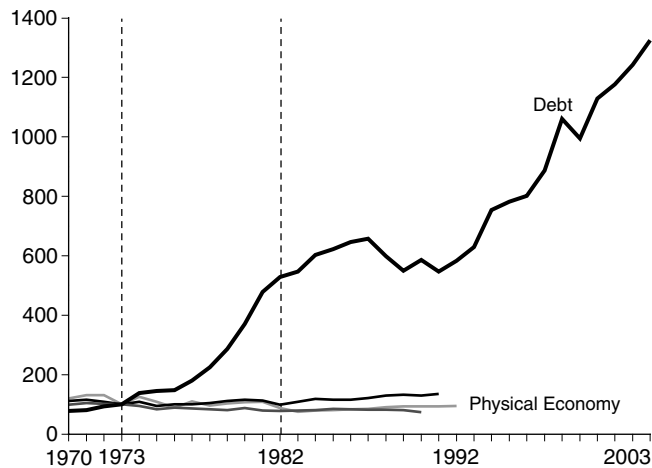


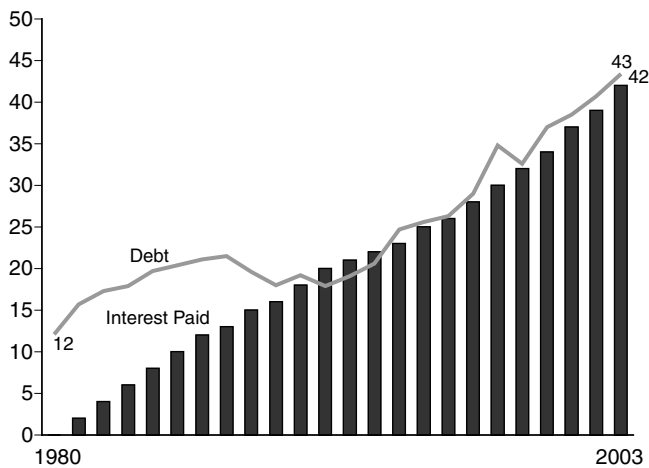
metric growth of Chile's cancerous foreign debt, from 1973 to the present. And **Figure 3** presents the "Bankers' Arithmetic" of Chile's foreign debt: In 1980 the total foreign debt was \$12 billion; over the next 23 years a total of \$42 billion was paid as cumulative interest payments on that debt; yet despite the fact that three and one-half times the amount initially owed was paid, by 2003 the foreign debt had risen from \$12 billion to \$43 billion.

**FIGURE 2**  
**Chile: Debt vs. Physical Economy**  
(Index 1973 = 100)



Source: ECLA; Central Bank of Chile; World Bank; EIR.

**FIGURE 3**  
**Chile: Bankers' Arithmetic**  
(Billions \$)



Source: World Bank.

## Profile: John Train

# Portrait of an 'Economic Hit Man'

by Jeffrey Steinberg

José Piñera, the former Minister of Labor and Mining in the fascist regime of Chilean dictator Gen. Augusto Pinochet, and the architect of that country's wholesale theft of workers' pensions, has friends in high places in the Anglo-American Establishment, despite his role in a regime vilified worldwide for war crimes.

On the website of his International Center of Pension Reform ([www.josepinera.com](http://www.josepinera.com)), Piñera described a Sept. 11, 2002 visit to New York City, hosted by his dear friend, Wall Street banker and high-level Anglo-American spook John Train.

"At the Pulitzer House: Today I joined New Yorkers at a moving commemoration of the terrible attack of 9/11, at Central Park, with Meryl Streep reciting Copland's 'Lincoln' and a great orchestra. Thanks to the generous hospitality of my friend John Train, writer, investor and renaissance man, I stayed for three weeks at the guest apartment of his house in 73rd Street and Fifth Avenue. Not only a beautiful house, not only near the wonderful Central Park, but also sound-proof, a blessing especially in New York. . . . Many interesting meetings and conferences, the main one being one to the Fellows of the Foreign Policy Association. The Manhattan Institute graciously gave me an office and full support."

Fascist Piñera is not only a close friend of John Train. Piñera and Train are partners in a network of vulture funds, which have profited handsomely from the looting of Chile's privatized social security system. Train is listed as a director of Genesis Emerging Markets Fund Ltd., Genesis Emerging Markets Investment Company, and Genesis Chile Fund Ltd. Piñera is listed as a consultant to the board of Genesis Chile Fund Ltd., and was a director of Genesis Condor Fund Ltd., until Dec. 2, 2004.

As of 2002, Genesis Chile Fund was the largest foreign investment fund in Chile, holding a stake in one of the largest of the privatized Chilean pension funds, AFP Provida. In a Dec. 10, 2004 news release, circulated by the Chilean stock exchange, Genesis Chile announced that it was exploring ways to draw in investment capital from the very private pension funds it holds a stake in.

Genesis Chile has done spectacularly well at looting the Chilean people. For the fiscal year ending Sept. 30, 2004, the fund posted a whopping 35.8% increase in net asset value;

and, over the past decade, a tenfold increase. Over the same period, Chilean pensioners have been robbed blind and left penniless.

## The Train Dossier

John Train has been variously described by admirers as “the last of the OSS spooks on Wall Street,” and as a “noblesse oblige banker who has thrown his money behind the social democracy.” Bestselling author John Perkins would more accurately describe John Train as one of the world’s leading “economic hit men.”

Indeed, Train’s pawprints are to be found on some of the worst criminal enterprises of the postwar decades, including the 1980s Reagan-Bush “secret parallel government” fiasco, the criminal campaign to assassinate or imprison Lyndon LaRouche, and the cultural warfare scheme known as the Congress for Cultural Freedom. Some of Train’s oldest and closest associates, like the late Sir James Goldsmith, have been implicated in secret assassination programs in Africa, East-West underground arms smuggling, and the assassination in 1986 of Swedish Prime Minister Olof Palme. Train’s own links to the circles of the “European Arms Cartel,” who were behind the Palme assassination, are direct.

Although based in New York City, John Train is, in fact, a proud member of the Anglophile oligarchy, denounced by the late President Franklin Roosevelt as “the American Tories.” Indeed, while a Harvard undergraduate, Train participated in the disruption of celebrations of the ride of Paul Revere, seizing the platform in a British Redcoat uniform, complete with powdered wig. Appropriately, Train’s family fortune came, in large measure, from the 19th-century profits of Enoch Train and Company, a clipper-ship firm that served as a junior partner of the British East India Company in the Far East opium trade. Train’s grandfather on his mother’s side was a founding partner of JP Morgan.

Born in 1928, John Train was educated at Groton, Harvard, and The Sorbonne. In 1951, Train founded the Paris Review, a project of the Anglo-American intelligence community’s postwar cultural-warfare front, the Congress for Cultural Freedom. The publisher of Paris Review was Train’s Harvard roommate, Sadruddin Aga Khan. The magazine promoted such dregs of Fabian cultural perversion as the poet and British intelligence operative W.H. Auden; British literati spook Stephen Spender; British counterculturalist Aldous Huxley; propagandist-for-Weimar Christopher Isherwood; and Archibald MacLeish.

It was during this Paris period that Train first established his intimate ties to Sir Jimmy Goldsmith and his brother Edward. Up until his death several years ago, Sir Jimmy maintained weekly contact with Train, who reportedly handled part of the vast Goldsmith estate.

By 1956, Train returned to the United States, working for two years for Wall Street speculator Imre de Vegh, before launching Smith Train Counsel, his private investment fund.

Indicative of Train’s strong ties to the inner circle of the European financial oligarchy, in 1984, Smith Train Counsel was partly bought up by the London-based English Associate Trust, which was, in turn, a wholly owned subsidiary of the Swedish banking giant, PK Banken, a joint venture of the Swedish government and the notorious Erik Penser. A major shareholder in the Swedish component of the “European Arms Cartel,” Bofors/Nobel Industries, Penser was deeply implicated in dirty East-West arms deals, at the heart of the Palme assassination. As part of the deal, Train was placed on the board of PK Banken.

## 1980s Murder, Inc.

On Wall Street, John Train is known for his private *fondi* investments on behalf of leading European and Anglo-American oligarchs. In addition to the Goldsmiths, Train is the purported fund manager for Maurice “Hank” Greenberg, the boss of American International Group (AIG), the mega-insurance company that was behind the Reagan-era overthrow of Ferdinand Marcos in the Philippines.

- Train is also known for a series of books, touting the get-rich-quick methods of such speculators as George Shultz ally and Arnold Schwarzenegger-booster Warren Buffett, hedge-fund pirate John Train, and Magellan Fund guru Peter Lynch.

- But the real John Train, true to his “spook” description, is one of the leading players in some of the filthiest, drug-infested, covert operations of the recent decades.

- In January 1983, as part of the Reagan-era launching of “Project Democracy,” National Security Council official and former CIA officer Walter Raymond penned National Security Decision Directive 77, which was signed by President Ronald Reagan, thus creating one of the key secret components of what came to be known as the Iran-Contra “secret parallel government.” The NSDD-77-spawned “private donors executive committee” was to bring together a group of Anglophile financial fat cats, and some of the leading Cold War fanatics, who would bankroll and run a global covert operations program in Central America, Africa, and Central Asia, that would foment chaos and mass genocide on the ground, and funnel billions of dollars in illegal drugs onto the streets of America.

The “private donors” team would include longtime Train allies, including Freedom House founder Leo Cherne, second-generation neo-con spook Roy Godson, and British financiers Rupert Murdoch and Sir Jimmy Goldsmith.

Train would play a pivotal role in two of the nastiest of the Project Democracy illegal efforts. He was anointed as chairman of the Afghan Relief Committee, a propaganda front and money pass-through for the Afghani mujahideen, recruited to fight the Soviet Red Army inside Afghanistan. Train’s ARC would align with the most notorious of the Afghan warlords, G. Hekmatyar, who was a major player in the “Golden Crescent” opium connection that would flood

the U.S. and European markets with heroin throughout the 1980s.

## Get LaRouche

But Train's filthiest deed on behalf of the Anglo-American oligarchy was his mid-1980s role in the attempted political frameup and assassination of Lyndon LaRouche. On behalf of the Walter Raymond team at the NSC, Train was tasked to run an illegal black-propaganda campaign, through the U.S. media, to set the stage for a massive government raid on offices of companies associated with Democratic Party Presidential contender Lyndon LaRouche, as well as the residence where LaRouche was staying.

LaRouche was targeted by George Shultz and Henry Kissinger beginning in the 1970s, for his efforts to bring about a new, just world economic order, replacing their bankrupt post-Bretton Woods system.

But the "Get LaRouche" frenzy peaked when, on March 23, 1983, President Reagan, in a nationwide TV address, embraced LaRouche's plan for a Strategic Defense Initiative, in collaboration with the Soviet Union and America's traditional allies, thereby breaking the Cold War stalemate.

It was one month to the day after Reagan's SDI speech, that Train convened at his Manhattan home a working meeting of 25 leading media personalities, representatives of the Reagan White House secret team, donors committee member Richard Mellon-Scaife, and Federal agents, to plot an ambitious "Get LaRouche" propaganda offensive.

Over the course of the next year, literally dozens of slander pieces were planted in major American news outlets, from The New Republic, to the Wall Street Journal, to the Washington Post. When the cover was blown on the Train salon operation, leading participants, like NBC-TV's Pat Lynch, risked perjury prosecution to cover up for Train.

On Oct. 6-7, 1986, over 400 Federal, state, and local law-enforcement officials raided the offices in Leesburg, Va. associated with LaRouche, and the home where LaRouche was staying. Only through high-level intervention by friends of LaRouche in the U.S. government and intelligence establishment was a assassination averted. In December 1988, LaRouche was convicted in a railroad trial in Federal court in Alexandria, Va., and the next month sent to Federal prison, in what former Attorney General Ramsey Clark called the worst case of prosecutorial abuse he had ever seen.

Footnote: Eight months before the Leesburg raid, John Train's European and South African "friends" assassinated Sweden's Prime Minister Palme. Although evidence would later come out linking the South African mercenary circles bankrolled by Sir Jimmy Goldsmith to the Palme murder, Train's propaganda mill churned out a string of stories blaming the Palme murder on colleagues of Lyndon LaRouche.

Such are the ways of the "economic hitmen" and their "jackals."

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## Profile: George Shultz

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# The Man With the 'Chile Model' of Fascism

by Richard Freeman and Paul Gallagher

No one figure is more responsible for the drive to privatize and loot Social Security than George Pratt Shultz of Bechtel; senior "fixer" of the Republican Party; senior recruiter of the George W. Bush White House team, "the Vulcans"; and, like Robert McNamara before him, a preeminent "economic hitman" of the Anglo-American financial order on the international stage. Shultz was the key official—issuing instructions to President Richard Nixon—who brought Franklin Roosevelt's Bretton Woods postwar monetary system to an end in August 1971. He was the master of the "Chicago economists" who dominated Gen. Augusto Pinochet's 1973 coup and dictatorship in Chile. And Shultz in 1981 demanded from fascist Chile's Labor Minister José Piñera, who had just privatized social security there, a memo to incoming President Ronald Reagan on "how Chile did it." This was the first shot, fired 23 years ago, in the war against FDR's Social Security in the United States. Shultz's banker network and Piñera have collaborated ever since; and in fact, the "Chicago Boys" team of which Piñera was a part in Pinochet's Chile, was a product then of Shultz and his pet economist Milton Friedman.

Shultz, in a PBS-TV interview on Oct. 2, 2000, said of the Chile events: "The armed forces took over and no doubt did some unnecessarily brutal things in the process, but nevertheless they took over. . . . There were in Chile some people who came to be called 'Chicago Boys,' they had studied economics at the University of Chicago. . . . And so a Chicago School-like economy gradually evolved in Chile. It worked."

## Shultz vs. Roosevelt

Shultz's inside job in getting President Nixon to announce on Aug. 15, 1971, that the United States was going off the gold-reserve system—toward the floating-exchange-rate system that has ruled "globalization" ever since—hammered the nails in the coffin of Roosevelt's protectionist Bretton Woods system. Shultz brought that system to an official end with his declarations as U.S. Treasury Secretary, at the September 1973 International Monetary Fund annual meeting—just two and a half weeks after Pinochet's coup created Shultz's "Chile model" of fascist economics to be exported internationally.

Today, Shultz directs two of the bankers' most crucial projects. First, through the Vulcan team featuring Condoleezza Rice and Paul Wolfowitz—a team Shultz created for