easy to recall in retrospect at least, that prior to the attack, the American people had already been whipped up by anti-Iranian films depicting the Iranian people as mindless shouting fanatics. Of course the Ayatollah had been depicted even more so.

The media incidentally never voiced any concern that it had served as a tool to dispense factual inaccuracies to the public, nor did it attempt to hold anyone accountable for the lies, ...that time, or any of the other countless times it has done so.

By eventually exposing the truth, however quietly (i.e. buried in a small item on page 38 with an uninteresting byline, or at the tail end of the classified section), the whole media information team could, for posterity, point nevertheless to where the truth had actually been printed. Unfortunately they make use of misinformation regularly.

Even now, it is alleged that some of the film footage for the 1987 CBS documentary "The Battle for Afghanistan" had been staged. In a similar way, it now appears that a film shown by ABC News of July 21, 1989 which shows a briefcase being handed by an American diplomat to a Soviet agent in Paris (the action intimating that the diplomat was a spy), was a "simulation", shot by ABC in Vienna. {B159}

The only reason the truth emerges in some cases, is that witnesses from foreign countries print the real truth in their own newspapers, and then it becomes impossible to keep the truth suppressed.

In any case, the next technique to consider involves word trickery.

Selling Bad Products using "Word Trickery"

A good example of this deceitful technique was used in the Panama invasion as well, by referring to the "aerial assassination attempt" as "Operation Just Cause".

When American soldiers are faced with a "target-rich environment", it probably means they got to fire into a crowd. But the word "rich" has an automatic subconscious appeal.

The term "surgical strike" gets used because the term "surgical" brings with it a positive association with doctors and saving lives. Missiles have been called "Peacekeepers". Obvious connotation. And of course to justify giving financial and military support to a group of ruthless mercenary killers (usually the unemployed military henchmen of deposed dictators), they are euphemistically referred to as "Freedom Fighters".

Ever since the population of Nicaragua overthrew their American backed oppressive dictator Anastasio Somoza in 1979, they have been prevented from building their nation by having to divert most of their nation's energy to fighting the Contras, who can only survive from external American funding because they

do not have the popular support of the people. Consequently, the Contras have to physically locate themselves outside of Nicaragua in the neighboring country of Honduras, which has been coerced by the American elite into providing a sanctuary. The Contras were from the start CIA funded mercenaries whose numbers rise and fall not as a result of political convictions, but strictly as a result of the availability of American money. Through American Presidential and congressional support, the former members of Somoza's death squads are allowed to continue on with their work, even after it had been publicly exposed that the Contras used the drug trade as a source of additional income.

This "Freedom Fighter" scenario, which involves public and covert assistance from the CIA, congressionally endorsed political and economic support, and a media whitewashing campaign, ...is played out with regularity whenever dictators are toppled.

As a result of continually having to spend the same amount of money to defend themselves as America gives the Contras, second world countries like Nicaragua are kept economically and socially crippled by this type of contrived prolonged war. They are prevented indefinitely from getting on with the task of rebuilding war ravaged economies.

The Western media naturally keeps reporting that the new system is not working; that the people were better off under the former dictator; and that they are becoming demoralized and impatient with the new leaders. Some of this might be true, but it is precisely what the relentless American intervention is supposed to achieve.

News Omissions

As debilitating as the previously described Contra-style guerrilla war is for a 2nd world nation, it is certainly better than the fate suffered by such countries as Cambodia and Vietnam which were almost bombed off the face of the earth. As a direct result of the "keep them dumb or misinformed" tactics

employed by media manipulators, the severity of **the U.S. destruction of Cambodia went almost unreported**, and should stand as another poignant example of news censorship. Few North Americans would be aware that the death toll in Cambodia was as high or higher than in Vietnam.

Incidentally, due to the horrendous quantity of AGENT ORANGE defoliant used in these countries, it will take several generations before vegetation growth returns to normal, and even longer before the number of shameful birth defects subsides.

It will be many more decades before the last child's legs or arms are blown off by the countless anti-personnel mines left by a military force who simply got back in their planes and left their brutal legacy of destruction behind. According to a recent documentary, these buried anti-personnel mines still claim about **1 victim per week**, ...ten years after the war supposedly ended!! *{B160}* Are their lives any less valuable than American hostages?

Or has the value of the lives of the American hostages been purposely inflated by the press for psychological reasons to justify the continuation of atrocious Middle Eastern foreign policy. *It should be perfectly obvious that the hostages have much greater value to America as captives than if they were free.* Even if they were not valuable in the propaganda war, the lives of the hostages are not as valuable to America as retaining the billions of dollars removed from Iran with the Shah. That's the bottom line. And that leads us to another favorite technique.

Playing Down the Importance of Facts

We should remember that the American government and media branded as terrorists those Iranians who are holding the American hostages. But few Americans either know or remember that the hostages were taken in desperation, as a bargaining tool to get back the billions of dollars that the U.S. helped the Shah to "REMOVE" from Iran when he was thrown out by his own countrymen. Moreover, it should be well

remembered that the Shah only came to power in the first place due to the covert activities of the CIA chief Allen Dulles, and his brother John Foster Dulles who was Secretary of State. The CIA covertly funded terrorist street gangs in Iran to carry out operations that purposely led to the overthrow in 1953 of the then ruling premier of Iran, Dr. Mussadegh, who was not pro-American.

What few people readily acknowledge is that America regularly assists departing dictators to literally clean out the foreign country's bank vaults of money and gold.

The news media usually leaks out information like this as quietly as possible, and once it has leaked it once, it may definitely not get mentioned again. Yes, the truth may have been mentioned quietly, but the lack of appropriate emphasis regarding the severity of the consequences to the economy of the country concerned is obviously ***playing down the relative importance of the facts.***

The effects of stealing billions of dollars from the economy of a Second World country is about as serious as bombing the industries in each major city of that country. This type of atrocity is worse than any colonial exploitation with perhaps the exception of the Spanish looting of South and Central America.

American complicity in cleaning out other countries' vaults has occurred on plenty of occasions and must be recognized as an integral aspect of American foreign policy!!

The *wealth removals* that occurred when General Ky left South Vietnam, when Baby Doc left Haiti, and when Ferdinand Marcos left the Philippines, ...are just a few more of the recent examples. America also helped Chiang Kai-shek to "remove" much of China's art treasures and to clean out the China's Central Bank Reserves when the Communists came to power in 1949.

Unfortunately, robbing foreign countrys' treasuries is just another of the many tactics the American elite uses to hobble the economies of governments newly formed by grass roots citizens who have banded

together to depose their dictators.

Possible Corrective Actions

The bottom 90 percent must first of all concentrate their lobbying efforts to get rid of consolidated ownership and control of the media, ...especially of TV and newspapers.

- 1) Legislation must be enacted to ensure that *moneyed interests* do not control the content or dissemination of information. Their ownership of the communications media involves a "**conflict of interest**" of the highest order. No other reform compares in any way with the importance of this prerequisite.

Increasingly, the quality and content of programming chosen by the profit-oriented media owners has been so poor that it drove desperate citizens to privately fund their own network (the Public Broadcasting System). Unfortunately, the high cost of running stations has driven certain PBS stations to seek a portion of the needed funding support from basically the same sources that have corrupted the integrity of our elected politicians(i.e. large corporations). Regrettably, the programming occasionally and increasingly bears the stamp of the elite's influence.

As long as the elite hold a virtual monopolistic control over the media, only short-term, illusive control can be obtained. As long as it is legal for individuals like Rupert Murdoch to single-handedly own as many newspapers, magazines, TV stations, radio stations, and satellite communications networks as they wish, the economic elite will continue to use their influence to support and elect those who show willingness to vote for policy that maintains the status quo.

Begin by restricting any single person, family, or corporation from owning more than one media entity, ...in other words only one newspaper, or one TV station, or one radio station, coordinated

and synchronized manipulation would become all that more difficult, if not impossible. Not only should the sources of news information be stated, harsh penalties should be introduced to act as disincentives for spreading misinformation. Individuals should be jailed for knowingly spreading misinformation.

THE PERMANENCE OF ALL OTHER REFORMS HINGES ON THE DEGREE TO WHICH FREEDOM AND INTEGRITY OF THE MEDIA IS ACHIEVED.

- 2) Periodically, individual investigative reporters such as Neil Sheehan (The Pentagon Papers), or Bob Woodward and Carl Bernstein (Watergate), achieve the recognition they so justly deserve for the critical social role they play. However, this is unfortunately the exception rather than the rule.

To encourage, and promote the efforts of investigative reporters, and to counteract the effects of consolidated ownership of the media, namely editorial control over the content and coloration of media information, I advocate the creation of an organization devoted to the promotion of media integrity.

The organization could also monitor the objectivity of the media, and perhaps give out non-monetary recognition awards to individual newspapers, or current affairs TV shows like 60 Minutes, which show obvious integrity with regard to acting as social watchdogs.

Another of its functions would be to hand out grants each year as rewards to investigative journalists, freelance or otherwise, who had contributed to the exposure of social corruption or injustice.

With damage suits for single car accidents exceeding one million dollars, an annual operating budget of from two to five million dollars would seem a very small price to pay for *social integrity insurance* for an entire nation.

- 3) Corporations, governments, and the media

have all cooperated to do everything in their power to discourage whistle blowers. A careful review of former case histories will attest to the lengths to which the elite are willing to go to keep employees from exposing the unethical or corrupt activities of society's kingpins. Media censorship continues in part because individuals who have made their careers in the media cannot afford to jeopardize their family's security, or their own career development to speak out against those that employ them.

For the most part, ***reporters are told what stories to cover and usually even how to cover them.*** The stories are biased before the reporter even leaves his desk. In any event, editors have plenty of opportunities to influence the emphasis or coloration of a news item before it hits the news anchorperson's desk.

Democracy becomes a government of bullies tempered by editors.

RALPH WALDO EMERSON

As long as the American public see nothing unusual with ex-(national security advisers) and ex-Presidents exercising their power and influence within Hollywood movie studio boardrooms, and ex-(CIA agents) operating as newspaper editors, American Feudalism and Neocolonialism will certainly flourish.

Big Brother is operating quite satisfactorily, thank you.

Chapter 4

The Hoax of Equality Before The Law

Putting the Legal Society in Perspective

Since Feudal days, those who dominated society remained in power by surrounding themselves with individuals or groups of allies who could provide them with a defense against either physical or legal challenges. In the name of law and order, police and armies have traditionally worked in conjunction with the legal community to enforce the existing laws of the land.

A Relationship of Symbiotic Collusion

While there is certainly nothing wrong with social mechanisms that maintain law and order, the flaw in the system is that the economic elite have used their influence to fine tune the laws, and especially the laws regarding taxation, to effectively maintain a status quo, which allows a minority to economically and politically dominate and manipulate the majority. So while the law society today can claim, as did their counterparts in Feudal courts, to be impartially enforcing the laws of the land, it must be recognized that **the legal community is an integral part of the reason why an economic elite continues to dominate society into the 21st century.** From Feudal times onward, the law society has carried on a relationship with the ruling class that can best be described as a state of *symbiotic collusion*.

Maintaining Authority Through Traditional Trickery

The reason that members of the legal fraternity have always been treated and rewarded so well is that unlike dictators who use brute force to retain their dominance, the legal fraternity have been able to achieve the same thing for their masters without force and generally with a facade of respectability. Amazingly, many of the psychological techniques used in Feudal Courts (to intimidate those

brought before the courts) are still used today. **Costumes** complete with flowing robes, wigs, and **mandatory submissive gestures** such as requiring all persons in the court to rise to their feet when the judge enters or leaves the room, still play an integral part of the stage-like theatrics of Western justice.

Although not the most obvious, but certainly one of the most effective ploys handed down through the centuries is the use of an unnecessary **specialized legal language** that ensures that any one who is brought before the courts is more or less compelled to not only employ, but put himself or herself at the mercy of a member of the predominantly pro-elite legal fraternity.

Because previous monarchs saw the wisdom of making the legal system at least **appear to be independent** from the power of the ruling elite, the legal fraternity has been able to carry out their mandate basically unchallenged. Those who attempt to challenge the authority or wisdom of the Courts can be immediately silenced, and when necessary, jailed for "Contempt of Court". Of course this weapon is brought out, when required, and serves effectively to enforce the "Divine Right of The Elite".

Because the legal society has, since Feudal times, been carrying on a public relations show to justify and sell their role in society, let's take a moment to blow aside the smoke screen and see the legal system in a more realistic light. In that regard, a couple of perspectives may be helpful.

Law Practices Are Profit-oriented Businesses

Like any and every other business, their **first priority is to make profits**. What the public must come to grips with is that law practices have balance sheets, and profit and loss statements like every other business. Their relationship to "justice" is at best incidental. Besides, crooks pay well. If anything, they tend to pay extra well. Crooks and criminals have no difficulty whatsoever hiring lawyers from prestigious law firms who are well connected with the upper echelons of the judiciary.

Whether lawyers are defending the criminal or the victim,

they are out to win. **Justice becomes irrelevant.**

Losing a case detracts from a lawyer's record of successes. And to their peers, employers, and clients, it can reflect a lack of expertise. Making sure the good guy wins, and justice prevails, has got nothing to do with making a law practice turn a profit. It is precisely because they have little allegiance to "justice", that makes them ideal candidates to represent the elite in politics.

The Legal Society Does Not "Dispense Justice"

The public has been incessantly brainwashed into associating "justice" with the practice of law. In reality, the two are only vaguely related. Judges and lawyers in one state can cause a criminal to be executed. In another, they are prohibited from doing so. In both cases they have interpreted and enforced the law.

Contrary to the generally believed precept, it is not the responsibility of either judges or lawyers to make sure that justice prevails. Whether a law is "just", or not, is quite irrelevant to both judges and lawyers. Their job is simply to ***interpret and enforce "the law"***. Normally they interpret the law *in a manner most favorable to those in power*. This latitude, with respect to interpretations, helps to bring about what amounts to *"the divine right of the elite"*. Over time, conservative judgments will actually alter the course of a nation, especially through judgments handed down by the Supreme Court.

Therefore, the difference between "law" and "justice", while being subtle, is the key to a proper perspective of the legal system. While the general public has been encouraged to believe that the justice system "dispenses justice", it does no such thing.

If the tax laws are unjust to the bottom 90%, then it must be recognized that the justice system enforces "injustice" in that case!! Don't forget, it is our justice system that enforces Feudalism.

We must not get taken in by psychological word tricks. Words with positive connotations are often purposely used

to market things with very bad connotations, ...like when George Bush named his aerial assassination attempt on Manuel Noreiga as: "Operation Just Cause". "Just Causes" are as related to "assassination attempts" as "true justice" is to the Justice System". Remember too that every dictator runs his country with a "Justice Department".

Those who persist in believing that the justice system is there to "dispense justice" are doomed to be horrified every time they observe the justice system giving better treatment to the criminal than to the victim. Mind you, it is only fair to acknowledge that the elite have gone out of their way to persuade the general public to perceive the justice system in this light. In reality, the legal community have traditionally given their loyalties to the highest bidders, and that has been and continues to be the rule, rather than the exception.

When Drexel Burnham Lambert Inc., was facing racketeering charges in connection with its extensive involvement with LBOs and junk bonds, Drexel had little trouble hiring the legal services of the former White House Chief of Staff Howard H. Baker. Mr Baker was a logical choice to help launder Drexel's public image and help fend off the racketeering charges since he was so successful in pulling the White House through the Iran-Contras minefield. It was alleged that Baker would not be involved in any matter which was under scrutiny by the government.
{B161}

As long as we are trying to proceed with as few illusions as possible, let's clarify the functions of the legal society.

The Role Of The Legal Community

The American legal community performs four distinct functions.

- 1) By controlling the creation of new "conservative" legislation, as well as an agreed upon "conservative" interpretation of older legislation, they ensure continuing domination of the economic elite, and provide safeguards for their current share of wealth and power.
- 2) Through harsh penalties for the bottom 90%, and

milder token punishments for the erring elite, they enforce a social order that is only barely and superficially related to "justice" in the true sense of the word.

- 3) They provide a means of settling squabbles between members of the elite, especially with regard to disputes over wealth and power. The poor on the other hand simply can't afford justice.
- 4) They provide a vehicle for the law society as a whole to gradually increase its share of the nation's wealth and power.

The Supreme Court

With regard to the law society's first role, it may be appropriate to recall the distinction between Conservatism and Liberalism. Conservatism **maintains the status quo** which in turn ensures the rich stay rich and the poor stay poor.

Nowhere is the ultimate nature of American society decided more than by the nine U.S. Supreme Court judges in Washington who have ultimate power with regard to the interpretation and intent of American law. Although judgments are most often based on existing precedents, members of the U.S. Supreme Court can sometimes bring about virtual reversals to previous precedents, as recent judgments with regard to civil rights and abortion have clearly shown. Consequently, the judges' personal philosophies and political leanings become extremely relevant, mainly because the nature of the American social fabric hinges on their judgments. Needless to say, the elite are critically aware of the role played by these key judges in maintaining the status quo.

Hence, it is not by accident that their appointments are for life, and that they are personally nominated by the president. It is no surprise then that Supreme Court judges who are sympathetic to Republicans choose, when possible, to retire during a Republican administration so that the *conservative* president in power can appoint another *conservative* judge (for life) to take the retiree's place. Accidentally, or by design, it is extremely rare for a presidential nominee for the Supreme Court to be rejected.

Therefore it is not difficult to imagine how a Supreme Court, sympathetic to the elite (i.e. conservative), could minimize or retard the progress of civil rights or any other issue that threatened to alter the distribution of wealth or power. The bottom 90% of America must begin to recognize that the Supreme Court has been used as a powerful weapon to fend off serious attempts to alter the legislative infrastructure that determines the nation's allocation of wealth and power. Future historians may well consider that Ronald Reagan's greatest contribution to the economic elite was his choice of three of the five currently serving conservative Supreme Court Justices. {B162} The present members of the U.S. Supreme Court now have the potential to be the well-spring of American "conservatism" for decades to come. This was precisely the same mandate carried out by Feudal Judges.

If any reader is tempted to think that the problem might be solved by *electing* the U.S. Supreme Court judges, think again. Here's what happens in Texas, one of the states that does elect its Supreme Court judges.

Unfortunately, the same campaign funding quid pro quo arrangements, that exist between elected politicians and the elite, also exist between the judges and their campaign contribution benefactors. Traditionally, judges in Texas have been dependent on campaign support from *members of their own legal profession*. Of course this creates an obvious conflict of interest when a judge presides over a case where one of the lawyers has provided loyal campaign support. Justice is truly placed in a compromising position whenever a judge presides over a case in which a "supportive" lawyer is dependent on contingency compensation. When lawyers can get as much as 70 cents of every dollar awarded to a plaintiff, awarding the plaintiff is difficult to distinguish from rewarding the lawyer. Hmmm, now just how big should that award be?

It is privately acknowledged in the Texas legal community that the Texas Supreme Court has for some time been effectively owned and controlled by the plaintiff attorneys who hold tremendous lobby power in that state. {B163} So much for the idea of electing judges.

Lawyers in Congress

The degree of democracy that exists in a country can be

measured by the degree to which the will of the majority is being carried out, and by the degree to which the majority share in the distribution of wealth. Nevertheless, the introduction of democracy in America was tolerated by the wealthy elite simply because it posed no great threat to their power or to their wealth. Under so-called democracy, as under Feudalism, the wealthy elite have maintained the power to control the distribution of wealth.

Some of the Founding Fathers did their very best to put an end to the dominance of an elite minority by wording the Constitution in such a way that America could become a land of equitable prosperity, with freedom of speech and equality before the law. America today bears little resemblance to the nation they tried to build. It doesn't take much to appreciate that it is not the will of the majority that the richest one percent should own more assets than the collective wealth of the bottom 90%!!

Unless those who are elected to represent the bottom 90% actually use their power in Congress to represent the needs and interests of the bottom 90%, democracy does not take place. And democracy is most certainly not taking place.

What is happening in American politics, is that only wealthy people who have the support of even wealthier individuals and corporate benefactors are now able to compete in the electoral process. Because of this financial pre-requisite, citizens who could truly represent the needs and interests of the working class are virtually excluded from representing their economic peers in Congress. Instead, members of the legal profession are slowly but surely filling all the seats that representatives of the people are supposed to occupy, but cannot, because they quite understandably lack the financial support of the economic elite. As it stands today, 60 out of 100 senators, 186 out of 435 House members, and the majority of members of both the Senate and House Judiciary Committees **have law degrees**. {B164}

Most likely none have known hunger, most likely none have ever worked for the minimum wage, and probably very few can even count a single blue collar family among their friends. In other words, at best they possess an academic appreciation of the interests and needs of the citizens they supposedly represent. Socially and economically, the two social groups travel in totally different social circles. They mix with a cross-section of their electorate briefly at election time, but for the most part, their associations are

restricted to their own peer group with whom they compete for success in a material world. And of course as politicians, it is the wealthy special interest groups that have always offered them the most career rewards.

In any event, the 53,000 lawyers belonging to ATLA, the Washington DC based Association of Trial Lawyers of America (actually a plaintiff attorneys' lobby), have given money to 1,485 Congressional Democrats and 656 Republicans since 1977.

In 1987-88, it donated \$3.9 million, and this figure does not include attorneys' individual contributions. {B165} As large as the contribution may appear, it is modest when one takes into consideration that Professor Lester Brickman of the Yeshiva Brickman Cardozo School of Law has estimated that plaintiff attorneys income from contingent fees (their share of settlements) exceeded \$10 billion.

Lawyers in Private Practice

Like Al Capone, the elite are usually protected behind a host of front men, many of whom are lawyers. As a group, it can easily be said that lawyers have traditionally been raised on the elite's payroll, and willingly act on their behalf. Most of the highest paid lawyers, either directly or through law firms, find themselves on corporate or government payrolls. They are normally called upon to carry out and defend ongoing corporate strategies and actions.

Corporation comptrollers are usually willing to risk carrying out unethical and sometimes illegal practices for the rewards involved, because they too are reassured by the fact that the full power of the corporation may be used for their defense if they are caught. When necessary, corporate lawyers will also use all their acquired legal acumen to obstruct, delay and otherwise prevent attempts to condemn or punish their employers.

The continual close association of lawyers and judges with criminals has led to a difficulty in distinguishing one group from the other. The roles have become increasingly blurred, as most full-time criminals employ powerful full-time lawyers who are well connected with the judiciary.

How then does one distinguish a lawyer permanently in the

employment of a criminal, ...from a criminal with a law degree?

In those countries where the wearing of wigs has been discontinued, the job of distinguishing lawyers from the criminals for whom they work has become doubly difficult. Lawyers employed permanently by our leading corporate criminals may yet choose to start wearing wigs, ...and false noses and glasses as well! Those who work in private practice end up providing services almost exclusively for the moneyed class, because the majority of society members simply can't afford to buy justice.

The Legalization of Crime

Perhaps the worst aspect of many of the economic scams mentioned in Chapter 1, is that they are normal legal business procedures ...made legal through carefully orchestrated legislation!

Legislation that would prevent or eliminate the scams has purposely not been passed, ...or even written. As a result of widespread deregulation, laws to inhibit the economic elite, and punishment doled out for high-level white collar crime, are both conspicuous by their absence. For example, little incentive exists to discourage the unethical business speculations that leave S&L owners rich, and S&L depositors holding the bag. Therefore, among the elite, it is usually only the careless or the greedy who end up breaking the laws to make money faster, or to recover from bad business judgments.

Even when the elite do get caught red-handed breaking the few laws that do exist, their brush with the law often translates into virtual immunity from punishment. Why? Because the legal system was designed to be of maximum benefit to them, just as the system was designed to provide them with the maximum financial benefits.

Court Trials ... A Disgraceful Farce

When a serious case comes along that involves the defense of one of the elite, the whole "protection of the elite"

fraternity swings into action. Of all the ways used to get the elite out of the limelight and off the hook, the method of choice nowadays seems to be the extremely effective **long drawn out investigations**, prior to **long drawn out court cases**, prior to the inevitable **further long drawn out appeals, that inevitably result in defenses involving lapses of memory**, etc., etc., Although the media usually play a very important role throughout the proceedings, the court fiasco is the most galling. Let's start by reviewing some of the methods used to provide extra legal benefits to the elite.

Pre-trial Tactics

To begin with, some or all of the following ***standard legal tactics*** are employed: DENY guilt; DECLARE one's innocence; DESTROY any incriminating evidence; and DELAY the investigation and/or prosecution proceedings.

Of course during the initial stalling period, the press obligingly says as little as possible of a derogatory nature so as to ensure the defendant gets a fair hearing. Sure. When however, the investigation drags on long enough, and the press quietly drop the story, the public's anger dies down as anticipated. This tactic is always used in all serious cases like Watergate, or the Bhopal gas incident. Years can go by, the longer the better. But these are just the *pretrial* tactics carried out to give the media time enough to diffuse whatever bad impressions the general public might be harboring. If however, despite the media's cooperation a trial becomes necessary, then the real hijinks begin. The elite usually begin the farce by hand-picking a jury!!

Hand-picking the Jurors

This is perhaps the most ludicrous method used to subvert justice that has ever been devised. I speak of course of the jury system itself, the quality of which practically defines the system's level of justice. The Greek word for **democracy** translates literally as "equality before the law". Not surprisingly, the Greek jury voting system became a model for both America's popular voting system, but its legal jury system as well. The basis for its fairness, and the quality for which it won world acclaim, was its ability to judge a person

by a *large number of randomly chosen* peers. Using an ingenious lottery system to choose its jurors, the Greeks chose from 201 to sometimes over 2000 jurors to cast votes.

The American *jury voting system*, on the other hand, is vastly inferior to its Greek counterpart. Instead of allowing 201 to 2000 or more peers to cast their votes, the Americans use only 12. Instead of them being randomly chosen from the population, ***jurors can now be hand-picked by the lawyers***. In states like New York and Texas, lawyers are free to ask the jurors what books they read, what television programs they watch, etc., etc. Increasingly sociologists and psychologists are being called in by lawyers to assist in the selection of "friendly" jurors. Who needs to bribe jury members when you can help to hand-pick a "friendly" juror or two before the trial even begins.

These specialists will not only assist in the jury selection, they will, for clients with deep pockets, even ***recruit a surrogate jury*** with socioeconomic profiles similar to the actual jury members. The surrogates are paid to sit in the public gallery. At the end of the day's court session, the surrogates would be interrogated as to their reactions to the testimony given so far. Armed with these insights, the lawyers then modify their legal strategies accordingly. One California-based firm called Litigation Services already has a staff of 90. Its clients have included IBM, Pennzoil, and the makers of Agent Orange who are being sued on behalf of war veterans.

Both jury selection, and the monitoring of surrogate juries constitute such mockeries to justice, that it ought to be difficult to find a thinking person who does not have contempt for the court!!

Tactics in Court

There are, unfortunately, plenty of other reasons to feel contempt for the courts. Refusing to answer the court's questions by hiding behind the 5th Amendment has allowed many a Mafia king to walk free. Charles Keating in the S&L scam, is refusing to answer questions. Perhaps his name too will be added to the long list of peers who have walked free courtesy of the 5th Amendment.

Or, the lawyers get an opportunity to ***bargain between***

lawyers like judge and jury combined. They get to bargain for such things as *pleading guilty to a much reduced charge*. Plea bargaining must automatically lessen a person's guilt, because it sure as hell lessens the punishment.

The most unforgivable travesty of justice, however, has to be **granting a criminal total immunity** for giving evidence against someone else. Sounds like a script out of some perverse comedy instead of a system of justice that people around the world are expected to emulate. The potential for abuse is mind boggling especially when one includes a little covert bribery acceptable to both parties. Of course, when a lawyer is involved, bribery becomes plea bargaining, and in business it becomes "greenmail". But any fool ought to acknowledge that when plea bargaining waddles like injustice, and quacks like injustice, it's usually injustice.

For those who can afford to hire the most experienced and devious lawyers, finding **legal technicalities** to invalidate evidence or cause mistrials is yet another method of using the justice system to walk free. The list of tricks and methods seems endless. In any case, whether the defendant is found innocent or guilty often hinges on the experience and craftiness of one's lawyer. The richer you are, the more cunning a lawyer you can afford, the more chance you have of winning - regardless of whether you are innocent or guilty.

But let's follow a case right through to a conclusion.

Just before the hand-picked jury leaves the room to decide its verdict, the judge gets to give his **"advice to the jury" speech**. These are the last words spoken before the jury deliberates, and psychologically they will carry inordinate influence due to the authority that delivered them, in addition to the fact that they were the last words spoken. Conservatively speaking, here's another obvious opportunity to substantially influence the verdict.

And lastly, was Oliver North particularly worried that the jury would find him guilty? Not really, because the press had already prepared the public for a **lenient sentence**, as they always do when the need arises.

Lenient Sentences

Judges who are in a position to sentence privileged members of the establishment, (or their front men who face convictions), are not only able to impose **suspended sentences** and **community service**, but they can direct the offenders to minimum security prisons ...where the conditions and/or **special treatment** turns the detention center into something rivaling a fitness retreat. A 60 Minutes TV show coverage of the topic referred to one such detention center sarcastically but aptly as Club Fed. When the Watergate fall guys were not busy jogging into shape, or visiting with their families, they were hard at work on specially supplied equipment, ...writing their memoirs to make a few extra million.

Sample Watergate justice for the elite:

Example: John M. Mitchell (while Attorney General)

Convicted of: one count of conspiracy, obstruction of justice; one count of perjury; two counts of false statements to a grand jury.

Sentenced to: 19 months of confinement at an Alabama air force base. Health spa?

Example: Richard M. Nixon (while President, ...proven Watergate coconspirator)

Convicted of: absolutely nothing

Sentenced to: freedom to write a book to make him millions.

Note: Not surprisingly, the whitewash did not stop with the Nixon administration. With absolutely no authority or mandate to do so, President Gerald Ford, Nixon's successor, pardoned Richard Nixon of all crimes he had committed in office.

In one of his rare unscripted utterances, Mr. Reagan put it quite succinctly:

Politics is not a bad profession.

If you succeed there are many rewards, if you disgrace yourself you can always write a book.

The justice system is in such a farcical state now, that for most influential politicians, it doesn't seem to matter how

much their guilt is exposed. Rarely do their wrong doings result in more than resignation, followed soon after by royalties on their subsequent books. As if that were not hideous enough, the media regularly rally to attempt to canonize the establishment's high echelon criminals, for their patriotism, ...usually during their hearings and trials.

Finishing Touches (Media Help, and the Appeals)

In Bill Moyers' book, The Secret Government, readers are exposed to the mechanics of a covert organization which operated out of the White House basement no less, and whose purpose was to keep the Contras in operation despite a Congressional ban forbidding the action. {B166} In short, the White House served as the center of operations to defy Congress and sell arms to the Iranians to make money to illegally fund the Contras. To make a long story short, even though the whole plot was fully exposed, the media together with the corrupted legal system managed to absolve Oliver North by putting patriotism on trial.

Specially orchestrated sound bytes and photo opportunities which praised and supported Oliver North and his actions were prepared and shown repeatedly over several weeks in an attempt to not only absolve "Ollie", (as he was affectionately referred to in the media), of blame and guilt, but to elevate him to the stature of a national hero, despite his shameless display of contempt for congressional and criminal law. This particular event involved so many of the nation's elite functionaries, that no less than the attorney general Edwin Meese was entrusted to oversee the investigation, ...(whitewash, paper shredding, & cover-up).

As champion of the elite, Oliver North was given a three year suspended sentence, two year's probation, a fine of \$150,000 and was ordered to perform 1200 hours of community service. {B167} As his defense quite aptly shows, even when a CIA operative purposely breaks the law, and publicly admits to misleading and lying to Congress, **the elite and friends of the elite are just a little more equal before the law than the rest of the nation.**

Needless to say, anyone higher in the chain of command would be similarly immune from the law, whether or not

threats are made to implicate superiors or whether any unobtainable top secret files are requested as vital for a fair defense. The public never gets to see the files or even know for sure that they exist, so no one can dispute the claim. Game over, the elite can do as they wish. For all intents and purposes, covert operatives of probably all nations operate with total disregard of the law, and are rewarded with virtual immunity from it. The French military guerrillas who blew up the Greenpeace boat in Auckland harbor, committing murder in the process, were quickly released to work again in their same capacity.

As previously mentioned, Patty Hearst was released virtually without punishment, into her billionaire father's custody despite photographic proof of her holding a gun during a bank hold-up.

Does the injustice stop there? Not in Oliver North's case. The story actually gets worse. "Ollie" was convicted on May 4 1989 of three felony counts, one of which was for shredding evidence. On Jul 5, he automatically lost his retirement pay of \$23,000 per year due to a Federal law that stipulated that anyone convicted of destroying Federal documents would "forfeit his office". Faced with the dilemma of their hero being penalized like that, the U.S. Senate quite unabashedly voted 78-17 to alter that law by eliminating the clause that disqualified Ollie from collecting the \$23,000 per year. Quid Pro Quo!! Not only does he have his pension back, he is appealing his convictions.

Perhaps neither he nor the American justice system has heard of the Nuremberg trials.

As we all know, by the time an appeal goes through, a whole generation will have passed, or so it will probably seem. If and when appeals go as far as they can, they end up in the U.S. Supreme Court which was described earlier. Needless to say, the five conservative judges have the last and final word in the matter. If they quash a conviction. The defendant walks free.

Now that we have looked at "justice" for the rich, let's have a quick look at "justice" for the poor. Pardon me, but I squirm a little whenever the word justice is used in connection with the justice system.

Justice for the Bottom 90

In a case where a person is being charged, one of the most noteworthy characteristics of justice for the bottom 90% is that justice comes more swiftly. Generally speaking, the poor don't get to walk the streets for months or years prior to their case being heard.

If on the other hand a person with little or no financial reserves has been wronged, and wishes to press charges against perhaps a company that has performed shoddy or dangerous work, then the wheels of justice usually grind to a halt. In America, the cost of legal representation is so prohibitive, that most who belong to the working class can not afford to use the justice system even if they have a legitimate cause. To begin with, most cannot afford the lost earnings or the court costs either, even if the person could risk being laid off or fired due to absence from work to attend court. The fact that the majority of Americans, have from the start, been generally prevented by economics from using the justice system should provide the ultimate telltale evidence of the legal system's true purpose and function in society.

However, to avoid being condemned for allowing this economic barrier to exist, and to at least theoretically allow the poor to participate in justice, "contingency fees" were introduced whereby the lawyer is paid only if he wins. Not surprisingly, that arrangement sounds better than it really is. Under this contingency fee arrangement, lawyers normally collect between 30% to 40% of the damages awarded, **in addition to**, whatever it costs to litigate the case!! {B168}

It is now not uncommon for lawyers to receive more than the clients whom they represent. In fact, the Supreme Court in Washington upheld an award of \$245,456.25 in fees for lawyers who won \$33,350 in damages for eight of their California clients in a case involving excessive force by police. Lawyers can end up with seventy cents out of every dollar awarded to their clients. So the average citizen has a very slim chance of obtaining a lawyer to work on a contingency basis, if the case has plenty to do with the principles of justice, but little potential for a substantial financial damage award.

However, when the potential damage awards are sizable,

lawyers pop out of the woodwork in droves to take the case. Around the nation, an increasing number of physicians are now refusing to deliver babies in fear of the potential lawsuits that inevitably follow birth complications. Changes to tort law, that occurred in the sixties, opened the floodgate for malpractice suits in America, as a direct result of the substantial financial rewards for lawyers who succeed in cases against the deep pockets of drug companies and physicians themselves.

Winning a big case, is equivalent to winning a lottery. Not only have health costs skyrocketed as a direct result of these costs being passed along to the general public, the vast wealth being accumulated by countless contingency case jackpot winners is fueling unrealistic expectations and demands for wealth among the rest of the legal community.

In the Forbes survey of 63 top Trial lawyers, only one made less than \$2 million in either 1987 or 1988. Collectively they earned \$750 million. Joseph Dahr Jamail who rode to victory in the 1987 Texaco-Pennzoil case allegedly made \$450 million for his troubles in 1988, ...a substantial increase over the \$25 million he made in 1987. *{B169}*For the bottom 90% of society this would be equivalent to winning 475 lottery jackpots in the space of two years. It's really scandalous and unethical considering the public end up footing the bill.

The Watchdogs

Are there watchdogs to keep the judges and lawmakers honest? Well, yes there are. But I'll let you judge them for yourself.

Keeping the Judges Honest

Because the role of the legal community has been so crucial to the continued dominance of the elite, and because they have carried out their mandate so well over the centuries, the elite have had no reason to set up a mechanism for disciplining members of the legal fraternity. Until very recently, the legal society itself was responsible for disciplining its own members for wrongdoing. Short of

impeachment, there did not exist any means of disciplining a judge. However, one presidential nomination for the Supreme Court was rejected by the Senate (due to the judge's involvement in conflict of interest indiscretions on several occasions). Mind you, he was the only presidential nominee to have been rejected for the past 40 years. In voting to reject the judge, Senator Muskie commented that Judge Clement Haynsworth exhibited a marked insensitivity to situations involving "conflict of interest" risks.

Due to the growing number of lawyers, judges, and even Attorneys General that have been caught out exercising very poor judgments in their personal or professional lives, Congress was forced in 1980 to legislate a means of disciplining judges. The chairman of this newly formed body was in effect to be the Chief Justice responsible for disciplining the nation's judges, so logically one would expect that whomever was chosen for this position would possess a record of ethical behavior that could serve as a role model for the judiciary.

In 1982, Chief Justice Warren Burger appointed to that position of trust the only presidential nominee for the Supreme Court to be rejected by the Senate in 40 years (for repeated conflict of interest indiscretions), Judge Clement Haynsworth. Believe it or not! *{B170}*

Of the nine cases Judge Haynsworth presided over since his appointment, six were dismissed, two cases were dealt with secretly, and only one judge ended up receiving a public reprimand. Notch up one for the fraternity!! Judge Haynsworth's appointment to this position tells as much about the integrity of the law fraternity, as Mr Danny Wall's appointment as chairman of the Federal Home Loan Bank Board (and later as Director of the Office of Thrift Supervision) does of the Congress.

But don't go away, there's more.

The Senate Judiciary Committee

One of the strongest, if not the strongest weapon currently being used in the war against white collar criminals is a piece of legislation entitled the Racketeer-Influenced & Corrupt Organizations Act (RICO) introduced in 1970. It is under this act that individuals like Michael Milken (the Junk

bond king), and Charles Keating (the Lincoln S&L owner), to name but a couple, are now being prosecuted. In other words this legislation is frightening the hell out of the entire elite and even threatens to place a few of their members behind bars for a long time. It is not surprising then that this piece of legislation is now in danger of being rendered harmless by the new conservative Supreme Court. Four of the justices have let it be known that they think that RICO is unconstitutionally vague, thus virtually giving the green light to those being prosecuted to challenge RICO's constitutionality. *{B171}*

Michael Milken and Charles Keating probably have little to fear from RICO anyway, because there is a Senate Judiciary Committee actively reviewing RICO with the intention of removing its stinger. Guess which Senator has been selected as Chairman of this committee? Give yourself full marks if you guessed it is Senator DeConcini (D-Ariz.) who received \$50,000 from Charles Keating in campaign contributions and who was instrumental in causing the S&L losses in the first place. *{B172}* Once again, the influence peddling and conflict of interest is obvious, but no one involved seems to be worried about that, the prime job is to get the job done.

There are still more "conservative changes" in the pipeline.

The Inspectors General

Another thorn in the administration's side has been the policing action of a corps of 24 "Inspectors General" created through the passage of the Inspector General Act of 1978 as part of a wave of post-Watergate reforms. Since their inception, the group has been credited with investigating close to 15,000 cases. It has been their work that has uncovered fraud within the Defense Department, the generic-drug scandal within the Food and Drug Administration, and the widespread system of influence peddling and kickbacks within the Housing And Urban Development Department (HUD), to name just a few. According to the Office of Management and Budget, their work has saved taxpayers about \$100 billion!!

The problem is that many of their pending cases threaten to uncover plenty more government corruption. It appears to have the administration so worried that the Justice

Department, through the Justice's Office of Legal Counsel has issued a ruling that will substantially diminish the scope of authority originally given to the Inspectors General, and may curtail or scuttle altogether some of their work in progress. And so the Justice Department is once again putting the brakes on the what remains of entities set up to uncover corruption and abuse in the system. {B173}

Breeding Contempt for the Law

In short, the more money one has, and the more social connections one has to people in power, the more immunity one enjoys. Ivan Boesky's plea bargaining and subsequent token punishment for his extensive profiteering from insider trading provides as good an example of preferential justice as the slap on the wrist given the Hunt family who tried to monopolize the silver market. This sort of judicial kid glove treatment for friends of the establishment perpetuates the impression that ethical business behavior is only for wimps.

Is it not significant that nearly every recent president and attorney general has been caught out with involvement in highly unethical and often illegal behavior. As regular as clockwork, and with the same sort of precision, the media and legal communities have swung into action to whitewash or defuse the issues, and if possible allow them to continue on as if nothing had ever happened. Richard Nixon, John Mitchell, William Casey, Spiro Agnew, John Poindexter, Ronald Reagan, Edwin Meese, Oliver North, etc., etc., are but a few of the latest pack of notables to have benefited from protective string pulling, by the elite minority they so faithfully served.

In the old days, before Feudalism had its democratic facelift, such immunity from the law was excused using the *Divine Right of Kings*. Today, clever lawyers, corrupt judges, carefully conceived legislation, long drawn out investigations and court cases, and use of the *contempt of court* silencer, achieves much the same result. The use of illegal methods and tricks by our political and social hierarchy ***promotes the spread of lawlessness***, while their immunity from justice ***breeds a contempt for the law*** especially among the criminal element.

It is therefore not surprising that those most affected by the

inequities of wealth distribution and social opportunity, have openly regressed back to *survival of the fittest* tactics in order to survive the poverty, unemployment, and frustration of their social class. In desperation, and lacking hope for a better future, members of some minorities have begun to create their own social structures in the form of street gangs, and make their own job opportunities using the drug trade.

In reality many are using entrepreneurial skills that society could well benefit from, but without legitimate opportunity, they resort to illegitimate opportunity. They disobey the laws and hope to evade punishment in no less a fashion than our country's leading businessmen and political leaders, who consistently broadcast a contempt for law that all can see.

The benefits of civilized society are sadly missing at this class level, and the youth survive as best they can. The instincts that demand survival at any cost are as old as life itself, and still motivate many within our society. While we can all agree that this latest social trend sadly detracts from the quality of life for society as a whole, let us not too hastily allow the drug running street gangs to become the focus for social blame without carefully considering to what extent the social, political, and economic actions of the elite have left them with such desperate social alternatives, and such contempt for existing social authority.

Possible Corrective Actions

- Change the system so that economics do not determine the quality or availability of justice.
- Guilty parties should pay ALL legal and court costs. Costs should be shared only to the extent of shared guilt. This move would probably cause about 90% of all disputes to be settled out of court.
- Make perjury an extremely serious crime, with say a minimum 5 year jail term (no probation allowed).
- The use of plea bargaining invites injustice. Its use should be minimized; and carefully controlled when used.

We need radical changes to the justice system; the courts are hopelessly clogged. The Fifth Amendment does not make any sense at all, outside of assisting the elite to secure

immunity from the law. Why should we discourage criminals from admitting to their crime once clues have uncovered the guilty party.

Once a preliminary investigation has turned up a suspect, that suspect ought to be formally questioned as to his guilt, if he confesses, no further investigation would be necessary. His lawyer would only be required to assist in helping the court decide a fair sentence.

On the other hand, if the suspect denies his guilt when formally questioned, then a normal investigation to prove guilt, followed by a trial, would become necessary. If a further investigation proves conclusively that he had deliberately lied about his guilt, ...which in turn necessitated the further costly investigation and court trial, then he should be forced through public work to pay back the cost of the entire proceedings. This may provide incentive to reduce the number of long drawn out investigations and court trials which often increase the use of **failure of memory** defenses.

Ensure that a criminal does not regain freedom until the victims have been compensated.

Chapter 5

The Most Ruthless Hoax of All

The Elite's Violent Global Game of Chess

For centuries, the game of Chess has intrigued and entertained countless people with a fascination that goes beyond the mere challenge of devising cunning strategies for a battle of wits. Its origins trace back to the very roots of our culture and economy, and so it remains a tangible reminder of our social history.

Feudalism, with its strict class system, served as both an

inspiration and a model for the game, which visibly depicts in miniature the results of the interplay of some of the major forces which interacted to shape feudal society. The game may very well have been devised by a monarch who had difficulty planning social and military strategies strictly in his head, because the *game pieces* characterize these various social forces, and have relative values that are in keeping with their counterparts in real life.

No doubt, Chess has assisted many Kings and Queens to plan the management of their realms, but those of us who are not monarchs also stand to benefit greatly from a closer look at the roles both Feudalism, and the game of Chess, have played in the development of our society. Like chess, modern day politics can be described as the carrying out of strategies devised by those in power to maximize their wealth or power.

Manipulation, Intimidation, Violence, Ruthlessness

Never is the elite's manipulation and exploitation of the working class more evident than when they use violence to maintain their dominance. History clearly shows that in peace time, they rule with manipulation, and if even mildly challenged, ...with intimidation. When threatened, they resort to violence and war with little or no hesitation; and when seriously threatened, they readily employ a level of violence that respects absolutely no ethical limitations (e.g., ... Atom bombs, napalm, agent orange, torture, Mai-Lai, the holocaust, ...these are all Chess strategies carried out by the current Western elite).

The police, the FBI, the CIA , and of course the armed forces are all used by the elite as required. Most have been subjected to strict military indoctrination and trained to follow orders without question. Although it is rare when the elite cannot achieve their domestic objectives using peaceful methods such as legislation, police have in the past been encouraged to be heavy handed and even brutal to dissuade the meek and moderates from joining peaceful, and worthy protest actions. Police have frequently used brutal violence to suppress both anti-apartheid and anti-Vietnam demonstrations, in fact, the murders of four Kent

State University students by the National Guard bear witness to the level of force sometimes deemed necessary to keep freedom of speech in its proper place.

When necessary, the media is employed to justify the actions of enforcement groups whose strings may have been pulled to arrest demonstrators by enforcing loitering by-laws or disturbing the peace by-laws. The use of tactics such as these, to impede or hassle groups that protest peacefully against aspects of our society, really defines the boundaries of our freedoms.

Sure there are honest and dedicated editors, politicians, lawyers, judges, cops etc., but they have little impact on the controlling power of the elite minority. Generally, they are tolerated and occasionally placed in the limelight, as it helps to maintain the illusion of a just society. But when anyone appears such as Martin Luther King, who genuinely threatens the status quo, the whole elite community start pulling strings together until the situation is again under control ...one way or another. At times such as these, for a brief period, the democratic pretenses and illusions are cast aside and the true nature, of what passes for a benevolent democracy, is exposed.

In his long reign as head of the FBI, J. Edgar Hoover not only provided a secret service for the elite, but effectively emasculated many opposition groups by labeling their activities as "Communist inspired and financed". It is worth noting that Lee Harvey Oswald had previously worked for the FBI. Jack Ruby is certainly a matter for speculation.

In previous decades, and especially during the hippie era, it was quite common to frame a victim or organization by planting drugs on the premises either before or during a raid, not only to discredit the individual or the organization, but to provide a pretext to confiscate records or documents for perusal, to learn a group's strategy or plans etc. In cases like Watergate, where the planting of drugs was out of the question, it became necessary to break-in in order to confiscate records.

Furthermore, using infiltrators, both CIA and FBI have controlled the growth and effectiveness of many a legitimate group such as the National Students' Association. In the past, the standard routine to discredit any of the elite's serious critics has simply been to brand them as Communists.

In addition to using the police and FBI to emasculate any support for Socialism or Communism in America, the CIA has been used to achieve the same results abroad. While it began as an Intelligence gathering organization, it did not remain that way very long. In the last 40 years, the world has witnessed an enormous number of political coups, most of which have been instigated and funded by political forces from outside the country. For superpowers, the strategic and economic rewards related to the overthrow of non-sympathetic governments usually far outweigh the inconveniences involved with organizing a coup and installing a puppet government.

Furthermore, the once confidential Doolittle Report made it abundantly clear that any and all tactics and actions necessary to achieve these objectives, were *unofficially condoned*. Actions to thwart Communism, whether illegal or not, are usually treated as patriotic actions, and for all intents and purposes, normally place the operatives and their actions above the law. Not surprisingly, the CIA covertly engages in the training, arming, and funding of paid mercenaries whose guerrilla activities involve assassinating heads of foreign governments, and acting as hit men (or collectively as death squads) to weed out political opponents, or simply harass and intimidate villagers and their leaders into voting in a particular way or risk future punishment.

When political coups have taken place, history has shown that the elite most often choose military strongmen to assume the role of puppet dictators, mainly because of their natural orientation to brute force as a means of maintaining domination, and because they would most willingly invite the superpower to increase their military support. Consequently, America has allied itself with the world's dictators and monarchs because they are notoriously the fiercest advocates for maintaining the supremacy of an economic elite, ...i.e. leaders interested in the perpetuation of Feudalism. Congress meanwhile continues to turn a blind eye to the abundant well-documented proof that **the American elite, through the CIA, actively and knowingly initiate programs to destabilize and overthrow unsympathetic foreign governments**, whose geographical locations and/or resources are considered strategically or economically valuable.

There is no shortage of documentation showing the CIA's direct interference in the political machinery of countries

such as Guatemala, El Salvador, Iran, Cuba, the Philippines, Honduras, Nicaragua, Indonesia, Panama, Libya, Palestine, Lebanon, Egypt, Haiti, Chile, Cambodia, Vietnam, etc., etc.. In fact, this short list only hints at the extent of American attempts to force Feudalism on the peoples of foreign countries. Invariably, the elite engage in extensive and coordinated misinformation campaigns, both at home and abroad, to justify otherwise unethical foreign policy alliances and activities.

Prior to the advent of better technology, wars used to be directed from strategy rooms safely located deep underground in which were located huge strategy tables. The surface of these tables were covered with geographical maps of the war zones upon which miniature models of ships, tanks, infantry battalions, etc., were moved about, and when necessary, completely removed from the strategy tables in an effort to maintain a visual model of war zone reality to assist in the formulation of ongoing strategies. The parallels with Chess are obvious, especially with regard to the use and expendability of all resources, human or otherwise, at the disposal of the dominant strategists. At the combat level, soldiers caught up in the heroics of war, fight for their very survival seemingly oblivious to ethical and moral realities, or even to the real causes of the war, while in the relative safety of a strategy room, indoctrinated generals exercise power over the pawns at their disposal.

Young men who were considered legally too young to drink alcohol, were conscripted like lambs to the slaughter to risk their lives and die in South-East Asia. About 58,000 U.S. soldiers died in Vietnam. Many of those who didn't make the journey home in a body bag were physically and mentally maimed. Like their counterparts in Feudal days, they stood to gain virtually nothing from either victory or defeat. Most were too young to own anything but a minuscule part of the nation's assets. In fact plenty of war veterans who risked their lives in Vietnam are currently homeless and unemployed. Many finally realized that they had been conscripted not in defense of their own country, but to ensure the future prosperity of the economic elite. Bitter and disillusioned, many took to alcohol and drugs in an effort to drown out the harshness of reality after the war had removed their naivete. Perhaps it was a delayed reaction to the abrupt introduction to war's reality, and their role in it, that explains why more than 50,000 soldiers committed suicide after they returned home!! Broadcasting that fact would have made it much more difficult to recruit

or conscript more pawns (suckers) for their next chess battle, so chances are you probably didn't get to hear that shocking statistic.

To add insult to injury, hawkish George Bush picked as his vice-president, Dan Quayle, himself a devoted hawk who had been among those sons of the privileged elite who had strings pulled on their behalf to serve military lip service in the home guard, within rifle shot of fine restaurants and cultural entertainment. This sort of class discrimination is yet another manifestation of the social controls exercised for the benefit of hypocritical economic elite and their families.

With Inter-Continental Ballistic Missiles and nuclear submarines, the commanders of our armed forces no longer have to be the lean, mean, fighting machines. Today their stringent indoctrination leave most of them acting like robots. Properly indoctrinated, the militant enforcement arm will detonate a nuclear bomb, fire a nuclear missile, assassinate a foreign leader, or indoctrinate subordinates with the same level of hesitation. None.

We have all honestly laughed, and truly enjoyed the ceaseless MASH TV series, which uses a sanitized version of a war zone as a setting for humor. Unfortunately, due to its longevity, the series gave the viewer not only excellent humor, but a benign concept of war. In reality however, gassing millions of Jews to death, dropping atomic bombs on the civilian populations of Hiroshima and Nagasaki, have like all other war atrocities, become part of the legacy of chess-like strategies used to maintain the dominance of our Western feudal lords. Even more disgustingly, both Hiroshima and Nagasaki had been purposely left untouched by conventional bombing so that the true effects of the atomic bomb could be accurately studied. Facts such as these are kept secret for decades to hide the indefensible strategies of war.

Disguising The Causes Of Wars

While there is a growing awareness among thinking and caring people regarding the futility of war, the economic elite conscript whole countries into war simply to increase their personal wealth and power.

Virtually every war is fought because of economic motives.

However, religion is often used as a smoke screen to conceal the true motives. Look beyond the religious camouflage, and you will invariably find the economic elite fighting over the possession of human and natural resources. The civil war in Ireland provides an excellent example.

To keep wars from appearing like contests for wealth and power, the elite go to elaborate lengths to disguise the real motives, ...usually by camouflaging the war in a flag-draped cloak of patriotism. After all, the elite's economic well-being hinges on their ability to successfully conscript and enlist the working class to die in their service, just as serfs were forced to do in Feudal times.

20 Years Grace to Glorify Atrocities

To minimize the risk of the victims of war learning what the war was really fought for, the elite (through their government functionaries) restrict access to all embarrassing war details by using the supposed "**threat to national security**" excuse, while spreading whatever misinformation seems most beneficial at the time.

Under present laws, the truth concerning past realities (especially involving war activities) can remain suppressed as "TOP SECRET ...CLASSIFIED INFORMATION" for 20 years or longer. However, we have all seen how the shredding of documents has been used repeatedly to cover the trail of illegal behavior. With that in mind, no one should be too surprised to find that after 20 years, there may remain only shreds of evidence with which to begin deciphering the strategies that have shaped our present reality.

Considering one of the media's main functions is to spread misinformation and suppress other information at strategic times, it makes sense to spend a little time forming one's own opinions about the nature of reality **based on the development of events** rather than on the media's version of events. The resulting insights can often fit together like puzzle pieces to form pictures of reality that have obviously (in hindsight) been the focus of a cover-up. The use of misinformation and suppressed information that took place during and after World War II may horrify you.

The Perspective of World War II whose "Time Has Come"

There is fortunately or unfortunately a significant and growing collection of evidence pointing to a totally new and shocking explanation of why events of the Second World War occurred as they did. The facts regarding actual battles are *not* in question. These details have been extremely well documented and retold ad nauseam in books and some TV documentaries. The holocaust too is *not* in question.

Evidence that has already come to light, however, points to the fact that we may have been seriously deceived with regard to **who was secretly allied with whom**, and **exactly what were the Allies fighting to achieve** (i.e., the objectives behind their chess moves). Some of the facts you are about to learn will almost certainly shock you even more than the wealth distribution facts in Chapter 1.

The degree to which we all have been deceived and manipulated by the elite during and since World War II could very easily leave you speechless, angry, or in tears.

Consider the evidence about to be presented and see how it compares with the impressions of the War broadcast through the media on almost a daily basis for more than 40 years.

To begin, let's establish whose power was being threatened, and how.

Threats to Feudalism and Colonialism Prior to the War

With the exception of Russia, monarchs, emperors, and dictators held practically all the power in the world at that time. The major Western powers were all still growing rich from colonial exploitation.

However, the monarchists and Western colonialists "as a group" were facing two serious threats to their continuing domination. When these two threats are properly

considered, a perspective of the Second World War emerges that fully explains many puzzling aspects of the War and its aftermath. The first to be examined, was the threat of revolt from those who were being exploited by colonialists.

Russia --- the Emerging Role Model

While the Russian people (who had overthrown their Feudal Czar only twenty years earlier) posed no immediate military threat to any of the European monarchs, they did pose a very serious ideological threat to the continued domination of Feudalism itself. If Russia grew to be powerful and prosperous, the people of all other nations would be tempted to get rid of their own Feudal rulers. Prior to World War Two, victims of colonial exploitation throughout the world were starting to view the revolution that had occurred in Russia, as a serious way of getting rid of their own colonial masters.

A task force report *prepared for the Trilateral Commission* in 1984 entitled Democracy Must Work outlined the necessity of the Western societies to clean up their socioeconomic acts in order to ensure the survival of economic Feudalism. The following quote from that report sheds additional light on the desirability to the Western economic elite, of Russia's 20 million World War II casualties.

"For a number of decades after the 1917 Revolution the Soviet experiment was seen by many as the wave of the future. It was, therefore, only natural that in the wake of decolonialization following the Second World War many of the new states in Asia and Africa turned toward the Soviet Union for guidance on their socioeconomic development. The Soviet Union was perceived by many in the developing world, and also many theorists in the developed world, as offering a highly relevant and effective model of rapid modernization and industrialization. This greatly enhanced Soviet political influence and gave the Soviet Union added international standing."

It is no doubt an understatement to say that the West

had very good reason to wish for Russia's defeat. The fact that the Germans did not conquer Russia outright probably shocked more than just the German Generals. The ideological threat posed by Communism would have been completely removed had Russia been conquered. As it was, Russia's staggering losses were the next best thing the Monarchists and Colonialists could have hoped for.

Hence, the greatest long-term threat to the Western elite was Russia, not only for her growing industrial and economic strength even prior to World War Two, but more importantly for her symbolic significance to the 2nd and 3rd World nations.

Surprisingly, situations developing in the Middle East were proving even more threatening. If you don't readily recall why, there is reason to believe that you were conditioned by the media **not to know why!** Before explaining that statement, let's consider the threats.

Impending Loss of Control Over the Suez Canal

To begin with, the Middle East has been an area of strategic concern ever since the Suez Canal was completed in 1869. And while the British had probably not foreseen losing their dominance, the impact of the Russian revolution was most definitely influencing the Arab nations as well. The elite were now seriously considering the possibility that if they ever lost control over the Suez Canal that passage rights would become a formidable bargaining tool for the Egyptians. The possibility also existed that in future, Western traders may have to pay dearly to use the Canal, or be forced to make the long boat journey around the treacherous Southern tip of Africa.

With the growing demand for Independence among African nations, the prospects of having to **defend their African colonial interests** was looming menacingly. In that regard, losing canal passage rights would have made it extremely difficult if not impractical, to defend their African holdings, and

especially those in East African countries. Worse yet, a closure of the canal would have effectively cut the Western monarchs off from their colonial holdings throughout the Far East as well!!

In short, the power of the Western elite would have been seriously diminished almost overnight without uninterrupted travel privileges through the Canal. Readers who cannot readily picture the strategic importance of the Suez Canal are encouraged to consult a world globe or an atlas to realize just how crucial it was, and still is, to the Western elite.

But that was only half the picture.

The reason that the Suez Canal became such a serious and urgent issue was that **the British Concession to manage the Canal was about to expire, and Egyptians were voicing their intention of managing it themselves.**

If worse came to worst, and the Middle Eastern nations followed in Russia's footsteps and succeeded one way or another to expel the Colonialists, the Western elite's use of the Canal would almost certainly have been in jeopardy.

An equally vital threat to the supremacy and wealth of the Western elite involved oil.

Impending Nationalization of Middle East Oil Fields

Even prior to World War Two, Western oil barons were extracting great wealth from their oil-rich colonial holdings. They were already well aware that the potential volumes of Middle Eastern oil reserves were **conservatively enormous.**

However, the likelihood of the West remaining as friendly allies was being threatened by Egyptian Nationalists calling for an end to colonial occupation. A mild sense of panic was beginning to overtake the Western elite because there was growing support for the Nationalization of oil interests throughout the Middle East. This move of course would have put an

end to the West's exploitation of Arab oil.

The elite knew only too well that oil was inevitably going to bring not only great wealth, but immense power to the Middle Eastern countries. In fact, if Middle East supplies outlasted those in the West, the Arabs could have potentially amassed enough wealth and strategic power to rival or ultimately threaten the supremacy of the West!!

For those who dared look even 10 or 20 years into the future, the combined power of a United Arab World must have been quite a sobering thought. The problem to be discussed next provided the timing for many of the key chess moves played by the West.

A Brief Recap of the Facts:

Prior to the start of World War II, the Western elite desperately needed two things:

- 1) They needed to destroy Russia's image and/or somehow hobble its growth and development to stem the alarming trend in 2nd and 3rd World nations to view Russia (i.e., Communism) as a lucrative role model.
- 2) They needed a permanent military base strategically located in the Middle East to ensure permanent use of the Suez Canal, and to defend their colonial interests not only in the Middle East but throughout Africa.

But quiz baby boomers about what threats existed to the Western elite prior to the war, and you may grow old, before the issue of Middle Eastern oil, the Suez Canal, or even Russia ever emerges from their consciousness. Awareness of these issues appears now to have been purposely suppressed as an integral part of Allied war strategy. The full reason why suppressing these facts was so important will soon become self-evident.

Ruthless Chess Moves in the Middle East

You are about to be presented with undeniable evidence to indicate that the Second World War was

initiated by the Western elite to deal with these increasingly urgent problems. The evidence overwhelmingly indicates that the invasion of Palestine was a premeditated plan by the Allies not just to CREATE a much needed **permanent ally** in the Middle East, but more importantly to create a location to establish **a permanent military base** from which to ensure the continued use of the Canal as well as protection for their colonial oil interests in other adjacent countries like Iran, and Saudi Arabia.

I would ask those readers who are tempted to label this view as anti-Semitic, to withhold any such pre-judgment at this point. Not only will the facts speak for themselves, the *anti-Semitic* issue will be dealt with very shortly.

The Invasion of Palestine

The first outward manifestation of a plan for Palestine formally surfaced on August 13 1945, when the World Zionist Congress demanded admission of 1 million Jews to Palestine. It should be remembered that at this point, the war had ended, the Germans had surrendered, and concentration camps of all descriptions had been emptied. Europe was filled with people whose possessions had been completely destroyed and who were forced to start all over again from nothing. Many even had to clear away the rubble to get to that state. However, the Jews who later emigrated from all over the globe to settle in Palestine had not been born in Palestine, nor had their fathers or their fathers' fathers. ***In fact, Jews have as much claim to Palestinian property as the American Indians will have to reclaim America two thousand years from now!!***

Meanwhile, the Arab World immediately recognized that the West was trying to install a puppet government in their midst. They were enraged.

- On September 13 1945, Iran requested the withdrawal of U.S. and British forces.
- On September 25 1945, Egypt demanded an end to British military occupation.
- On October 20 1945, Egypt, Syria, Iraq, and Lebanon joined together to establish the Arab

League. One of their first acts was to warn the U.S. that the creation of a Jewish state would lead to war.

When the impending confrontation started to make newspaper headlines around the world, both the U.S. and Britain attempted to diffuse the issue by announcing on April 29 1946 that a joint U.S. British Committee studying the matter, had advised against the partition of Palestine. The Arabs were not about to be fooled by this superficial ploy because on January 26 1947, Egypt actually broke off diplomatic relations with Britain.

On May 14 1948, the British mandate over Palestine ended, and the Allies proceeded to support the creation of Israel by giving David Ben-Gurion and his chosen associates full military assistance to begin a covert imperialistic invasion of Palestine. The well understood advantage of supporting and installing puppet governments, is that the elite can implement their strategies without having to assume either direct responsibility or accountability. {B174}

In reality, the initial invaders were nothing more than a commando force similar to the CIA financed Contras!!

In the wake of the Jewish Holocaust, the Western media was used extensively to justify almost unlimited financial and military support for the creation of Israel, which served as a perfect smoke screen behind which the Allies could install a puppet government in Palestine posing as refuge seekers.

The Western media spared no effort in depicting the Allied invasion forces as refuge seekers, and so were able to successfully transfer the sympathy, which had been generated for the Holocaust victims, directly to the invasion forces. If they had not done this, the citizens of the West, and indeed the world community in general, would have been more critical of the invasion, and would most certainly have sympathized with the innocent Palestinians who were literally being thrown out of their homeland to make way for a collection of people who already had countries to live in. Jews who came from places like America were not refuge seekers, they were encouraged to go to Palestine to help **occupy**

territory forcefully taken from innocent Palestinians by the right-wing militant faction of the puppet government's invasion forces.

Mind you, most Europeans were busy picking up the pieces of their lives after nearly six years of war, and could be forgiven for being a bit numbed at this stage to the invasion of Palestine. Quite conceivably, this too figured into the timing of the invasion.

Israel - Middle East Warlord ...Overnight!

With American military hardware and advisors, Israel almost instantly emerged as the strongest military might in the Middle East. ***Within 8 years, this artificially created nation, which theoretically should have been a collection of the most grateful people on earth, had already gone to war against each of its neighbors*** Jordan, Lebanon, Syria.

And within 5 months of Egypt declaring that she would not extend the Suez Canal's Concession, Israel invaded Egyptian territory and advanced to within 10 miles of the Suez Canal.{B175}

It was only too clear to the entire Arab world, that Israel had become an American military outpost!! The fact that the creation of Israel had the combined support of the Western elite (to at least ensure control the Suez Canal), was made evident by the fact that the Americans (through the Israelis) invaded the Sinai Peninsula heading toward the canal on October 29, 1956, while both the British and the French bombed Egyptian airfields to weaken or destroy the Egyptian capacity to resist the Israeli (American) invasion of their Sinai peninsula. British forces within the week took Gaza and Port Said. Through a long drawn out process involving UN occupation forces, the Western elite began their extended control over the Suez Canal.

Wearing a thin Israeli disguise, the Western elite invaded and claimed not just Palestine **from the Palestinians**, but the lands West of the Jordan River **from the Jordanians**, the Gaza strip **from the Egyptians**, and the Golan Heights **from the Syrians**.

For 15 years, Israel also held the Sinai Peninsula but handed it back to Egypt in 1982 under the terms of a (1979) peace treaty.

Those who would wish to escape criticism for the above acts of imperialism have been quick to label any such criticism as either anti-Semitic or anti-American. Neither label is valid. The criticism contained in this book is directed **strictly toward the Western elite and their Israeli counterparts.** The truth of the matter, is that I have great sympathy for victims of the Holocaust persecution, as well as for the Jews encouraged to emigrate from all over the world to quite unknowingly create a brand new Jewish Feudal State.

Setting up the Israeli Feudal State

Regarding Israeli domestic policy, Jews who descended on Israel from all parts of the globe became, for the most part, pawns under the direction and control of a nucleus of ultra right-wing militant leaders who were chosen to become part of the emerging Israeli economic elite. As a result, many who were lured from abroad to help establish Israel, *now* realize how they have been manipulated and victimized. They are coming to acknowledge in ever increasing numbers, the true nature of Israeli domestic and foreign policies.

Class differences were an integral part of this new Feudal system. When the call went out to Jews all around the globe to come to Israel to help establish the country, some of the first to arrive were Jews of African and Arabic origins who are referred to as Sephardic Jews. In later years, as more of the Ashkenazic Jews (of European stock) arrived, many Sephardic Jews, who had served as Israel's pioneers, were now forced to give up their homes to the Ashkenazic Jews who obviously consider themselves to be superior to those of Moroccan or Ethiopian heritage.

Not only that, many are beginning to acknowledge that Israel, like South Africa, has been enforcing **a policy of apartheid, ...against the Palestinians!!**

And so a "worse than Feudal" class structure has been established from scratch. **The Israeli bottom 90%** are as much victims of manipulation by the American-installed Israeli elite, as are the bottom 90% of all other countries still dominated by an economic elite. With regard to the persecution of Palestinians by those Jews who truly deserve to be called Imperialists, let the world acknowledge that the Palestinians are not being burned in ovens. However, they are being forcefully dispossessed of their traditional homelands and property by a minority of ultra right-wing leaders who have conscripted many normal caring Jewish human beings into taking part in modern imperialistic acts against Palestinians, just as many normal caring Germans were conscripted into persecuting the Jews, and many normal caring Americans were brainwashed into believing that it was morally right to drop atomic bombs on the civilians of two Japanese cities. To add insult to injury, the Japanese descendants of those who survived the war now serve as slaves to the current batch of Japanese economic elite overlords. And so it goes.

Even though I have sympathy for the Jewish victims of both German and Jewish overlords, I have even more sympathy for the Palestinians who have been relentlessly and agonizingly victimized for the last 40 years. It is to their plight that we now focus our attention.

Taking Over Palestinian Property

Practically everyday another handful of Arabs die trying to fight off the onslaught of Israeli imperialism in full view of the citizens of Western democracies who have been brainwashed by incessant television shows about the Jewish Holocaust into ignoring whatever atrocities the Jewish elite may commit.

The systematic takeover of Palestinian lands has normally involved two phases. Firstly, Palestinian villagers bordering Israeli occupied lands are

intimidated and provoked to the point that an initial skirmish takes place that can in future be cited as a reason for sending in an armed commando force (often referred to as the Irgun), to forcefully overrun the village. Once the area is secure, the homes are blown up with explosives, or bulldozers are sent in to level the homes previously owned by the Palestinians who had the choice of dying in defense of their ancestral property, or fleeing for their lives. Next the occupation force, (commonly referred to as the Haganah), moves in. New settlers occupy the area and immediately build new houses to claim the real estate left by the terrified Arabs who were forced to flee.

Why destroy the Palestinian homes? Why not simply allow the Jewish settlers to take them over? Basically, two psychological tricks are being employed. Firstly, by physically destroying the actual buildings, the Israelis effectively diminish the will of the dispossessed Palestinians to reclaim their property. After all, the most useful aspect of their property had been their homes.

More importantly, the Israeli elite quite purposely wish to give the new settlers (the territory occupation force) an opportunity to delude themselves into believing that Palestinian land with Jewish built homes automatically and instantly becomes Jewish "homelands". The bottomline is that no matter how subtle or obvious the strategy appears to the reader, the trick appears to have fooled the majority of Jewish settlers into being relieved of imperialist guilt.

When the state of Israel was originally "created on paper" by the Western Allies, the Jewish population occupied only 6% of the real estate. Through their violent program of intolerance, harassment, intimidation, and aggression, followed by their policy of bulldozing Palestinian homes and installing new settlers, they now in 1989 occupy 70% of the real estate. This scenario has been carried out in village after village non-stop since 1948!!

Recently, Israeli scholar Dr. Benny Morris shattered the myth of an Arab exodus in 1948 by showing Zionist leaders' responsibility for the expulsion of Palestinians, with the help of the occasional massacre,

between 1947 and 1949. Americans among others must no longer tolerate their country's support for this barbaric behavior without fully sharing in the blame!

The Jews have done to the Palestinians precisely what they blame the Germans for having done to them!!

If it looks like Israeli Imperialism, and waddles like Israeli Imperialism, and quacks like Israeli Imperialism, then ...

Handling The Palestinian Protests

To ward off any future dispute over the validity of Israel as a nation, the Western elite, who dominated the newly formed United Nations Organization made sure that Israel was given official international credibility and recognition by using their influence to install Israel as a member of the UN within a year of the initial invasion.

The Western conspiracy against the Palestinians, at least in hindsight, should be obvious. To begin with, the Palestinians were dispersed as refugees throughout the adjoining Middle Eastern countries, thus making initial coordinated protest next to impossible. When these genuine Palestinian Freedom Fighters eventually organized themselves into the P.L.O. to protest openly, *the Western elite purposely refused to recognize the legitimacy of their organization, and for the past 40 years, have continually denied them the opportunity of openly discussing the issues using peaceful methods of negotiation*{B176}

When the Palestinians finally turned in total and utter frustration to hostage taking to draw world attention to their situation, the West couldn't have been more pleased because they then launched a media campaign to thoroughly discredit the Palestinian protests by making the term "**P.L.O.**" synonymous with terrorism.

The American elite to this day threaten to cut off funds to any of the UN organizations which allow the PLO to participate as a member nation. Even 40 years later,

the Western elite are still trying to deny the existence of a people with at least 2000 years of claim to Palestine, but who were sacrificed (somewhat like the holocaust victims) as pawns in a global game of chess. Because Israel was accepted as a member of the UN on May 11 1949, less than one year after its creation, it should be perfectly clear that Palestinians were being purposely gagged, persecuted and maligned simply to allow Israeli (Allied) imperialism to continue.

A Mountain of Telltale Evidence

The circumstances existing prior to the creation of Israel leave little doubt that the West had every reason to wish for Russia's downfall, as well as Israel's creation. Next, everyone would have to agree that the Holocaust was carefully planned, and carried out just as methodically. So all that we are trying to determine is **not whether** anyone would sacrifice several million Jews, **but what the exact reasons were for doing it.**

We will now consider additional telltale evidence supporting the argument that

the Holocaust victims were purposely sacrificed not to satisfy one of Hitler's fanatical whims (as the West has always stated), but to generate worldwide sympathy for the Jews so that the Allied forces could successfully create a territory in the Middle East in which they could legitimately establish a military base to safeguard their colonial interests throughout the area.

First of all, the German High Command would have been acutely aware that Germany would have suffered the same dire economic consequences if she too had been denied passage through the Suez. So logically, Hitler would have gladly welcomed a plan to establish an Allied military base close to the Canal.

But because Germany had more reason to be

concerned about the spread of Communism over her borders from Russia, than about the loss of oil concessions in the Middle East, it would have been a very logical division of labor for Germany to attack Russia (with the assurance that the Allies wouldn't interfere), and for America and Britain to invade Palestine and set up their military base to safeguard the Canal.

If Hitler did hate the Jews, then a plan for him to purposely sacrifice several million Jews to ensure the successful creation of Israel, that would in time absorb the remaining Jews left in Germany, must have sounded to him too good to be true.

As we are all aware how readily the American High Command resort to destroying evidence which incriminates them, it would be fair to say that by now, all the Allied governments have had time to purge their records completely of any overtly incriminating details that may have remained. Nevertheless, both Britain's and America's actions clearly point to covert goals, strategies, and agreements.

You be the judge.

9 More Puzzle Pieces That Now Fit Perfectly

• 1) The Rearming Of Germany

As a condition of losing the First World War, Germany was prohibited from rearming! However, we are supposed to overlook or perhaps see no significance in the fact that the allies not only helped Germany rebuild, they allowed her to rearm so well that the combined armies of the rest of Europe supposedly took till 1945 to defeat her. Although it is possible that German leaders were unaware of why Germany was being allowed to rearm, it is rather unlikely. At the very least, it would be logical to assume that Germany could have been enticed by the Allied elite to attack Russia. A tentative agreement regarding the potential division of spoils could easily have been worked out among the Feudal elite. In fact, the Allies may have had the alliance treaty with Russia as a red herring to

partially disarm Russia, who would have naturally counted on her allies to provide at least some military assistance if attacked.

- **2) Allied Knowledge of The Holocaust Kept Secret**

After the war, we were told that Britain had cracked the German communications code as early as 1941, and that Churchill definitely knew that Coventry was to be heavily bombed. But, he ***purposely*** allowed Coventry to endure a German bombing blitz on April 11, 1941, without forewarning the city. Why? The city was supposedly sacrificed in order to keep secret the fact that ***the Allies could listen in on all of Germany's strategic plans since early in 1941.***

However, we are still asked to believe that the Holocaust came as a shock to the allies ***in the closing days of war, which occurred 4 years after the British had cracked the German communication code!!***

Are we to believe that every time the Germans discussed the details of building the ovens, and the logistics of collecting and transporting millions of Jews, that the Allied eavesdroppers were on their tea and coffee breaks? Why then did the Allies allow the holocaust program to continue for so long? Why wasn't stopping the holocaust an Allied military objective?

Disgustingly, the evidence points clearly to the fact that the Germans were purposely allowed to rearm, just as Coventry was allowed to be bombed, and the holocaust knowingly allowed to continue secretly. It should be apparent, at least in hindsight, that sympathy for the Jewish holocaust victims played a crucial role in the success of the elite's Middle Eastern objectives. Who then can, in conscience, afford to disregard the crucial connection between world sympathy for the creation of Israel, and the fact that the allies appeared to have ***kept silent about the slaughter of Jews, allowed the holocaust to continue, and then made the holocaust the focus of world horror prior to lending their full support for the creation of Israel?***

Besides, how much difference is there between

Churchill allowing the citizens of Coventry to be unsuspectingly sacrificed by bombing in order to achieve a more important objective, ...than for Hitler to send millions of unsuspecting Jews to their deaths in a gas chamber so that the Allies could retain control over the Suez Canal, and prevent their oil fields from being nationalized? In fact, was Churchill's action not just another part of the despicable charade? Even if it were not, the difference is moot. Neither is valid.

- **3) Nazi High Command Given Sanctuary, Assistance, and Employment by Allies**

Perhaps the most damning evidence of collusion with Germany lies in the fact that many Nazi war criminals fled successfully to Western nations and other Allied countries, and that some even ended up with U.S. government jobs. America it turns out has been sitting on information that could have sent some ex-Nazis to jail. One after another, cases have come to light that pointed to the fact that after the war, many top Nazis were secretly given refuge and special treatment by the Allies, and in particular by America and Britain.

It is now openly acknowledged by the American government that Klaus Barbi, *the butcher of Lyons*, worked with the CIA for some time before he was assisted by them to secretly relocate to Bolivia! Werner von Braun, whose V1 and V2 rockets caused firestorms in London, soon became beloved by America for his work in their space program.

Until the day Rudolph Hess died under suspicious circumstances, huge Spandau prison, capable of holding hundreds of prisoners, was kept open to hold him, and him alone. Never before has anyone been isolated to that degree. The whole scenario appears rather ridiculous until one views the situation from the previously outlined perspective. The Allies may have been forced to do precisely this, had they given their word to do what they could to assist and comfort members of the German High Command should the Germans not triumph.(as they did not) More importantly, it would be further logical to assume that the Allies could not take the chance that Hess would in a moment of weakness, expose embarrassing war strategies to his fellow prisoners!

Many other known Nazi war criminals found easy and swift refuge in Canada and in many South American countries allied to the Western bloc.

- **4) Quid Pro Quo Arrangements Involving Industrialists**

Are we expected to see no significance either in the fact that Krupp's mammoth Rheinhausen steel works that had armed Hitler was, in fact, ***the only Ruhr valley steel mill that DID NOT get wiped out by allied bombing*** during World War II. Moreover, although Mr. Krupp, the German owner of that steel works, was convicted of war crimes at Nuremberg, ***he was out on the street again as a free man by 1951***. Later, the (CIA installed) Shah of Iran bought a 25% interest in Krupp's company for \$550 million. {B177}

- **5) Communist vs Allied Non-Communist War Losses**

Not surprisingly, when Russia was attacked by Germany, she received practically no assistance from her supposed Western Allies. Isn't it rather odd that the combined non-Communist Allied losses only amounted to slightly more than half a million, while Communist Russia, **(our ally)**, lost over 20 million? Just for perspective sake, noteworthy statistics for war dead from 1939-1945 are as follows: {B178}

- Great Britain ...244,723 killed
- By the rest of the British Commonwealth forces (Canada, Australia, etc.,) ...109,929 killed
- U.S.A. ...230,173 killed
- ...**U.S.S.R. ...20 Million killed!!!**

Although she remained unconquered, Russia's social and economic development was stunted for decades, especially due to the loss of approximately 95% of her able bodied men between the ages of 18 to 24. ***We helped our Russian allies all we could ...didn't we?***

- **6) The Allies transformed the killing of several million Jews into The Great Holocaust, but publicly refused to devote any significance or attention to the fact that**

the Germans had killed over 20 million of our supposed Russian allies!!

The American public were not hounded into feeling sympathetic for the Russians as they were for the Jews, because the Allies weren't installing Russians to run their new military base in the Middle East! Similarly, the Jews themselves attached little significance to Germany's massacre of 20 million Russians. The fact is made even more significant because it was the *Russians who captured Berlin*, and in a sense put an end to the Holocaust deaths!

- **7) Not only that, after the war the American media then went out of its way to purposely link the existing concept of "persecution of the Jews" ...with Russia!!**

America has for decades accused Russia of persecuting the Jews for not allowing them to leave Russia, when in fact, the travel restrictions affected all Russians in the same way. However, the American media succeeded in purposely transferring the "persecutor of the Jews" label, earned by the Nazis, directly to the communists.

Now that the propaganda value has drastically diminished, America's supposed concern for Soviet Jews is at last being exposed for what it always was, a method of discrediting Russia, and a tool to generate propaganda support for Israeli imperialism. The truth of the matter is that America has secretly been making it much harder for Soviet Jews to immigrate to America despite its image to the contrary. {B179} Not only is there now a 12-18 month waiting period for Jews applying to the American consulate in Moscow for immigration to America, former Attorney General Edwin Meese introduced legislation that made it necessary for Soviet Jews to convince the Immigration and Naturalization Service that he or she suffered from a "*well-founded fear of persecution*." Additionally, legislation is currently being proposed that would reject any Soviet Jews who could not prove that they had "*close family or other ties with America*". *America is now using every trick in the book to reject the immigration of Soviet Jews to America!!*

- **8) The McCarthy Era - A Purge of Socialist Sympathies in America**

To prevent Russia's war losses from generating sympathy in the West for Communists, history text books for baby boomers made little mention of Russia in connection with the Second World War. >From the distorted movie accounts of the war, few would believe that it was not the Americans who marched into Berlin! American movies seem to feature only persecuted Jews, heroic Americans, and fanatical Germans, in that order. {B180}

Not only that, a few short years later, America was subjected to an era of McCarthyism in which every critic of the government, or society, was branded as a Communist. Considering the debt owed by the allies to Russia for her part in defeating Germany, the anti-Communist fever whipped up during the McCarthy era, by the media and the FBI among others, again **posed more questions than it answered.**

- **9) 45 Years of Pro-Jewish (sympathy-generating) World War II Propaganda**

During the McCarthy era, society was purged of socialist sympathies in one fell swoop, and nowhere more so than in Hollywood.

Once that had been done, Hollywood churned out an endless stream of war movies in which America saved the world. So much so, that most Americans probably feel that they won the War pretty much single-handedly. Although Communism rapidly replaced Hitler as the major threat to freedom and democracy, the survivors of the holocaust have remained the underdogs in dire need of America's protection and financial aid.

In order to justify keeping Israel as America's top recipient of foreign aid, the American public has been subjected to an incessant and blatant media campaign relating to the Second World War, and focusing especially on aspects of the Jewish holocaust. When Israel had stepped up her campaign of killing Palestinian rock-throwing children, America TV viewers were bombarded **virtually on a daily basis** with war movies, documentaries, and special "made for TV docudramas" depicting the horror of the holocaust.

Programs involving Nazi and holocaust themes have been broadcast and re-broadcast so much by now that, as anticipated, the Jewish holocaust is etched into the American psyche as the world's single worst atrocity. No matter how severe other atrocities such as the dropping of atomic bombs on civilian populations have been, they are treated as merely *unfortunate but necessary occurrences*.

When there are no more Palestinian properties to confiscate, the holocaust movies will probably taper off. However, the movies will in all likelihood not stop altogether, because Israel will no doubt remain a center for much of America's covert military activity.

Summary and Conclusions:

We are no longer considering whether a man or group of men could have purposely devised such an horrendous premeditated plan, involving many countries, and sacrificing the lives of so many millions of people, with chess-like strategy and cold indifference. Hitler's actions left no doubt about that.

However, the allied assistance given the Germans BEFORE the war, the relatively low loss of life by the allied non-Communist forces DURING the war, and the assistance given to the known Nazi butchers AFTER the war, clearly justify a closer scrutiny of the correlation between Hitler's plans and covert Allied objectives.

Complicity can be both indirect and covert. I hope no one is naive enough to believe that either the English or American power elite are above complicity in such heartless genocide. To hold such a ridiculous idea would require an amnesia attack that would obliterate memories of dropping atomic bombs on civilian populations, ...sacrificing the citizens of Coventry, ...bombing the Asian countries of Vietnam and Cambodia almost off the face of the earth using horrendous quantities of both Agent Orange and napalm, ...or working closely with such human rights violators as Noriega, Nazi butchers, Augusto Pinochet, Baby Doc Duvalier and his death squads, apartheid

forces, etc., etc., etc., etc.,

In any case, certain facts have significance on their own:

In the Second World War the Allies benefited greatly from Germany warring against Russia. They benefited greatly from the holocaust sympathy that allowed for the creation of their Middle Eastern military base. Moreover, it should be recognized that all the working class populations of countries involved in the Second World War were herded into participation by a handful of powerful leaders. It appears that in addition to the Jewish holocaust victims, and those who helped create and enlarge the new country of Israel, the German people themselves were as equally oblivious to the real chess strategies and motivations known only by the power elite at the top.

The most convincing evidence of Allied military objectives, however, lies in the events that unfolded **after** the Western elite had firmly established their new military base.

America's Thinly Veiled Military Outpost

The justification given to the world for the creation of Israel was to provide the Jews with a chance to form a **peaceful nation** where they could live "free from persecution". However, Israel quickly became instead, one of the world's leading military arms manufacturers, and merchants for equipment designed to **KILL**.

With an inflation rate at times reaching 200%, it has become evident to a growing number of Israeli citizens that the America aid received over the past 40 years has not been spent to stabilize their economy, or to benefit the bottom 90%. Instead the money has been used to establish Israel as the center for Allied operations in the Middle East. Much of the \$37.7 billion dollars taken from American taxpayers from 1971 to 1987 has gone toward setting up Israel as one of the world's leading manufacturers of military weapons. {B181}

The fact that **Israel's chief export is weaponry** should remove anyone's naivete, but the fact that **this tiny nation is stockpiling nuclear weapons** ought to convince all but the politically brain-dead that Israel functions as an American Military Outpost.

As far as the American elite are concerned, any military supplies or personnel provided by Israel to help fight America's colonial wars around the globe conveniently amounts to additional "off-budget" defense expenditures which lie beyond the control of Congress. Meanwhile, Israel remains totally reliant on American support for its financial, as well as its political survival. Not surprisingly, this translates directly into "favors for favors". Many are now fully aware of the degree to which Israeli advisers and Israeli-made weaponry are being used to fight the Western elite's colonial wars raging throughout Africa and Latin America. Weapons belonging to the thugs and dictators of the world are increasingly bearing the "made in Israel " sticker.

Consequently, many thinking and caring Jews are at last beginning to question their country's military involvement outside Israel, and in particular those in **remote** Latin America.

While it is beyond the scope and intent of this book to list Israel's foreign military involvement, several of her foreign military adventures are worth mentioning due to their *unusual* and *noteworthy* characteristics.

- (1) **The first example occurs in Africa.**

When Spain abandoned its colony of Western Sahara back in 1975, King Hussein of Morocco sent his troops South to claim the territory for his own use due to the fact that Western Sahara is extremely rich in natural resources such as oil, and has the world's second richest deposits of phosphate. When the indigenous peoples resisted, they were militarily chased out of the country.

Israeli advisers have assisted the Moroccan King to adopt and carry out the same strategy Israel so successfully employed to take over Palestinian lands. In other words, the houses of the Saharawi people, who fled for safety, were torn down and replaced by modern housing complexes built by the

Moroccan monarch. Then a program was commenced involving cheap loans, etc., to lure *Moroccan citizens* to relocate into the new territories in an effort to *claim and occupy them*.

To keep the Saharawi from physically returning to their country, the Moroccans built an earthen wall that runs the entire length of the country. The wall is not only mined, but guarded by 150,000 fully armed Moroccan soldiers. At present, about 165,000 refugees (mainly women) are still located in a tent community in the Western section of Algeria. The surviving menfolk desperately continue their attempt to reclaim their homelands.

- **(2) In Central America, Guatemala provides yet another excellent perspective on Israeli/American intervention**

. Since the CIA backed coup toppled the popularly elected President Arbenz back in 1950, over 150,000 citizens have been killed by the American supported puppet government, and more than 30,000 went missing and have never been seen again.

What has Israel got to do with that? Well, **the Israelis were responsible for installing a computerized system of population control and surveillance**. All Guatemalans have been issued with computer-oriented picture identification cards which they are compelled to carry at all times. As citizens go from one *control area* to another, they have to pass through *checkpoint stations* which maintain an up-to-date computer record of their whereabouts and a permanent record of their movements. As in El Salvador, Guatemala's death squads still operate covertly on behalf of the country's elite, this surveillance system greatly facilitates the process of intimidating and when necessary, locating and selectively killing off political opponents. *Of course, the Israeli advisors based their surveillance system on the South African "passbook" system, which had until recently been used so effectively to assist in the enslavement of black South Africans.*

- **(3)** The true mercenary nature of Israeli militants was exposed once again, as recently as September 1989, when a raid on a Colombian drug lord outpost uncovered the fact that

Lieutenant-Colonel Yair Klein was one of two very well known **Israeli militants** who had been **hired to train army personnel for the Colombia drug lords.** {B182}

No doubt much of the recent civilian destruction and related terrorist activity being carried out against Colombian civilians and elected officials is directly attributable to the lessons taught by these Israeli consultants. In addition, a former CIA agent helping to covertly supply arms to the Contras had disclosed some while ago that CIA supply planes, (which enjoy quasi official immunity from customs) were often used to smuggle drugs back into America. It certainly leaves serious doubts in my mind as to which group the American elite support most. On the other hand, it could be yet another instance of divide and conquer tactics.

- **(4) Moreover, after the CIA had helped to install Manuel Noriega as Panama's dictator, a well known Israeli military man, Michael Harrari, took over as Noriega's closest advisor, and the head of his secret service.** Incidentally, America's recent invasion of Panama should come as no surprise to those who appreciate that the Western elite will do ANYTHING to ensure their continued cheap use of the world's two strategic Canals. Not only did the CIA install Noreiga in the first place, they openly tried to assassinate him when he became difficult to manage.
- **(5) In the 60's, Israel received enough funding from the CIA to support activity in about 30 Black African countries. She has also for some time excelled at training soldiers. Although this pursuit sounds pretty tame, it takes on proper perspective by pointing out that *one of the more famous African trainees who journeyed to Israel to learn killing techniques was Idi Amin of Uganda.*** News reports in later years certainly confirmed that the Israelis had indeed taught him well.

Farming Out the Covert Dirty Work

Because the America elite are becoming more aware that their financial and military support for the world's dictators is being interpreted more "literally"

nowadays, Congress bows occasionally to public pressure, and agrees to cut off Congressional funding for particular military operations or specific regimes. However, the elite are not about to be prevented from doing what they want by anything as ultimately programmable as public opinion.

Mind you, in the short term the elite have found it convenient to quell domestic and world censure by allowing Congress to cut off funds while at the same time farming the work out covertly to Israel. An obvious example involves El Salvador, where Israel virtually took over America's war after the U.S. Congress supposedly shut off foreign aid back in 1977.

The fact that Israel operates as an extension of America's military machine is evident in countless ways, but the farming out of covert dirty work to bypass whatever democratic influence the American people can muster up is perhaps the most galling.

Similarly, when Congress bowed to public pressure to cut off funding to the CIA-backed Contra mercenaries, Israel (the arms merchant) stepped in to negotiate a price for the American arms being sold to Iran to obtain covert money to keep the Contras funded as usual. The arms shipment was also routed through Israel to provide a cover for the illegal activity.

Although the plot was fully exposed, the American media went into overtime to whitewash the affair. The arms sale was transposed into a *patriot act by Reagan* to buy freedom for the American hostages. Ollie North was transformed into a *patriotic National Hero*. In short, the media successfully transformed the illegal democracy-defeating deceits of the Iran-Contra affair into sweet smelling acts of patriotism that gave Americans lumps in their throats and made many proud to be American again.

The simple truth of the matter is that year after year, Israel remains the chief recipient of American "foreign aid". {B183} In fact, the rate of development of not only Israel's Aircraft Industry, but her nuclear capacity as well, should leave very little doubt as to the transfer of high level information and technology between the two elite groups.

As long as the elite have dirty work to get done, Israel will function as America's covert 51st state. In any event, it is totally meaningless for America to declare that it has no military involvement in a particular country, if in fact, the country is overrun with Israeli advisors, and supported with Israeli made military hardware. To distinguish nowadays between American and Israeli advisors and/or weaponry in 2nd and 3rd World countries should be a distinction reserved for the politically naive.

Now that Israel's role as arms merchant has been reviewed, let's examine how she has been used as a base from which to initiate unrest *between* Arab countries.

Dividing and Conquering the Arab Nations

The Arab threat to the Western elite's domination, was fought on many fronts. Establishing Israel as a military base in the area was merely the first step. To appreciate how the Arab threat was dealt with, it is only necessary to keep in mind one of the most fundamental aspects of diplomatic strategy, the tactic of ***Divide and Conquer***.

Middle Eastern diplomacy provides a perfect contemporary example of this tactic whereby the Western elite used their political diplomacy and arms sales to successfully pit the Arab countries against each other to diffuse their power. All combatants become pawns of the provocateur(s). The ultimate winner of this type of strategy is the provocateur, not necessarily the combatant who wins a specific war. For example, no matter who claims victory in the Iran-Iraq war, both nations have been weakened and impoverished in countless ways by over seven years of war. On the other hand, the Western elite have grown rich from fueling the conflict with sales of arms to both sides! As the wealth and manpower of Arab nations are wasted on war, (as with Russia's loss of 20,000,000 war casualties) the threat posed by a United Arab Community decreases accordingly.

With that in mind, let's now review how Middle

Eastern events unfolded after the Western elite moved into their neighborhood.

With regard to Libya:

It should be well noted that the Western press has spared no effort in discrediting Colonel Qaddafi of Libya, because he has been one of the few Arab leaders bold enough to risk bearing the brunt of American aggression in order to offer humanitarian and military support to the Palestinians who had been violently dispossessed of their property and homes. In retaliation for Qaddafi's repeated public denunciation of US Middle East policy, America began a concerted and successful media campaign to totally discredit him by making him out to be fanatical dictator willing to support terrorism. But the carefully orchestrated harassment didn't stop there.

The American navy was called in to stage a thinly veiled provocation off the coast of Libya, supposedly to defend the obscure waters of one of Libya's coastal bays for international use. The whole scenario was meant to set the stage for a media blitz at home to psychologically prepare the American people, and perhaps the world at large, for their direct premeditated *aerial assassination attempt* on Qaddafi's residence deep inside Libya. Qaddafi survived America's assassination attempt, but his son was injured.

*At what point do **assassination attempts** cease to be acts of terrorism to congressmen and the American public? ...only after the "freest media in the democratic world" sugarcoats them into acts worthy of patriotic pride!!*

The level of propaganda used to whitewash events like these, are typical of the propaganda campaigns carefully orchestrated to shape and control the opinions of the American public. Psychological media tricks have been refined and improved constantly, to ensure a quick predictable response from American citizenry, whose subsequent opinions are noted by the carefully controlled public opinion polls, and fed back as reinforcement.

No doubt, had America succeeded in assassinating Colonel Qaddafi there would have surfaced out of the

woodwork old supporters of the previous monarch whom Qaddafi had replaced, and whom the Americans would have supplied arms to, as they did in Nicaragua to Anastasio Somoza's old thugs whom were given the euphemistic title of "Contra Freedom Fighters" by the CIA who created them.

With regard to Iran: It is now well documented public knowledge that in 1953, the CIA covertly overthrew the popularly elected leader of Iran, Dr. Mussadegh, to re-install the Shah who, like all monarchs before and after him, was a genuine elitist. To achieve this, the CIA hired street gangs to kick in the windows of any car on the street which did not prominently display a picture of the Shah. These and other CIA funded tactics intimidated Dr. Mussadegh and caused him to flee for his life after the mob completely destroyed his headquarters.

The CIA then immediately flew the puppet Shah back into Iran to take over the country, and proceeded to quickly arm him to the teeth, as they were also doing with Israel. What the CIA did not count on, however, was that a severe fundamentalist backlash headed by the Ayatollah Khomeini would eventually return power to the Iranian people.

When the Shah realized that his days were numbered, he literally robbed the nation of billions of dollars and took the wealth out of the country. As the American elite were the Shah's greatest allies, much of the money stolen from the Iranian people ended up on deposit in American banks, and invested in American real estate. America not only helped the Shah to remove the nation's wealth, they refused to return the stolen wealth even after the Shah had died.

*The American hostages were taken, and are being held only because **America refuses to return the stolen wealth!!***

After the Shah was replaced by the Ayatollah, the Western elite have had to settle for instigating Middle Eastern conflicts, and keeping them on the boil wherever they could, in an effort to keep the Arabs truly divided and conquered.

The Iran Contra affair totally exposed the divide and

conquer strategy for those not totally brainwashed by American propaganda -which tried to justify the sale of arms as a means of getting back the hostages. The opposite in fact was true. It was the Reagan administration itself which bargained with the Iranians **NOT** to release the hostages.

Repeatedly, foreign policy is shown to be little more than chess like maneuvers designed to keep the Feudal elite in power.

The fact that Oliver North was treated as a national hero by the press for his part in assisting President Reagan's White House staff to sell arms to Iran leaves very little more to be said about Oliver North, the media, President Reagan, his appointed staff members, Israel, and the Congress.

The shooting down of the Iranian passenger jet with 290 passengers (as previously described in the media manipulation section on page 3-21) was very thinly disguised terrorism which reeked of intimidation, bullying, and vengeful retaliation.

With regard to Lebanon:

Although the lives of many innocent passers-by have been lost through car bombs exploding in the streets of Lebanon, the American public rarely hears of the documented evidence linking the CIA with this terrorist activity.

Citizens of the Middle East are also much more aware that America also supplied both moral and military support for the Israeli invasion of Lebanon. In fact, it probably supplied the sky flares that the Israeli army used to turn night into day to allow the Christian Phalangists to continue throughout the night their cold blooded massacre of hundreds of men, women, and children in both the *Sabra* and *Shatila* Palestinian refugee camps.

Did the Israelis learn nothing from the holocaust? There should have been no surprise when America's own occupation of Lebanon was met with such fanatical hatred and resistance, to the point that they were even forced to abandon their embassy.

With regard to Egypt:

One might also begin to question just whose covert actions were behind the assassination of Anwar Sadat of Egypt, considering he had the same sense of nationalism as Mossadegh of Iran who was overthrown by the CIA because he intended to nationalize the Iranian oil fields. In Egypt's case, nationalistic Egyptians intended to take over full control of the Suez Canal shipping lane, a responsibility the Egyptians had every legal and territorial right to assume.

With regard to Iraq:

Just when Iraq was nearing completion of her first nuclear power plant, Israel staged an **unprovoked** aerial attack on the plant and totally destroyed it. This act constitutes another of the more blatant acts of Israeli (American) aggression designed to keep the Arab peoples from becoming a threat to Feudal domination.

Since the first printing of this book, America has in full view of the world, quite literally bombed Iraq's **civilian infrastructure**, as well as its defense infrastructure back into the middle ages.

Once again, America's media spent time preparing its citizens as well as the rest of the world to be partner to the secret slaughter it had planned. The media repeated ad nauseam that not only was Saddam a terrorist madman, but that he was only months away from completing the manufacture of nuclear bombs with which to attack all Democracy and Freedom loving people.

The reality of the matter is that like "shooting fish in a barrel", the American elite quite callously took the opportunity to field test their latest hi-tech weapons, and in the process massacre about 200,000 Iraqis. The fact that America lost only about 60 soldiers, some of which were killed by their own side, should leave little doubt about the real threat Iraqi troops posed to the West. No doubt this brutal display of bullying will also serve to make other 2nd or 3rd world nations capitulate in future rather than arouse America's ire.

It should be well noted that in countries like Kuwait (which the West created less than a century ago, as it created Israel), and in Jordan where a King is still in

power, Arabs are allowed to remain in power --but only because they run their countries as Feudal empires.

Because the West has its Israeli military arsenal fully entrenched, it has no more need of occupying other Arab lands, it only needs to keep the non-feudal countries hobbled.

The bottomline is that instead of the Arabs enjoying a Golden Age of Prosperity, they are pitted against each other (divided and conquered), squandering away vast sums of their oil wealth on expensive, though not the latest or the best, weapons of war.

Shuttle Diplomacy

It doesn't take much more imagination to conclude that the peace missions and shuttle diplomacy that the West initiates to find peaceful solutions to conflicts around the globe, are basically business trips to sell arms to both sides and keep the conflicts boiling. America the "Peacekeeper", has already sold vast amounts of her (ex-state of the art) military equipment throughout the Middle East, thereby making possible the equivalent of an **Arab Holocaust** which has ensued.

And what do you know, here we are in the 1990s already.

All in all, the Western elite achieved both their goals. Although Russia was not overtly conquered, her economic development was delayed by at least two decades through the war loss of approximately 95% of her able-bodied men between the ages of 18 to 24. Then, by initiating an arms race, the Western elite were able to keep Russia's productivity focused on military goals rather than on producing refrigerators, cars and television sets for her people. When the normally stoic Russians finally ran out of patience, an

era ended.

In the Middle East, the Feudal elite were totally successful. Israel is firmly entrenched, Western oil interests in the Gulf have remained intact, and so has their indirect control over the use of the Suez canal. Lastly, the chance that Arabs would unite to threaten the dominance of the existing Feudal elite has been totally obliterated.

Therefore, if we are to learn any lessons from the past, the degree to which the allies played the covert role of **PROVOCATEUR**, both **during** and **after** World War II should become a topic of much further consideration, discussion and investigation. The fact that a few rich people can continue to use the bulk of humanity as expendable pawns in a chess game is intolerable.

We have to begin our assault on Feudalism as quickly as possible, because the elite are certainly not sitting idle. The next chapter is devoted to a discussion of their current strategies, which should give you even more incentive to get involved.

Chapter 6

The Elite's Current Strategy

Emerging Global Controls

At present, the economic elite enjoy autonomous control over their own specific countries, and continue to get richer from foreign industrialization. So while the standard of living for the already disadvantaged bottom 90 percent within Western nations continues to drop, the super rich are using their profits to buy up an even greater percentage of

real assets both at home and in the developing nations.

Morally speaking, the socioeconomic leveling effects of locating industries into 2nd and 3rd World countries could be looked on as a positive global development, if it were not for one important fact.

The western elite who hire these people intend to pay them as little as possible, for as long as possible.

They can get away with paying them *as little as possible* because the workers are generally speaking unorganized and already impoverished by their own elite. The elite hope to get away with cheap labor *as long as possible* by introducing the same type of political, economic, and media controls in the 2nd and 3rd World countries, as have already been refined in the West. Unless this is done, 2nd and 3rd World workers may become as difficult to exploit as workers now are in the West. Worse yet, they may demand nationalization of the foreign owned industrialization just as the various Arab countries had pressured for nationalization of their oil interests.

The process of forming an integrated global Feudal empire began in earnest with the formation of the Trilateral Commission. It is worth mentioning once again that since its inception, **the Trilateral Commission has funded numerous studies which deal with key aspects of controlling whole populations.** Since the TC infiltrated the White House, it has collected a frighteningly comprehensive pool of knowledge, all of which will be used to establish the new global order.

The Trilateral Commission has done its Homework

The following incomplete list of Trilateral Commission book titles should give a concerned reader reason enough to believe that this elite group means business.

- 1975 Report on the Governability of Democracies
- 1978 Task Force reports on Commodities Issues
- 1978 A compilation of reports of the Task Force on Oceans
- 1978 Energy - managing the transition

- 1979 Collective Bargaining
- 1979 Report of the Trilateral Task Force on Industrial Policy
- 1980 Elite Planning for World Management
- 1982 Economic Relations with the Soviet Union and Eastern Europe
- 1983 Sharing International Responsibilities among the Trilateral countries
- 1983 Task Force on Security and Arms Limitation, Defense and Arms Control
- 1985 East Asian Security and the Trilateral countries
- 1986 Conditions for Partnership in International Economic Management

Based on information gained from these studies, the TC members are presently hard at work forming infrastructures to coordinate control of all the economic Feudal populations on an international or ***global scale***, rather than just as *independent national Feudal empires*. As you read this, international contracts and legal agreements are being made by members of the new Trilateral oligarchy.

Needless to say, the social overviews provided by these studies will be invaluable in assisting the elite to plan future economy milking schemes such as our current "debt for equity" swapping.

*Once the standard of **media conditioning**, and the **standard of living** in the developing countries has been raised to the point that eliminates a *dangerous level of desire for Communism or Socialism*, the standard of living for the 2nd and 3rd World Feudal serfs will rise no more, and in the meantime, the standard of living for the Western worker will gradually fall to meet it. Then it's back to business as usual, but on a new dangerous **global level** of integrated and coordinated control.*

Consolidation of power has occurred and is still occurring on many levels, and in many different countries. In fact, the framework for a consolidated Feudal empire dominated by the super rich is already in place! Let's take a moment to consider the various ways that this is occurring.

Expanding the Feudal Domain

The feudal elite are presently embarked on an expansionary program, the limits of which are difficult to ascertain. However, some tell-tale signs give an indication of what the elite have in mind.

Chess strategies ...without the balance of power

The most disturbing aspect of the disintegration of Communist leadership in Russia, is that now that the balance of power has disappeared, America insists on continuing the most costly military escalation that the world has ever known. It has openly stated that it has no intention of slowing down its Star Wars project. One should indeed be concerned why.

The second tell-tale evidence of **future chess style planning** is that simultaneously, America is enthusiastically urging Japan to **fully rearm**. The publicly announced encouragement, especially at this time, are as indefensible as they are ominous. No country is threatening either Japan or America, in fact, what used to be the U.S.S.R. is willing to disarm unilaterally. Another ominous sign is that Japan *just recently* changed its constitution to allow its military forces to operate **outside** of Japan (for the first time since WW2). It doesn't make too much sense unless you keep in mind that Japan is the second part of the Trilateral Commission, and that Germany is the third.

Without a balance of power to inhibit them, the Western elite are without a doubt now accelerating their covert war(s) against non-feudal powers. Grabbing back East Germany into the Feudal camp was a cinch while Russia was so preoccupied with calls for independence from so many of its republics. And in that regard, it would be naive not to assume that many of the conflicts raging throughout the former Soviet republics are presently being fueled, if not spawned covertly by the West. The opportunity to divide and conquer has never been better!!

So while you are being encouraged to feel safer because the "Cold War" is at last over, don't. Take another look. Don't be lulled into believing that America is less likely to use its hi-tech military toys just because it has agreed to phase out some outdated military hardware. It would be foolish to think that the risk of war has decreased if the personnel operating the scrapped weapons are simply redeployed to operate even more sophisticated weaponry.

Rather than think of the "Cold War" as the non-combative confrontation between America and the U.S.S.R., a better perspective of the term would be that the "Cold War" is, and has always been, the non-combative struggle between Feudalism and its opponents.

And if the Cold War is looked at in this light, there is plenty of evidence to show that the "Cold War" is not over, it is in fact actually accelerating!! Why? Because opponents to feudalism still exist. Throughout the globe, there is a growing awareness and intolerance of the Western elite's exploitive and interventionary practices.

In Europe, the mood over the last decade has turned strongly against the American military presence. In fact repeated popular street demonstrations (advocating the removal of American missiles from not only German soil, but from the whole of Europe) have been the largest such demonstrations in history. The working class of Europe are slowly rejecting the American military overlordship and have openly indicated their intention not to let America use Europe as her next battlefield. Besides the benefit of taking back some real estate into the Feudal kingdom, the reunification of Germany was probably designed to disrupt the solidarity of the anti-American movement by throwing the country into internal confusion.

In Latin America, the Arias peace plan clearly indicated the resolve of the new and wholly Latin American center-left power bloc alliance that has formed in that hemisphere. The involved nations have clearly indicated to the world that they intend to decide the destiny of their own hemisphere without Western political intervention. With the exception of the U.S. itself, the members of The Organization of

American States (OAS) were unanimous in their condemnation of America's invasion of Panama in December 1989.

In Africa, the writing is on the wall in foot high letters, and the Western elite both in South Africa and America silently acknowledge that the racist whites of South Africa can no longer continue to deny blacks the right to vote. The situation especially in the wake of the repeated massacres, is now a powder keg.

In the Middle East, anti-American hatred is everywhere. On this front as well, Israel's relentless atrocities against the Palestinians are progressively coming under growing criticism.

Dissatisfaction with the Western elite's policies no longer comes from one or two specific and easily definable targets as in the 50's, but from the world at large! Again, if it looks like military escalation, and it waddles like military escalation, and it quacks like military escalation, then...

Consolidating Political Power

While the elite regularly use their military power to enforce and maintain Feudalism, they are working very diligently in the boardrooms to install a global Feudal government instead of running as they currently do with each country forming a separate Feudal empire. With the rise of international corporations, the need to consolidate feudal power has become unavoidable.

During the last two decades, the Trilateral Commission has (under the leadership of its founder David Rockefeller) used clout in the White House to successfully establish basic power and resource sharing agreements between the principal Trilateral Commission partners.

With much of the power sharing arrangements sorted out among existing members, *Mr Rockefeller is now turning his attention to Latin America with the intention of establishing an organization which*

*effectively will link the American elite with the dominant financial elite from Latin America. The new organization will in all probability function as a Latin American tentacle of the existing Trilateral Commission. It will be known as "**Congress of the New World**".*

So far, major Western banks have loaned hundreds of billions of dollars to Western sympathizers throughout Latin America. As chairman of Chase Manhattan Bank from 1969 to 1982, Rockefeller was in a position to dish out many billions in loans, and thus strengthen the connections set up earlier by his brother Nelson. {B184} The inequities of wealth distribution that resulted from the massive influx of money to Latin America have created a loyal wealthy minority, who are now ripe for absorption into the budding global Feudal community.

Astoundingly, the Latin America elite have already sent about \$300 billion (**flight capital**) out of the country for safe keeping in Swiss and American banks. Without too much imagination required, one can speculate that much of the loaned bank money was quickly and easily siphoned off into bank accounts of a corrupt minority who immediately shipped their new wealth out of the country to escape the ravages of runaway inflation that everyone else was forced to endure. Unfortunately for the populations of Latin American countries, the flight capital (\$300 billion) has already exceeded the total Latin American debt of \$257 billion!! {B185}

In countries like Argentina, where the inflation rate approaches 1000%, resentment against the greedy elite is running so high that the Western elite are now eager to maintain the flow of money to avert popular uprisings. {B186} At this point, Rockefeller is lobbying strongly for Japan to substantially increase their investments in that hemisphere not only to harness the cheap labor of desperate workers who have been reduced to the brink of poverty, but to ensure that left-wing leadership is prevented from gaining power. Japan should not need too much encouragement because Latin American countries, even as oil-rich as Mexico, still only pay their workers an average of \$1.80 per hour. {B187}

To help finance this relationship with the Latin America elite, the American elite have manipulated the U.S. government and indirectly the American people into keeping the money flowing to their friends by introducing legislation to replace the existing defaulting loans with taxpayer guaranteed equivalents.

Reshaping Power in America

Consolidation of authoritative power simply translates into greater centralized control for the elite. Because the Trilateral Commission is firmly entrenched in the highest positions of elected and unelected power in America, George Bush, as President, can now coordinate the growth and development of a global Feudal empire with unprecedented ease. Not surprisingly, he has **repeatedly** voiced his determined intention to INCREASE the powers of the presidency as well. Obviously he feels that the president's ability to VETO the wishes of the elected majority is not enough.

The powers of the National Security Council are being expanded. New committees have been formed that indicate that a move is underway to coordinate, consolidate and/or integrate the powers of the National Security Council, the State Department, and the Central Intelligence Agency. Readers who wish to read more regarding this important development can read the article entitled "NSC change" in the February 11, 1989 issue of The Economist. {B188}

In addition, George Bush has asked his Attorney General, Dick Thornburgh, *to bring control of the nation's "organized crime" strike forces under the direct power and control of the Attorney General's Office*. At present, they operate independently in various states around the nation. This move would give any president improved control over just who does, or **doesn't**, get investigated or prosecuted. With regard to this type of power, it should be noted well **how little** Mr. Bush was pressed by the media or anyone else for that matter, to declare his level of involvement in the Iran-Contras affair (and especially not by the Attorney General Ed Meese, who was in

charge of the investigation). One would indeed have to be naive to overlook the fact that the covert Iran-Contra group did, nevertheless, operate out of the White House basement while George Bush roamed the White House as vice-president. (...an appropriate title).

Unlike some of the elite's former presidential puppets, Mr. Bush possesses a keen intellect and a well developed command of both psychology and diplomacy. In short, because he can be both cunning and persuasive, he possesses a capacity to implement the goals of the Trilateral Commission, and thus strengthen the dominance of the Feudal elite like few before him.

What makes him so truly dangerous is that having recently been the head of the CIA, he embodies the consolidation and coordination of overt presidential power, with covert secret service power. Beyond outright dictatorships, few Western government leaders have been in a position to coordinate the integrated use of overt power with covert power.

So, while the presidency inches toward a dictatorship, the White House progressively becomes the base for covert criminal operations. Bush's previous role as head of the CIA has established a link between the presidency and the CIA that is more than faintly reminiscent of Hitler's extension of power using the German secret service. Who could dispute that the German SS carried out Hitler's wishes like a squad of "patriotic" Oliver North clones? After George Bush's invasion of Panama, and his attempt to assassinate a foreign head of state, his colonialist mentality is hardly in question.

To inaugurate the whole process President Reagan put the whole country on a staunchly conservative tack through pro-elite appointees to the U.S. Supreme Court. **The tail is wagging the dog!**

The existing democracies will continue to be reshaped legislatively to implement the directives of the emerging corporate government.

Economic Consolidation

Economic power is rapidly being consolidated into fewer and fewer hands as a result of the wave of corporate takeovers and conglomerate mergers currently taking place in all the Western democracies. Note, however, that it is vitally important to draw the distinction between economic **power** and economic **ownership**. The corporations, that the elite **control**, are often **owned** almost entirely by the banks who finance them.

By refinancing their corporations largely through money borrowed from banks, the elite are effectively selling their uncompetitive, ailing corporations to the working class because money from workers' pension funds constitute such a significant chunk of today's bank deposits.

Although they are *retaining control* of their corporations, the elite are quickly and quietly pulling their money out of American-based industries, and reinvesting it in cheap labor countries. In the wake of a wave of leveraged takeovers, 64% of the value of America's corporations is owed to banks. {B189} Therefore most of the business risk in America has by now been secretly transferred to bank depositors who quite unknowingly stand to lose their life savings if a serious economic downturn ever bankrupted the businesses that their bank deposits are now financing. Based on debt, many corporations are teetering on the brink of insolvency.

As long as the corporations generate profits, the elite can skim them off. But once they go sour, as they would if a serious depression occurred, the elite who no longer have their money in the corporations (only debt through financing), would be free to walk away and allow the banks (i.e., pension funds) to absorb the losses.

The elite with banking interests are not really risking much of their money either, because they themselves have been compelled by law to invest about only 4% of their own money as capital equity. The rest belongs to

the bank depositors. In reality, the banking elite are practically not concerned with *repayment of loan principal* from the 2nd and 3rd World countries, they are really only concerned with reaping in the **interest payments** on the depositors' money they lend out. That is why taxpayer money was channeled to the International Monetary Fund and the World Bank to enable additional funds to be loaned to potential defaulters to ensure that they could at least *pay their interest payments*.

*And so **bank depositors and future pensioners are the real holders of the 2nd and 3rd World debt**, in addition to being the holders of America's staggering **corporate debt!!*** But the banking elite don't make a habit of shouting that from their rooftops. Because most of the easy profits derived from leveraged buyouts have already been creamed off in America, takeover pros like Drexel Burnham, and the legal firms which specialize in takeover bids, are already setting up shop in Western Europe. The economic elite are about ready to drain the Western European economies. In contrast to America's *debt to equity* ratio of 64%, Britain's stands at about 16%. In other words, 16% of value of British businesses has been borrowed (mainly from banks), as opposed to 84% which is paid for, so to speak. *{B190}* The figure for the rest of Western Europe is probably not too far off, but a few years from now, takeovers and mergers will have undermined the Western European economies as well. But that's not all.

A New Global Currency?

The elite have even begun the groundwork for a new monetary system with a basket currency from 10 countries, already in limited use in Europe, called the European Currency Unit (ECU). Although the ECU is rapidly taking hold throughout European countries, many other countries around the globe are adopting the now 10 year old currency to oblige their European trading partners. *{B191}* The manipulation of interest rates, and the devaluation of horrendous amounts of savings could be then accomplished overnight with the greatest of ease. It is the author's guess at this stage that the reason the Western elite hope to adopt one

currency is to facilitate the adoption of a universal system of Feudal taxation.

Time will tell.

Future Employment Trends

Increased cooperation among Trilateral countries has produced many visible changes within America. In the workplace, for example, it is becoming apparent that leaders in the Trilateral feudal empires are adopting each other's best methods for controlling and exploiting their respective work forces. Unfortunately, the Japanese have lived under an Emperor, and so they are culturally attuned to the concept of subservience, and suppression of individual freedoms. Because of this, American industry is increasingly emulating Japanese industrial methods and policies with regard to employee management techniques. The following trends, most of which have been copied from the Japanese, are now being introduced into the American workplace.

- 1) Longer Working Hours(Overtime or unemployment, take your pick.)

At one stage in America, a 37 and a half hour work week was becoming the norm, now job and employee cutbacks are progressively producing a situation where you are either unemployed, or working full-time with plenty of opportunities for overtime. Wage cutbacks, and inflation caused by the ongoing devaluation of the dollar are helping to make increased overtime as much of a normal condition of employment in America, as in Japan.

Officially, Japanese workers work an average of about 15 hours overtime per month. *Unofficially*, 40 to 50 hours overtime per month (usually at a rate of time and a quarter) is common. Their rush hour occurs after 9 pm!! As a result, Japanese home life is practically non-existent! Increasingly, their suicide rate reflects the stress of **employment oriented lives**. {B192} Moreover, refusing to work overtime puts their jobs in jeopardy, although this is rarely an

issue in Japan because, despite their high wages, their dependency on overtime is necessitated by a highly inflated cost of living which predictably marches ahead of their increasing wages.

- 2) Home-based Employment ...low pay, no benefits Much of the labor that currently goes into the Japanese made electronic equipment that flood into American homes is the product of work done **at home** by Japanese *piece work* laborers. Not only are the wages only a fraction of those paid to employees of large corporations, but benefits such as medical care and pensions are virtually non-existent.

In other words, legislation passed in the first few days of George Bush's administration (to allow the Mexican garment industry workers to work at home) threatens to open the floodgates for industrialists to conscript unemployed Americans to do piece work at home for minimum wage (or even less), and with possibly no benefits (i.e. no medical, no dental or no pension).
{B193} As was mentioned earlier, there is even a current push on by the elite to have the immigration laws changed to facilitate the emigration of citizens from Eastern European countries to flood the American labor market with extremely cheap labor.

3) Sales Positions paying "Straight Commission"

With a recession on the horizon, sales employees working for straight commission will suffer badly. Instead of a company having to pay lay-off severance pay to long standing employees as sales volumes taper off, employees who can't sell enough to make a living will either accept less, or lay themselves off with no claims for severance pay.

4) Employee Pay Plans Linked to Company Profits

Profits have ceased to be a yardstick measuring anything meaningful. {B194} With debt for equity swaps and other accounting ploys, a company's profits can easily be manipulated to whatever levels the company CEO wishes them to be. Successful firms like Walt Disney have paid no taxes for years at a stretch. Therefore, if employers can convince their employees to accept profit-oriented bonus incentive plans, they can justify paying workers much less, especially during recessions. In Japan, workers receive an average of 25% of their pay in the form of bonus. The practice increases productivity all right, along with increased mental stress, an abnormally high national suicide rate, and a tendency toward longer working hours.

5) Employee Stock-Ownership Plans

ESOPs were explained fully in Chapter 1. With ESOPs, the value of employees' pensions is dependent upon the fluctuating value of the company's stock. If a company goes bankrupt, employees lose both their jobs and their pensions. ESOPs will be promoted heavily by the government, and will constitute the next great wave of worker exploitation. Don't get suckered in by this one. {B195}

6) Employer-subsidized Loans

Employer sponsored, employer subsidized, and employer guaranteed home loans are now being used as successfully in America as they have been in Japan, as a means of ensuring an employee's docile subservience. In other words, the risk or threat of losing one's home puts the employee at the employer's mercy even more than a non-transferable pension has in the past.

Class-oriented Health Care

In a similar move to bond employees to their companies, American corporations are quickly adopting Japanese methods with regard to employee health care plans. An example will best serve to describe the problems that are arising.

The St. Louis-based communications company, Southwestern Bell has a employee health care plan that is provided by the Prudential Insurance Co. If an employee uses one of the doctors selected by the Prudential Insurance Co. a standard doctor's visit costs about \$5. If the employee chooses to use a doctor *not* selected by the insurer, the employee must pay a \$300 deductible as well as paying 20% of the costs. The alternatives leave most employees little real choice.

Southern California Edison is considering a plan that uses an "**exclusive provider**" **condition**, where only patients using the selected doctors will be covered.

Aetna Life & Casualty, the firm which provides health insurance for Florida Power and Light Co., has hired *its own nurses* to visit the hospitals where FPLC employees are being treated. Under the terms of the plan, the nurses are empowered to monitor the patients treatments, audit their bills, and even recommend that a patient be discharged. Although the patient's doctor has the final say, the insurance coverage can become a potential matter for dispute.

It is no secret that health care insurance programs with "**preferred providers**" (i.e. selected doctors) are chosen by corporations because the plans are cheaper with regard to employer contributions. An Insurance company bent on maximizing its own profits is in the position of choosing between more expensive doctors with proven abilities, or inexperienced graduates. It is not surprising then that surveys report workers complaining about having received inferior health care. The potential conflicts of interest, and the opportunities for abuse should be obvious, especially with regard to employment-oriented illnesses.

In addition, employees are having to face *substantial increases in paycheck deductions* to meet health care costs which are rising at almost twice the nation's official inflation rate. As with car insurance deductibles, *health insurance deductibles* mask the continuing reductions to America's standard of living. {B196}

The new "preferred provider" health care plans, being offered by 30% of the nation's corporations are so unpalatable to American workers that at present, 60% of the 85 strikes (which The Federal Mediation and Conciliation Service is at present mediating) involve health benefits issues. {B197}

Many firms which owe future retirement medical benefits to current employees are threatening to go into Chapter 11 bankruptcy as a means of bargaining down the liabilities owed to employees who had looked upon the retirement health care benefits as a compensation they had accepted in lieu of higher wages. In a recent settlement between AT&T and its unions, health care liabilities to its retirees was more than halved. {B198} These are but the beginning symptoms of a massive health care crisis looming for America's aging baby boomers who will be forced to accept a decreasing standard of health care during their retirement years.

The alternative to a "preferred provider organization" (PPO), is to choose a "**health maintenance organization**" (HMO) plan. Under this arrangement, the employee would go to the company's health clinic and see a doctor or a nurse practitioner who effectively serves as a "gatekeeper" to the rest of the health care benefits. If the "gatekeeper" refuses to recommend a procedure or a specialist that you feel is required, your only alternative is to get the work done *at your own expense outside of the HMO system.* {B199}

Moreover, HMOs are increasingly hiring nurse practitioners to do the bulk of the work that normally has been done by doctors. This is mentioned not to slander the nation's hard working nurse practitioners, but simply to point out that **a two tier system of health benefits is clearly emerging.**

*The nation's **doctors and specialists will cater to the needs of the wealthy**, while the nation's **wage earners will receive the bulk of their medical care from nurse practitioners in health maintenance organizations.***

What kind of health care will the rich enjoy? The article in the Jan 8 1990 issue of BusinessWeek entitled "Hospitals you may hate to leave", tells of the other growing trend in health care: **luxury hospital rooms**. To quote briefly from the article:

"When the visitor entered his room, a fruit basket was there to greet him. The room which boasted a river view, was decorated with oak furniture and Oriental rugs. At dusk, room service brought his order of lobster and white wine. He watched a movie from the in-house library and then went to bed."

Variations of this scenario are now offered by at least 200 facilities around the U.S.!! {B200}

***Intense lobbying** recently killed a tax provision that would have forced companies to offer the same health benefits to workers as to executives! {B201}*

Let's not forget too, that of the 35 million Americans who entered 1990 without health care coverage, over half were employed! And so, for the bottom 90%, the conditions and terms of conventional company health care plans are slowly being either discarded or altered by Japanese-style methods which shackle employees to health care plans which give employers additional control over their employees. The growing trend of bonding workers to employers through financial indenture, is a topic that most Americans should be more concerned about. It is the basis upon which 21st century slavery is being built.

Media Consolidation

In order to stop this regressive slide back into the political and economic Middle Ages, we must have an informed public. However, under present conditions,

this is practically an impossibility. As was already outlined, a handful of media owners like Robert Murdoch already own and operate the components of a global communications network (potentially a Big Brother style media system). {B202}

Takeovers and mergers will put the finishing touches on a global "thought conditioning network" that will effectively provide coordinated news and information manipulation throughout the emerging corporate empire. The media's role, as always, will be to use 5th Avenue marketing techniques to sell whatever social changes best suit their plans. It was no accident at all that within days of the Communist party ceasing to be the dominant party in certain Eastern European countries like Hungary and Czechoslovakia, Rupert Murdoch was already making serious efforts to buy up their media. What a perfect opportunity to launch a divide and conquer campaign!

Even book publishing companies are being bought up and merged into huge multinational corporations. The ability to be price competitive is hardly the issue. What is at stake is freedom of the press. Rupert Murdoch has, for example, recently consolidated his various book publishing companies *in all parts of the world* into one global publishing operation called "Harper and Collins Publishers". In other words, it will become increasingly more difficult to publish material that speaks out against the elite, and easier to market and promote material supportive of the aims of corporate Feudalism. (Incidentally, this book was originally written in the late 80's but remained unpublished despite considerable effort on the part of the author to find a publisher.)

Furthermore, the increased coordination and cooperation between the economic elite of Japan, Western Europe, and America, is manifesting in many ominous ways.

Big Brother in American homes ...soon!!

New high-tech devices for monitoring people's reactions to the programming they are watching on TV will soon be entering the first American homes.

The Nielsen polling people, who have so often provided administrations with the "evidence" of general public support for controversial foreign and domestic policy, are now working on a joint project at Princeton with members of the David Sarnoff Research Center (a subsidiary of SRI International from Stanford, California) to develop a device called a "passive people-meter".

The device, modeled on the human eye, would be able to identify the various members of a family by their unique facial features. It could sit on a TV, and *monitor viewers reactions* to the content of TV commercials or to Presidential speeches, etc., etc..

Needless to say, the potential for abuse is truly frightening. Can you just imagine the buyer rebates that might some day be offered to individuals who purchase a TV with this people watcher device *built in*? The power of consolidated ownership of the media must no longer be taken lightly. {B203}

Propaganda for Schoolchildren

As far as mind control techniques are concerned, there is a new trend being introduced into American public schools that has an equally serious potential for abuse. Closed circuit television networks are NOW being supplied free to schools that show specially selected accounts of news events complete with product commercials aimed specifically at the particular age groups for whom the shows have been prepared.

Some schools felt so ingratiated for the equipment that they even allowed the suppliers of the equipment to hang their commercial product advertisements up in the school hallways. The potential for mind control abuse is simply staggering. The degree to which the suppliers of the equipment are prepared to go is perhaps best evidenced by the fact that the wall-mounted ads for the younger (physically smaller) schoolchildren have been mounted "at their eye level" for greater impact.

Are you paying school taxes so that your

schoolchildren can be held as captive audiences and subjected to specially prepared thought controlling information and commercials during their school hours?

What's more, parents would be totally unaware of what visual conditioning their children were being subjected to. Remember, one of George Bush's primary election campaign planks was his intention of forcing schoolchildren to repeatedly swear their allegiance to the existing socioeconomic system based on Feudal principles. Warp those little minds early, while they are still easy to mould. In fact, when minds have been suitably prepared and conditioned, lies are easily passed off as truth.

Chapter 7

Considerations Regarding "The Ultimate Social System"

Wisdom From The State Department

In the September 4 1989 issue of Time Magazine, an article appeared entitled Has History Come to an End? {B204}

The article was referring to the recently published manifesto of capitalist wishful thinking entitled The End of History? put forward by Mr. Francis Fukuyama, deputy director of the U.S. State Department's policy planning department. In it, Mr. Fukuyama contends that the American political system appeared to represent the ultimate in social and political evolution.

As he himself put it,

"What we may be witnessing is not just the end of a particular period of postwar history, but the end of history as such: that is, the end point of mankind's ideological evolution and the

universalization of Western liberal democracy as the final form of human government." {B205}

In light of the fact that a State Department spokesman can publicly promote such delusions of grandeur for a system that only two years ago suffered a failure of its economy that almost mirrored the disastrous crash of 1929, and for a system which now has the dubious distinction of being the world's leading debtor nation, one must seriously resist the temptation to burst out laughing.

When the murder capital of Mr. Fukuyama's ideal society is also the seat of its government and one of its major centers of drug abuse, it would appear that, if nothing else, he doesn't demand much of an ideal system.

In any case, the American elite have in desperation resorted to this feeble attack on socialist theory. Although this story is only in its infancy, it is showing all the signs of being earmarked for a major coordinated and sustained media propaganda campaign, so get prepared to hear over and over again that the American system has at last triumphed over the ideals of socialism.

His attempt to wrap Feudalism and Neocolonialism in the stars and stripes and hoist it up onto a pedestal for the world to pay homage, is little more than another attempt to pull the wool flags down over the eyes of gullible readers. Whether or not he will succeed in influencing the American public to renew their allegiance to Feudalism has yet to be seen. He does nevertheless provide a patriotic focus to divert attention away from the serious hardships faced by the working class, and buys time to allow the elite to complete their withdrawal of equity from the American economy.

He went on to state that as for Marxism-Leninism, "while there may be some isolated true believers left in places like Managua, Pyongyang or Cambridge", no large state that espouses it as an ideology even pretends to be in the vanguard of history.

Mr Fukuyama appears willing to overlook that not only did Russia put the first man in space, she currently leads in space station technology. The State Department seems only too willing to play down the present and future significance of Russia's pioneering leadership at the forefront of man's

cosmic debut.

He went on further to say that, "The egalitarianism of modern America represents essentially the attainment of the classless society envisioned by Marx".

I could be wrong, but I don't think Marx dreamed of an "egalitarian" Utopia where the richest 1% would own more assets than the bottom 90%. {B206} Perhaps he has also overlooked that unlike America, **neither China nor Russia** (which have approximately five and a half times the number of citizens to feed clothe and house) allows their citizens to go hungry or live on park benches and under bridges.

Although Mr. Fukuyama's thesis amounts to little more than a desperate attempt to mask and ignore the seriousness of America's social, economic, and political deterioration, it does draw attention to the need of honestly considering "the nature of an *ultimate social order*". To do this, we will consider the best and worst characteristics of our existing social systems.

The Folly of Nationalism and Economic Greed

The depletion of our ozone layer and the loss of marine life in our lakes as a result of acid rain draws attention to the fact that our interdependence goes beyond mere national real estate boundaries. Due to the current rate of species extinction, and due to the damage already inflicted on the planet's ecosystem, time is now of the essence. Mankind is on the brink of destroying not only itself, but the planet as a living organism. We must acknowledge that selfishness and greed is driving the economic elite of many countries to ignore the basic rights and needs of others. We can no longer afford to sit idly by while a handful of individuals push all life on the planet to the brink of extinction.

We must focus on the reality that humanity is a functioning element of a much larger entity, the survival of which depends on man's ability to control his baser instincts of selfishness and greed. The economic elite must recognize how their role of dominance as well as their claim to the

bulk of global wealth, have both lost their validity.

In his book, The Critical Path, Buckminster Fuller shows that the planet's resources are still so abundant as to clearly indicate that famine, hunger, and poverty are artificial conditions imposed on humanity unnecessarily. {B207} And that is the pity. There is no rational need for the bulk of humanity to endure the hunger and deprivations brought on by the activities of a few selfish individuals.

My personal experience in traveling through nearly forty countries has shown that the average human being, irrespective of nationality, readily and eagerly extends generous hospitality and friendship to strangers. The more I traveled, the less I felt allegiance to any particular race, religion, culture, country, or political system. Perhaps it was this freedom more than anything else that allowed me to see somewhat objectively that racial, political, cultural, and religious barriers don't *naturally* occur in man, but are the hangover of collective social actions organized by a mere handful of powerful individuals who have manipulated whole populations to support their personal appetites for wealth and power.

The bulk of humanity would prefer to be left alone to live simple peaceful lives. Instead, they are made to bear the economic and political backlash of a small minority of economic elite around the world, who are busily exploiting both the human and natural resources of the planet to make fast and easy personal fortunes with virtual disregard for the social repercussions that follow in the wake of their activities. Hence, poverty, hunger, and war continue to overtake man's struggle for basic needs.

The destruction of the Brazilian rain forests is a very important case in point. As was discussed earlier, the rain forests are being destroyed mainly because the rich can avoid taxation by doing so. The planet's air supply is being jeopardized to line the pockets of a few wealthy Brazilians. {B208}

Whether we adopt the modern concept of mankind living in a *global village* or as crew members of *spaceship earth*, we must begin to live more harmoniously by focusing less on our separateness as individual nations, and concentrating more on global cooperation. **We cannot, however, allow domination by an economic oligarchy to be confused**

with true global cooperation.

A global government run by the economic elite would mirror the inequities of feudal conditions but on a greatly magnified scale.

Both Feudalism and Colonialism are diametrically opposed to global cooperation!

Many other species before us have learned to cooperate and have probably had to go through similar struggles at a different level of awareness. We will have to do it too, and we can start by acknowledging the respective strengths and limitations of our existing ideologies in an effort to replace fear and hatred with understanding.

Capitalism, Communism, And Socialism

Although the world is no longer torn apart by a conflict of ideologies, Capitalism vs Communism. The truth is that both systems exemplify characteristics of human behavior, that while appearing to oppose each other, are destined to work together.

Capitalism is an economic and social system that evolved from the association of individuals who possessed an ability to dominate their respective societies. Because of their dominance, it provided these individuals with an opportunity to exist and flourish relatively free of restraints. A free spirit is the natural breeding ground for innovative discoveries, and rapid development, as the rapid progress in Western technology triumphantly confirms.

The dominant members have therefore always promoted the system as the ultimate expression of freedom for an individual. That certainly might be true for the dominant members, but the reverse is true for the remaining members of that society. This type of economic system surfaced in earlier Western societies as Feudalism.

It seems a truism that an excess of anything leads to problems, and in that sense, extreme individuality and independence manifests itself as selfishness, which when combined with dominance, produces social feelings of

superiority, and hence class distinctions arise for the group who no longer perceive their fellow men as equals. This is the plight of Western nations today.

Dictatorship naturally arises out of democracy, and the most aggravated form of tyranny and slavery out of the most extreme liberty.

PLATO

Logically, the natural reaction to class distinction and dominance is an appreciation for cooperation and brotherhood which manifests clearly in the symbiotic relationships so prevalent in nature.

Humanity's first serious attempt to design a symbiotic society, which would eliminate the social inequalities that result from social and economic class distinctions, led directly to the social ideals and principles upon which Communism and Socialism are based. Both systems put much emphasis on brotherhood, cooperation, and equality.

Consequently, humanity's need to control the abuses of selfishness and greed, was an evolutionary inevitability. The Communist reaction was as destined as the abuses of freedom.

Conversely, suppressing man's individuality and freedom excessively while striving toward unselfish cooperation and brotherhood, is as predictably a potential extreme of Communism, as greed is within Capitalism. Imperialism, practiced by any belief system, is an intolerable affront to the free will in man.

The benefits of resolving the duality of these ideologies remain to be sufficiently appreciated as a natural step in humanity's social evolution. A free spirit excels in pioneering and discovery; a cooperative spirit is the spirit of the hearth, ...a necessity for quality in every day living.

Humanity as a species is characterized by the need for the "virtues" of both Capitalism and Communism, ...without the "excesses" of either!

Although the hybrid system would manifest itself more as present day Socialism than either of the parent ideologies, Socialism is still in the developmental stage, but its potential as a framework from which to develop mankind's

symbiotic potential is undeniable. Sweden's success with Socialism points to a middle ground solution that has already brought the Swedes a higher standard of living than America's. In fact, Socialist countries in general enjoy higher standards of living than either strictly Communist or Capitalist countries.

In reality, we are all symbiotic parts of one entity, and the challenge is to emerge with all of us pulling together, instead of in opposite directions, as we are blindly and uncontrollably doing now. As responsible members of the planet, it must become our goal and responsibility to work toward symbiotic cooperation by recognizing **the value of the individual as well as the brotherhood of mankind.**

Global harmony can be achieved not by choosing Capitalism, Communism, or any other "ISM", but by eliminating the extremes, the excesses, and the lack of cooperation in whatever system we are living in.

A more cooperative relationship **must** be worked out. However the time involved for this may be greater than the planet can afford, the proliferation of nuclear weapons, and our headlong race into the field of genetic engineering draws urgent attention to the fact that unless we slow down our scientific progress and begin concentrating on a holistic perception of the part we play in the larger scheme of things, we may regress the planet to where our blue-green algae communities begin their second childhood.

While we all ought to be thankful for the diversity of culture and cultural skills that have developed over time as a result of isolating one group of humans from another, *we can no longer afford to allow the darker side of mankind to use nationalistic pride and patriotism to motivate humanity into remaining as warring tribes.*

In the meantime, and for the want of a small mid-course correction, the whole planet will continue to live through the agony of poverty, hunger, and all the other unnecessary social abuses we are inflicting on ourselves, and on the rest of the plant and animal kingdoms.

Because religious differences also appear at present to pose barriers to international cooperation and harmony, no discussion of what constitutes the ultimate social order would be complete without facing the problems that arise

due to the existence of varying religious beliefs.

Rising Above Religious Differences

The social desirability and value of religious freedom is as equally valid as the existence of any other form of freedom. Throughout time, men have acknowledged their own as well as society's moral, ethical and spiritual needs as a basis for quality of existence. Unfortunately, the issue of religious freedom itself stands as a barrier limiting cooperation between the opposing ideological systems of Capitalism and Communism; but I think only through a lack of understanding.

It must first of all be fully recognized that religious freedom encompasses not only the freedom to believe, but the freedom not to believe, and the freedom to express uncertainty as well. Unfortunately, many well-meaning missionaries have been guilty of attempting to force their particular religious beliefs on other societies. Knowingly, or unknowingly they have been guilty of religious imperialism, which is a forceful suppression of religious freedom.

Despite obvious contradiction with the concepts of Christianity and brotherhood, churches used to be filled with slave owners. In fact, racially and economically segregated congregations still persist in America today.

It was not surprising then that when Communists first discarded the dominance of an elite minority, they also chose to discard the hypocrisy and oppression of the church. A resurgence of religious activity and freedom within the Communist countries could be ironically pointing to the fact that Communism may have too hastily thrown out the religious baby with the economic bath water.

People in all countries have traditionally looked to their spiritual leaders for guidance in finding a path out of their social problems. The expectation has not been unreasonable, and the role of the church as a conscience guiding social evolution is certainly valid. However the churches have been guilty of confusing their congregations by periodically displaying behavior that appears hypocritical of the values they traditionally purport to uphold.

It would do well to remember that the merits of a religion *should not rely* on how its clergy or congregations interpret and manifest the faith's religious dogmas, because social

forces are capable of creating a substantial gap between the ideal behavior aspired to by a religion, and the conduct of the humans presently in charge of passing on the traditional beliefs to future generations.

Excesses and shortcomings can occur within religious systems as easily and surely as in secular systems, so it should therefore become an equally important responsibility to recognize and eliminate them in our religious systems. The administration of church wealth has played a detrimental role in the growth within the churches of an economically privileged elite who have been running their churches as Feudal empires, with economics playing an inordinate and inappropriate role. The conduct of our society's latest religious offspring, the TV evangelist, has brought the problem sharply into focus.

The need to address the shortcomings of religious administration becomes unavoidable in order to dispel the hypocritical behavior caused by the mismanagement of wealth within the churches. We can certainly recognize the shortcomings of church administration without casting any aspersions at the dogma of the religion itself.

The quest for spiritual awareness still plays a vital role in the planet's development. Not surprisingly, spiritual values remain an integral aspect of many cultures. However our regrettable lack of social harmony has occurred due to the fact that our focus on advances in science and technology has been at the sacrifice in growth of our spiritual tolerance, awareness and development.

Gandhi's Contribution

Mahatma Gandhi's contribution to humanity has yet to be appreciated by many outside of India. His living example of altruistic motives and personal self-mastery were focused into his lifelong activity of seeking world peace and harmony through non-violent methods. His dominant message was that change, no matter how urgent and necessary, must be achieved using **non-violent methods only**.

Gandhi gave his last breath without malice and with compassionate understanding, to an assassin whom he realized had not yet acquired freedom from compulsive instinctual behavior. He sought to enlighten those who in

frustration see no alternative to overthrowing economic violence than an equal and opposite physical violence.

Violence for whatever reason fuels retaliation.

Dictators and selfish rulers have kept many people on the planet impoverished throughout time. Without even a rudimentary democratic framework to work from, many have taken the only path they could see to regain freedom, ...violence. They too were compelled into action because each extreme breeds its opposite.

Feudalism has no place on a shrinking planet any more. Before it is too late, a ray of hope must be given back to those who now feel abused and dispossessed. The problem is systemic and worsens with each new piece of legislation that facilitates either Feudal or neocolonial exploitation. Frustrations are manifesting more and more in the proliferation of violent and self-destructive behavior. The exploding alcohol and drug problems are symptomatic of an emotionally disturbed nation. Some are turning to drugs as an economic means of survival, but an increasing number are using drugs to try to at least temporarily escape the realities of a deteriorating society.

Fundamental changes are now urgently required.
Let's get started.

Chapter 8

Taking Responsibility for Change

Let's begin the process of bringing about social change by objectively taking a closer look at the relationship that exists between the elite and those whom they successfully manipulate and exploit.

- Those who *watch passively* as the injustice of the "justice system" becomes more visible, are almost as responsible for the deterioration as the lawmakers, lawyers and judges who play a more direct role.

- Those who do nothing more than *stop voting* when they recognize that the democracy they live with is not really democratic, must also shoulder some responsibility for deteriorating social conditions.
- And similarly, those who recognize the injustice of lopsided wealth distribution, but *do nothing* to reverse it, are not victims of exploitation, but accomplices to it.

In other words, anyone in the West whose quality of life is decreasing as a direct result of the hoaxes described earlier in the book, is *not automatically a victim of exploitation*.

Victimization is nevertheless very real and usually involves *being totally misled or fooled about an issue, or being in a position where it is impossible to fight for change*. Political prisoners rotting away behind bars are good examples of the latter form of victimization.

So although very few individuals in the West are incapable of fighting for change, *almost all are victimized by the elite's misinformation and subtle programming*. The degree to which everyone on the planet has been manipulated, misinformed and physically victimized by the elite's greed and ruthlessness --especially in wartime-- is intolerable.

More importantly, unless they are brought under control, it is absolutely inevitable that the elite will resort to the same levels of savagery again and again!!

How many more Hiroshimas and holocausts will it take to provide the motivation for 99% of the people to exercise control over the savages who still dominate our species?

Recognizing Your Power

For years I had considered the elite too powerful, and the system too massive and bureaucratic to change. Because the elite controlled the democratic process, I had even for a time stopped voting, not out of apathy, but out of sheer frustrated awareness. Because the elite also controlled the media, I saw no possible way for individuals or even small groups to effectively challenge the elite's control. In other words, I considered myself to be one of the elite's helpless victims.

However, I no longer see the problem as insurmountable. On the contrary, getting rid of Feudalism is quite an achievable goal, and you can play a direct and valuable role.

Just as the pressure of public opinion eventually forced the government to bring about an end to the human suffering in Vietnam, so collective public opinion can, and must, bring an end to Feudalism!!

Just as stopping the Vietnam war took less than a decade, getting rid of Feudalism can be achieved in less than a decade also! It is not only possible, it is waiting to happen. The conditions providing the motivation for change are all in place due to the growing greed and selfishness of the economic elite. The conditions are in fact ideal.

Let's continue this positive line of thinking and optimistically consider some goals.

Considering Some Goals

** The **long term goal** should be for mankind to function symbiotically amongst ourselves, and toward other species.

** The **intermediate goal** must be to replace social & economic Feudalism with a system capable of bringing about an equitable prosperity for all.

** The **short term goal** must be the elimination of control of the media by the economic elite.

To begin the somewhat epic task of removing Feudalism, let us first consult the sages. The most important steps are the first steps, and on that point, both East and West agree.

Western philosophy comments that:

"The secret of success is getting started."

Eastern philosophy points out that:

"The longest journey begins with the first step."

Acknowledging The Problem and

Solution

The FIRST STEP toward all three goals is to **acknowledge the problem**, that social and economic Feudalism stands in the way of social progress, and even world peace.

The SECOND STEP is to realize that the successful elimination of Feudalism requires that you, your relatives, your neighbors, and the people you work with **must be aware of the facts**.

Before realizing how people could acquire the necessary information and hence the motivation to act together as a unit, I had thought the task was hopeless. This book was written not to scorn the system or the individuals mentioned, *but solely to provide the facts necessary to help initiate a democratic revival*.

The more we all recognize the programming we are being continuously subjected to, the less effective it will be. Slowly, we will acquire the motivation and eventually the power to stop being "accomplices", and once and for all put an end to Feudal conditions. Ironically, until we do so, we won't deserve to enjoy the rewards and benefits of a more evolved social order.

Getting The Ball Rolling

The THIRD STEP is therefore to **begin discussing the issues** and conditions that you find most unjust or unbearable.

Because both the media and the government are controlled by the very people whose power we wish to diminish, initial changes will have to come using neither the media nor the electoral process. It must happen through person to person communication.

The fact, that the richest 1 percent own more assets than the bottom 90 percent, **must become common knowledge! Start by telling either a friend or a relative, TODAY!**

You don't have to become a crusader to discuss the relevant issues with the people you know; you only have to be concerned about the world you pass on to your children and their children. As often as you discuss the issues with others, you will have helped not just yourself, your children,

and their children, but all the abused peoples of the world, and ultimately their children.

Social and economic Feudalism has been with us a long time, but I guarantee you that when enough people start discussing the issues, independent media like the Public Broadcasting System will respond by openly airing the facts. The benefits of your efforts and discussions will gradually become more and more evident. Politicians will ultimately be forced to seriously confront the issues and make legislative changes. They can eventually be spurred into acting on behalf of the bottom 90%. Write and/or talk to your elected officials about the issues that concern you most. However, to get them working for us permanently, we must ultimately lobby for changes that would remove their dependency on the elite for campaign support!!

To involve and motivate enough people to get rid of Feudalism, it will be necessary to maximize the distribution of information such as is contained in the book.

Tell as many people as you can about this Web site.

I am only one. You are only one. Together we can move mountains. Spread the word as well as you can. The war in Vietnam came to an end because enough people cared enough to force the issue. Getting rid of feudalism can and must be accomplished in exactly the same way! Unless we as individuals help to make the preceding facts and perspectives "common knowledge", the status quo (which means a steadily declining standard of living), is bound to continue. **Your help is invaluable!!** Whatever you do, don't underestimate your power to help change the world for the better. The internet has at last provided a vehicle for the bottom 90% to eliminate feudalism. Exert your influence, or let others dictate your future. The choice is yours. The more people that work together, the easier, and quicker change will come. Providing there is no profit involved, feel free to print out part, or all of the book for distribution to whomever you think may benefit from the information. The LAST, and most important STEP, is to **KEEP DISCUSSING THE ISSUES**, one year, ...two years, ...as long as it takes!!!!

As individuals, we have little or no chance of limiting the power of the elite.

Collectively, we can do it! In fact, every time you discuss

the issues with anyone else, you will at last be effectively lobbying for your interests. Once the average person refuses to continue living out the role of pawn, chess as a lifestyle will come to an end.

Unless we start demanding changes, the bottom 90% of us will continue to be manipulated as *pawns* in a chess society.

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