

drive desperate countries to grow and export the biggest cash crop of them all.

In June 1983, the IMF made its first published comment on the subject, in an appendix buried in its *World Economic Outlook* report. In its bland, malevolent way, the IMF noted that about \$200 billion per year was disappearing from the accounts of national governments that report their balance-of-payments data to the international financial organization. *Since 1973, the IMF added, the total volume of "statistical discrepancies in the global current account payments balance" has reached the fantastic sum of \$800 billion.*

The principal factor accounting for the growth of the world payments asymmetry on current account has been the fairly rapid increase in the negative balance on invisibles. After being approximately balanced in 1973, estimated payments and receipts for services and private transfers have diverged progressively more widely in subsequent years, and the excess of recorded payments over receipts in these accounts reached some \$800 billion in 1982.

This is no surprise to the Ibero-American nations hit by waves of flight capital during 1982 and 1983. What the gross numbers state is that the movements of international capital are out of the hands of governments entirely; governments can no longer even identify \$200 billion per year in capital flows, much less attempt to influence them!

The IMF reports that the "invisibles" which account for the "statistical discrepancy," i.e., "shipment," "reinvested earnings," and "other earned income," are really flight capital:

The most readily identifiable part of this large excess of debits over credits is that rooted in the services provided by fleets flying so-called flags of convenience. The payments for services of these fleets are, for the most part, duly recorded in the balance of payments statistics of the countries using such services. The corresponding credits, on the other hand, are typically not entered in any country's balance of payments.

That is, the funds enter the banking system illegally.

As we show in summary form in the documentation which follows, the monster identified by *Dope, Inc.* in 1978 has changed its skin, only to multiply its influence. It is the center of the gravest threat to Western civilization since the 14th century. Slowly, belatedly, the governments of the West have acknowledged the extent of the problem. They must now move much faster and more ruthlessly against the "citizens above suspicion" and the institutions which have brought the dregs of the financial underworld to the surface.

The Spanish-language Narcotráfico, S.A. is scheduled for release by The New Benjamin Franklin Publishing Company, Inc., New York, on Jan. 23. The revised English edition of Dope, Inc. will appear later in the spring.

The dope trade moves 'onshore'

by David Goldman

Dope, Inc. has traditionally operated through a tight financial network, whose origins lie in the Dutch and British East India Companies and the British Opium Wars of the 1840s. At its heart has been the Hongkong and Shanghai Bank, with its ties directly to the five big London clearing banks, the five London "gold pool" dealers, and the big Canadian international banks. This network, as the 1978 edition of *Dope, Inc.* showed, provides the offshore banking, precious metals, and related capabilities to cause several hundred billion dollars per year to disappear from the streets of New York, Amsterdam, Frankfurt, and Hong Kong, and reappear as apparently legitimate assets wherever convenient.

Six years of additional research, plus major shifts in the financial structure of the dope trade, now make it possible to reconstruct the three-dimensional character of Dope, Inc., whose most obvious, outward facade is British. Its other dimensions, now integrated into the single world command structure, are Swiss-centered continental European, and Soviet.

Since 1978, this three-fold drug empire has moved "onshore" into the United States, through a complex series of banking mergers and takeovers.

The **Hongkong and Shanghai Bank** now controls Marine Midland, the 12th-largest American bank, and its close collaborators among the British clearing banks have moved massively into American banking, through the Midland Bank takeover of Crocker National Bank in California, the Rothschild takeover of California's BanCal-TriState, and similar expansion into the American market.

The **Oppenheimer mining group**, heirs to the empire of British racist Cecil Rhodes (who once vowed that Britain would one day retake the upstart American "colonies"), is the dominant force—in collaboration with HongShang and its Mideast subsidiaries—in the illegal traffic in gold and diamonds through which so much dirty money is turned into untraceable, portable assets. Through its diamond monopoly, De Beers, its mining corporations, Anglo-American Mining and Consolidated Gold Fields of South Africa, through its commodity trading organization, Phibro, the Oppenheimer group has expanded its tentacles across the world and, most of all, in the United States.

Eagle Star Insurance, the mediating link between the British oligarchy and the Canadian banks, has extended its branches to the continental insurance companies, and sunk

deep roots into the United States at the same time. Eagle Star controls the family trusts of those barely rehabilitated Prohibition-era mobsters, the Bronfman family of Canada. The Bronfmans, in turn, control a variety of lower species of criminal life in Canada and the United States. The Canadian real estate firms which operate under the umbrella of Eagle Star have come to dominate the major urban real-estate markets in the United States.

Eagle Star in November 1983 became the principal overt link between the British high command of the narcotics traffic and the Swiss-German financial interests centered around the great South German family fortunes. **Allianz Versicherung** of Munich, continental Europe's largest insurance company, bought 30% of Eagle Star, in a well-publicized takeover battle whose sound and fury disguised the actual identify of interests between the British and German sides. Close financial relationships had existed for some time between the HongShang in the Far East and the nastier elements of German finance.

Allianz Versicherung represents a coalition of the oldest German family *fondi*, or trust funds, including those of the old Bavarian Wittelsbach dynasty, and the most evil family in German-speaking Europe, Thurn und Taxis. It is the Thurn und Taxis family and their in-laws, the deposed Portuguese royal family of Braganzas, who created and funded the terrorist organization Tradition, Family, and Property, which was implicated in plans to assassinate Pope John Paul II and whose Venezuelan chapter was recently banned.

The old United Fruit Company, renamed **United Brands** in the 1960s, has been the center of American organized crime since the turn of this century. United Fruit's banana boats coming into the Baltimore harbor have been the freest vehicles for the physical passage of contraband into the United States. In its successive corporate reorganizations, United Brands wound up in the hands of Cincinnati, Ohio, insurance financier Carl Lindner, the principal business partner through the last three decades of Michigan organized crime-linked figure Max Fisher. And through an entanglement of financial interests that might have been invented by a mystery novelist, the fate of United Brands has been intertwined with that of **American Express**, and thus with the world's most efficient silent money-mover, and the prince of Levantine money-laundering, Syrian-Swiss financier Edmund Safra. American Express, which devoured half the old banking houses of Wall Street, ties together the United Brands crime and smuggling capability, the financial networks which created and funded the Argentine Monteneros and other terrorist organizations, and the Swiss-based interests which have acted, for a generation, as the private couriers of the Soviet Union in the international gold markets.

The *fondi* move in

It is no longer possible to tell how much American equity is, in fact, American; it can only be stated as a matter of

public record that investment banking in the United States is now almost wholly controlled by the ancient European *fondi*.

From 1971 to 1981, in the decade after then-Treasury Undersecretary Paul Volcker removed its gold backing, the dollar fell to a mere 60% of its pre-devaluation level, while the combined effects of inflation and lower stock prices devalued American equity to about 30% of its 1971 level in terms of gold. From the standpoint of the oligarchical *fondi*, secured through gold, American equity could be had for one-fifth its pre-1971 price during the late 1970s.

A similar collapse of the dollar and equity values had occurred during the years 1929-33. With stock prices at a fraction of their previous values and the economy in ruins, President Roosevelt was persuaded by the American friends of John Maynard Keynes to force a devaluation of the dollar in 1932, giving the *fondi*—particularly the fortunes of the Franco-Swiss-Italian “gold bloc”—the chance to buy into American equity at distress prices comparable to those available during the late 1970s.

Among modern financial institutions, the **Assicurazioni Generali** of Venice, the heir to the old Venetian fortunes, provides the most clues to the operations of the *fondi*. The “Generali,” as an insurance organization, is a clearing house for the operations of numerous *fondi*, each represented by one of the principal European investment banks. Its board of directors in 1978 consisted of representatives of the principal banking fortunes of Western Europe:

- **Baron August von Finck**, reputedly the richest man in Germany until his recent death (with the possible exception of Johannes von Thurn und Taxis), owner of the Merck und Finck investment bank, the *fondo* of the old Bavarian royal family of Wittelsbach.

- **Elie de Rothschild**, of the French Rothschild family;
- **Baron Pierre Lambert**, the Belgian cousin of the Rothschild family and proprietor of the Banque Bruxelles-Lambert (and a force on Wall Street through Drexel Burnham Lambert);

- **Jocelyn Hambro** of Hambro's Bank, which owned one-quarter of Italian financier Michele Sindona's Banca Privata when it went under in 1974;

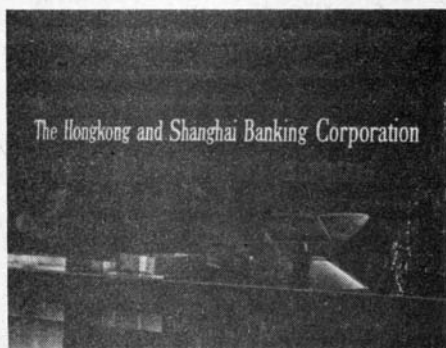
- **Pierpaolo Luzzato Fequiz**, of the ancient Venetian Luzzato family;

- **Franco Orsini Bonacossi** of Italy's Orsini family, whose origin includes members of the ancient Roman senate.

Europe's two most powerful investment banks, Lazard Frères and the Banque Paribas (founded by Venetian Jews based in the Ottoman Empire trade) are the largest stockholders in the Assicurazione, through a variety of shells.

The European *fondi* waited long to avenge themselves against the upstart United States. Their chance came with the break of the dollar from its gold backing in 1971.

Given the collapse of Wall Street stock prices during the long agony of the dollar between the 1967 collapse of the pound sterling and the aftermath of the 1971 debacle, every



The Hongkong and Shanghai Banking Corporation

New York headquarters of the Hongkong and Shanghai Banking Corporation, the in-house bank for the British oligarchy's drug trade.

major brokerage firm ran into trouble no later than the mid-1970s. Lehman Brothers, once the most powerful firm on the Street, was the first to raise the white flag. It secured, through the offices of George Ball, a 7% investment from **Banca de la Svizzera Italiana**, a Swiss bank which functioned as a virtual Swiss subsidiary of the Banca Commerciale d'Italia—the bank at whose headquarters the infamous Propaganda-2 lodge of Italian Freemasonry had been founded years earlier. The Banca de la Svizzera Italiana, based in Lugano, Switzerland, specialized in covert movement of Italian flight capital into the United States.

One by one, the other major Wall Street houses fell under the control of the European *fondi*. The dominant mergers and acquisitions operation on Wall Street, **Lazard Frères**, had never been an American house in any event; it was always dominated by the French-Jewish David-Weill family, and was only managed for the interim by its chairman, Andre Meyer, when no suitable family member was available.

Drexel Burnham Lambert, the sixth-largest house, sold out its entire capital to the Lambert family of Brussels, the Belgian cousins of the Rothschild family.

A.G. Becker, an old-line Chicago brokerage firm, merged into a *menage à trois* with S.G. Warburg's, the supposedly

independent branch of the Warburg banking family, and the ancient French-Ottoman Empire firm, the Banque de Paris et des Pays-Bas (Paribas), to create Warburg-Becker-Paribas (subsequently merged with Merrill Lynch).

With virtually no exceptions, Wall Street's major houses sold out to the *fondi*. Finally, in 1981, Wall Street's most powerful investment bank, **Salomon Brothers**, merged with Phibro, the trading arm of the Oppenheimer interests. As we shall see, the absorption of Salomon Brothers, investment bankers to New York's Citibank, had the most devastating implications of all.

In a July 1981 study, *EIR* showed that the Treasury Department was badly underestimating—or underreporting—the extent of foreign investment in the United States. If foreign investors behaved the same way as American investors, then the total foreign equity investment in U.S. stocks as of 1980 was \$225 billion, three times the \$75 billion figure estimated by the Treasury! That rough figure represents 20% of the value of all U.S. stocks. However, 20% of the total appeared to represent a much greater concentration of effective control.

We know that the European *fondi* and their investment banking frontmen launder funds from deficit countries, and turn these into anonymous investments in surplus countries, creating what the International Monetary Fund's economists describe as a "statistical discrepancy." Once the nature of the swindle is known, the discrepancy disappears. Armed with a rough-and-ready estimate of the extent of Dope, Inc. infiltration of the American financial system and control over American corporate equity, we may complete the sordid tale of the dope traffickers' intimate relations with the most prestigious American financial institutions.

Flight capital is king

Salomon Brothers was the last and most important of the big Wall Street firms to go, merging in 1981 with **Phibro**, the trading arm of the Oppenheimer Empire. In the process, the Oppenheims also acquired effective policy control of the largest American commercial bank, Citibank.

Harry Oppenheimer had stated earlier that year, "We mean to expand into North America," and proceeded to create a \$3 billion vehicle with which to do so: the Bermuda-based investment firm Minorco. Both Citibank chairman Walter Wriston and Citibank's chief lawyer, Shearman and Sterling managing partner Robert Clare, joined the board of Minorco. A year earlier, Oppenheimer had taken control of 28% of the only South African gold firm to rival his Anglo-American, Consolidated Gold Fields of South Africa, the country's second-largest gold producer. With 28% control also of Englehard Minerals, the largest American precious-metals refiner and the parent organization of Phibro, Oppenheimer came to dominate world precious metals and related markets in a way that Anglo-American's 19th-century founder, Cecil Rhodes, only dreamed of.

Even more mysterious than the ultra-secret operations of Phibro is Anglo-American's role in the Caribbean offshore market, the main dumping ground for international flight capital in transit to a more permanent home, including about \$100 billion in banking assets in the Bahamas alone, as well as substantial operations in the British Virgin Islands, Netherlands Antilles, Cayman Islands, and other Caribbean banking centers. Chief investment banker to the region is the **International Trust Corporation**, or Itco, created by Anglo-American in consortium with Barclay's bank of the U.K., the Royal Bank of Canada, and N.M. Rothschilds of London. Itco is, in effect, the offshore-banking sister subsidiary of Phibro.

Citibank, Oppenheimer's direct partner in the Caribbean funny-money business and indirect partner in the Phibro-Salomon combination, was not new to the flight capital game. In the early 1960s, Robert Meyjes of First National City Bank suggested to chairman Wriston that the bank establish a division for "private international banking" to conduit funds from wealthy individuals abroad into U.S. investment markets. Wriston backed the plan.

When the new division for international private banking opened, it had a staff of six, and managed \$250 million. Twelve years later, the "private banking" division of the renamed Citibank was responsible for a \$12.5 billion investment pool, and contributed 10% of the bank's annual profits. It operates through a far-flung network of "investment advisers"; when a client abroad requests services that are too sensitive for the bank to handle—e.g., the creation of dummy subsidiaries or the chartering of nonexistent aircraft—the banker refers him to one of the "advisers," who accomplishes the required skullduggery.

David Rockefeller's **Chase Manhattan** bank did not take long to imitate Citibank's imaginative program for obtaining new deposits. In 1966, a memo circulated in Chase's international division arguing that the bank should seek illicit international funds as new sources of deposits. This became referred to as "looking for mafia money." Chase found that this was easier proposed than accomplished. It had made the Asian market a priority, but found that Hong Kong, the central Asian offshore market, was too closed a club to afford easy access to an American bank. Until Chase brought the billionaire shipowner Y.K. Pao onto its own board of directors, establishing a link to the Hongkong and Shanghai Bank (where Pao is vice-chairman), Chase could not begin its subsequent expansion into the Hongkong market.

Bank of America, looking eastward from its headquarters in San Francisco, also made Hongkong its top priority. Rudolph Peterson, its former international chief, once told a reporter, "The Hongkong and Shanghai Bank is the dominant institution there, but we found a way to work with them so that they wouldn't see us as a threat."

When the now-infamous **Banco Ambrosiano** went down

in a financial scandal two years ago, the chairmen of the major American commercial banks could not have been more embarrassed were they forced to tell their wives that they had contracted a social disease. Ambrosiano was a financial brothel; its ownership and clientele included the financial elite of Europe and the United States. Not merely the major Italian banks, including the Banca Commerciale Italiana and its Swiss offshoot Banca de la Svizzera Italiana, but Bank of America and Chase Manhattan Bank were up to their ears in the scandal.

Roberto Calvi, the most prominent financier of the Italian Socialist Party and the treasurer of the ultra-secret Propaganda-2 lodge of Italian Freemasonry, built the \$6 billion Banco Ambrosiano into the core of a \$20 billion international empire of merged and associate companies. Ambrosiano fit into a larger series of Chinese boxes, like the publicity-shy but powerful international syndicate called **Inter-Alpha**, the bridge between the Levantine money-wash of Calvi and the Far Eastern operations of the Hong Kong dope financiers.

Remarkable were the intimate ties between Calvi and the major American banks. The Inter-Alpha group capitalized a small securities firm in New York under the name **Ultrafin**, leaving the management to Calvi and his close friend, the late Club of Rome founder Aurelio Peccei. At Peccei's suggestion, Calvi brought in the chief economist of David Rockefeller's Trilateral Commission, Prof. Richard Gardner, to act as chief of intelligence for Interalpha in New York. Gardner became a board member of Ultrafin with this special assignment.

Richard Gardner, the former U.S. ambassador to Italy, who is personally close to Chase Manhattan chief Rockefeller, drafted all the major financial documents of the Trilateral Commission, including its 1976 plan to replace national governments' control of economic policy with a truly global central bank. His wife, Daniele Luzzato, is the daughter of Bruno Luzzato, the aristocratic Venetian who controlled the Paris office of the Marshall Plan after World War II.

Bank of America had capitalized a joint venture with Banco Ambrosiano, the \$3 billion assets Interbanca Spa. Almost to the end, Bank of America defended its connection to Calvi. "Banco Ambrosiano is a fine upstanding bank of good reputation," said the chief of the bank's international department, Rudolph Peterson, in an interview reported in *EIR* July 7, 1981. "I'm sure this scandal concerning them will wash away. Even when there is chaos all around them, the bankers and especially the central bankers know how to get through. The banks and central bank will continue with their direction, while they pull through and the scandal washes away."

Peterson was wrong. Calvi ended up hanging beneath Blackfriars' Bridge in London, and Dope, Inc. was reorganized again—bringing Henry Kissinger and company into the new directorate of the firm (see page 24).