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A Century of War

A Review of F. William Engdahl's book

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Theme: Global Economy, US NATO War Agenda
Global Research, February 12, 2008
12 February 2008

Part I

F. William Engdahl is a leading researcher, economist and analyst of the New World Order who's written on issues of energy, politics and economics for over 30 years. He contributes regularly to publications like Japan's Nihon Keizai Shimbun, Foresight magazine, Grant's Investor.com, European Banker and Business Banker International. He's also a frequent speaker at geopolitical, economic and energy related international conferences and is a distinguished Research Associate of the Centre for Research on Globalization where he's a regular contributor.

Engdahl wrote two important books. This writer reviewed his latest one in three parts called "Seeds of Destruction: The Hidden Agenda of Genetic Manipulation." It's the diabolical story of how Washington and four Anglo-American agribusiness giants plan world domination by patenting animal and vegetable life forms. They aim to control food worldwide, make it all genetically engineered, and use it as a weapon to reward friends and punish enemies.

The book is a sequel to Engdahl's first one and subject of this review – "A Century of War: Anglo-American Oil Politics and the New World Order." It's breathtaking in scope and content, and a shocking and essential history of geopolitics and strategic importance of oil. The book is reviewed in-depth so readers will know the type future Henry Kissinger had in mind in 1970 when he said: "Control oil and you control nations; control food and you control people." Engdahl recounts the story in his two masterful books, both critically essential reading.

The story line in his first one began late in the 19th century when oil's advantage was first realized, and First Lord of the Admiralty Winston Churchill told Parliament in 1919:

"We must become the owners, or at any rate the controllers at the source, of at least a proportion of the supply (of oil) which we require....and obtain our oil supply, so far as possible, from sources under British control, or British influence."

After defeating Napoleon in 1815, Britain was supreme until America emerged predominant during WW II. Engdahl explains how: through two pillars and one commodity – unchallengeable military power and the dollar as the world's reserve currency combined with the quest to control global oil and other energy resources.

Engdahl calls his book "no ordinary history of oil" because what he recounts is suppressed in the mainstream and what passes for education in America. It settles for mediocrity, ignorance, and a barely literate public by design. As a result, people don't know that US manipulators arranged “the greatest confidence game the world had ever seen” – a “special hegemony” to:

— print limitless dollar paper certificates to buy every imaginable product;

— accumulate endless trade deficits;

— “inflate (the) currency beyond imagination;”

— have the government pay interest on its own money; and

— create an unprecedented public and private debt to enrich an elite few at the expense of the greater good.

So far it’s worked because people haven’t caught on, other nations need our markets, fear our might, and countries like China, Japan and petrodollar recyclers remain lenders of last resort. Combined, it let America rule the world, control its energy, and crush all upstart competition. Washington had a good role model, and that’s where the story begins.

The Three Pillars of the British Empire

Geopolitical history for the last 100 years was shaped around the quest for what Big Oil acolyte Daniel Yergin called “The Prize: The Epic Quest for Oil, Money and Power” with two countries at its epicenter – first Britain and now America with its UK junior partner that built its rule on three essential pillars:

— controlling the seas and setting the terms of trade;

— dominating world banking and manipulating the world’s largest gold supply; and

— controlling world raw materials with oil the key one at the turn of the century; with these working, it devised an “informal empire” to loot world wealth and maintain a balance of power on the continent.

Britain’s “genius” was being able to shift alliances without letting sentiment interfere with its interests. Post-Waterloo, it operated “on an extremely sophisticated marriage between top (London) bankers and financiers, government cabinet ministers,” key industrialists and espionage chiefs. By keeping everything secret, it “wielded immense power over credulous and unsuspecting foreign economies.” By the late 19th century, however, things began to change, and a new strategy was needed. Key to it was oil geopolitics as a vital naval supremacy ingredient.

The Lines are Drawn: Germany and the Geopolitics of the Great War

The importance of oil and emergence of continental economies (especially in Germany) provided the backdrop to WW I. By the late 19th century, British bankers and political elites were alarmed that German industrial and technological development began surpassing its own that was in decline. Included was a modern German merchant and naval fleet and an ambitious railway project linking Berlin with Baghdad, then part of the Ottoman empire. At stake was British hegemony, and preserving it led to war.

Prior to its outbreak, coal was king, German output was impressive and so was its growth:

— its steel production increased 1000% in 20 years, leaving Britain far behind by 1900;

— its state-backed rail infrastructure doubled in track kilometers from 1870 to 1913;

— with the advent of centralized electric power generation and long-distance transmission, its electrical industry exploded to dominate half the world's trade by 1913;

— impressive research built the country's chemical industry and made Germany the world leader in analine dye production, pharmaceuticals and chemical fertilizers;

— German agriculture thrived; it made "astonishing" gains from the introduction of "scientific agriculture chemistry" and produced an 80% grain harvest increase from 1887 to 1914;

— population growth was dramatic – 75% to 67 million between 1870 and 1914;

— Germany's merchant fleet rocketed to second place in the world behind Britain and at a pace to overtake it;

— steel and engineering advances were achieved; and consider another British concern:

— early in the century, British Dreadnought battleship leadership was surpassed; Germany's super model was superior and that spelled trouble for UK sea power supremacy; by 1910, "dramatic remedies" were needed; Germany's economic emergence had to be confronted, its growing naval strength as well, and for the first time oil was a factor.

A Global Fight for Control of Petroleum Begins

By 1882, British Admiral Lord Fisher saw oil's potential as qualitatively superior to coal. It required one-quarter the tonnage, one-third the engine weight, and expanded a fleet's "radius of action" fourfold. It was first used in 1885 after Gottlieb Daimler developed the internal combustion engine. Another 20 years passed, however, before its importance was realized, and that created a problem. Britain had no oil and needed a supply.

Up to then, its Middle East presence was limited, but that changed after oil was discovered in Masjed Soleiman, Persia (now Iran) in 1908. It secured Britain an "extraordinarily significant exclusive right (to potential) vast untapped petroleum deposits" for the country's newly formed Anglo-Persian Oil Company (APOC).

Earlier in 1899, German industrialists and bankers got Ottoman approval for a Berlin-Baghdad railway. The aim – to establish strong economic ties to Turkey and develop new markets in the East. Once extended to Kuwait, it would be the fastest, cheapest rail link to the Indian subcontinent, and that spelled trouble for Britain. It would challenge UK supremacy and had to be confronted.

The project was costly and needed help to complete, so Germany turned to Britain. London, for its part however, used "every device known to delay and obstruct progress. The game lasted" until war began in 1914 and after Britain secured an exclusive oil development "lease in perpetuity" in what today is Iraq and Kuwait. Yet competition remained because Germany got the Ottoman emperor to grant its Baghdad Railway Company full rights to all oil and minerals on a parallel 20 kilometers of land on either side of the rail line. By 1912, oil's importance was apparent, and geologists discovered it between Mosul and Baghdad.

WW I stalled efforts for a German-owned oil company, independent of Rockefeller interests. At a time, the US produced over 63% of world supply, Russia's Baku 19% and Mexico 5%. Britain's new APOC was barely a player when First Lord of the Admiralty Winston Churchill convinced the government to buy a majority interest in what today is British Petroleum (BP). "From that point, oil was at the core of British strategic interests," and the game was this – secure its own supplies, deny them to key rivals like Germany, and do it if necessary by war.

That became London's scheme early in the century when Britain, France and Russia allied in a Triple Entente against Germany and the Austro-Hungarian powers. By 1907, it was solidified, effectively encircled Germany, and it laid the foundation for the coming showdown with Kaiser Wilhelm II. From then until 1914, preparations were made for the "final elimination of the German threat." Included was a "series of continuous crises and regional (Balkans) wars (in) the 'soft underbelly' of Central Europe." Three months after the alliance, Austria's heir to the throne was assassinated in Sarajavo, and it "detonated the Great War."

Oil Becomes the Weapon, the Near East the Battleground

WW I was no different from other wars. Imperial, territorial and economic rivalries were at its root. It lasted from July 28, 1914 to November 11, 1918 and at a time Britain was effectively bankrupt, had big plans along with other combatants, plus a "secret weapon" that later emerged: the special relationship of "His Majesty's Treasury" with The House of Morgan.

The conflict matched the Allied powers of Britain, France, Russia, Belgium, Serbia, Greece, Romania, Montenegro, Italy, Portugal, Japan and for its last seven months the US against the Central Powers of Germany, Austria-Hungary, Bulgaria and Ottoman Turkey. The timeline was as follows:

— on June 28, Archduke Ferdinand and his wife were assassinated;

— on July 28, Austria declared war on Serbia;

— on August 1, Germany declared war on Russia;

— on August 3, Germany declared war on France and invaded Belgium on August 4; and

— on August 4, Britain declared war on Germany, and the world was at war. Four years later, its toll was horrific, and four empires were destroyed – Ottoman Turkey, Austria-Hungary, Germany and Russia. Later on, so would Britain's, but in 1914 schemes and intrigue drove the winners to reallocate the spoils, especially where it was thought large oil deposits lay.

Well before 1914, Britain's geostrategy was threefold:

— create and preserve an unchallengeable global empire;

— defeat its main rival Germany; and

— secure and control the most strategically important resource – oil that was crucial to winning the war.

At its end, Britain's Foreign Secretary Lord Curzon commented: "The Allies were carried to victory on a flood of oil." Germany ran short and lost because it couldn't mount a decisive offensive in 1918. In 1915, however, Britain gambled and lost. It failed to defeat Turkey in the Battle of Gallipoli, and the stakes involved were high – to secure Russia's rich Baku oil fields at a time they supplied almost a fifth of world production. It was early in the war, Britain ultimately prevailed, and in no small measure by preemptively occupying Baku in August, 1918 to deny Germany its vital resources.

Throughout the war, oil's importance was key and the reason for the Allies' secret 1916 Sykes-Picot agreement. It spelled "betrayal and Britain's intent to….control….the undeveloped petroleum reserves of the Arabian Gulf after the war." Britain was devious. While France and Germany clashed along the Western Front, London moved 1.4 million troops to the Gulf and eastern Mediterranean on the pretext of bolstering Russia. After 1918, a million forces remained on what became a "British Lake" by 1919 with access to the region's oil. Its potential was later learned, France was cheated out of its share, Saudi Arabia's value was unknown, and turned out to be a major British blunder that didn't elude America in the 1930s.

Partitioning the Ottoman Empire proceeded post-war and included an "extraordinary new element." Now known as the Balfour Declaration, it was a classified British policy statement supporting a Jewish homeland in Palestine at a time Jews comprised 1% of the population. It came on November 2, 1917, a year of conflict remained, and it was the basis for the post-1919 British mandate over Palestine that gave London "strategic possibilities of enormous importance." British elites and its principal think tank (the Royal Institute for International Affairs or Chatham House) supported a "Jewish-dominated Palestine, beholden to England for its survival (and) surrounded by a balkanized group of squabbling Arab states."

The scheme was to link England's colonial possessions from South Africa's gold and diamond mines, north to Egypt and the Suez canal, through Mesopotamia (Iraq and Kuwait), Persia (Iran) and East into India and what today is Pakistan and Bangladesh. Controlling this territory became crucial. It meant dominating the world's most strategically valuable resources before their vast potential was realized.

Combined and Conflicting Goals: The United States Rivals Britain

Britain was the world's major post-WW I power, its territorial winner, and borrowed Wall Street money secured the victory, but with a problem. The country was deeply in debt, mired in depression, and the US now loomed as the world's economic power. In the 1920s, a rivalry ensued pitting America against Britain's three imperial pillars: control of world sea lanes, its banking and finance, and its strategic raw materials. At stake was whether London or Washington would be the world's new capital, with no assured winner at the time. Later, it was very clear that WW II's seeds were planted in a place called Versailles and a 1919 treaty in its name.

Its terms were outrageous and onerous. They made unimaginable demands, and therein lay the problem. In May 1921, Germany got an ultimatum with six days to accept or the industrial Ruhr Valley would be militarily occupied. Even worse, the country lost its colonial possessions and all their raw material resources. In the end, all combatants were losers. Their combined debt overwhelmed world finance and monetary policy from 1919 to the 1929 Wall Street crash. The entire pyramid was built on punitive war debts with Morgan and other major New York banks uncompromising on the terms. They was so burdensome that yearly payments exceeded America's annual 1920s foreign trade. In addition, paying it took precedence over rebuilding and modernizing war-torn European economies.

At the same time, oil's importance grew as Britain exploited the spoils at France and America's expense. In March 1921, Winston Churchill was UK secretary of state for colonial affairs, the British Colonial Office Middle East Department was established, and Mesopotamia was renamed Iraq and became a British colony. Anglo-Persian Oil officials got administrative control, American companies gained no British Middle East concessions, and a fierce battle raged over the region's oil throughout the 1920s. Then it moved to Latin America.

In the 19th century, US Senator Henry Cabot Lodge stated "commerce follows the flag" and by it meant economic progress requires expansion. In 1912, it got Mexico targeted after oil was discovered in Tampico in 1910. Woodrow Wilson sent in troops to seize control from Britain and the UK-connected Mexican Eagle Oil Company that had concessions for half the country's oil at the time. As war in Europe loomed, Britain backed off, and America secured Tampico's enormous potential.

Britain, nonetheless, pressed on, and by the early 1920s controlled "a formidable arsenal of apparently private companies" that, in fact, let His Majesty's government "dominate and ultimately control all" major world oil-containing regions. Four companies were empowered that were also an "integral part of British secret intelligence activities:"

— Royal Dutch Shell that rivaled Rockefeller's Standard Oil, even in America through California Oil Fields and Oklahoma-based Roxana Petroleum;

— the Anglo-Persian Oil Company that became the Anglo-Iranian Oil Company and is now British Petroleum;

— the little-known d'Arcy Exploitation Company; it was tied to the Foreign Office and British intelligence, and its agents showed up wherever there was oil development potential; and

— the nominally Canadian company called British Controlled Oilfields (BCO); it was secretly government- owned as were Shell and the others.

In 1912, British companies controlled about 12% of world oil production. By 1925, it was most of it, America noticed, but in 1922, London and Washington united against a common threat and called a truce to their post-Versailles conflict.

The Anglo-Americans Close Ranks

In April 1922, Germany and Russia stunned the West by their bilateral Rapello Treaty. Under it, Russia waived its war reparations claims in return for Germany's industrial technology. The news shocked the continent, especially as it emerged from a British-organized Genoa meeting with other strategic aims in mind.

While secretly financing an anti-Soviet counterrevolution, London approached Russia regarding Baku's oil fields, hoping to arrange lucrative deals for Royal Dutch Shell and other UK oil companies. Rockefeller's Standard Oil also eyed them, but was disadvantaged by Britain's favored position and its own unsavory reputation. Yet it proceeded through Harry Sinclair of Sinclair Petroleum as a perceived independent middleman with no Rockefeller taint.

Moscow was interested because Sinclair had ties to President Harding, and a deal meant US diplomatic recognition and an end to Russia's international isolation post-1917. Sinclair agreed, Harding approved, but events then intervened.

It was scandal in Wyoming in a place called Teapot Dome. It involved political influence and the awarding of no-bid oil leases to Sinclair Oil (then called Mammoth Oil) and a whole lot more with illegal payoffs and no-interest loans as part of the deal. Harding, though not directly involved, was implicated, a year later he was dead ("under strange circumstances"), Coolidge became President, dropped the Baku project, and ended plans to recognize Russia. At the time, it was thought British intelligence was involved, blocked the bid to give UK oil companies an edge, but Germany's deal with Russia intervened.

It was Germany's second option at a time its onerous debt made dealing with Britain preferable. Efforts failed because London was hard-line, stuck to its punitive repayment process, and imposed stiff tariffs to make things worse with Germany already on its knees.

The looting ruined the country's economy and forced the Reichsbank to print enormous amounts of money to survive. Inevitable inflation followed and by 1923 was catastrophic. In January, the mark dropped to 18,000 to the dollar. By July, it was at 353,000, by August 4,620,000, and by November an astonishing 4,200,000,000,000. It was effectively worthless in the greatest ever (before or since) inflation that destroyed the country's savings and made further calamitous events inevitable.

The misery was compounded when Germany lost its assets. Britain took its colonies, and also seized was Alsace-Lorraine and Silesia with its rich mineral and agricultural resources. Gone was 75% of the country's iron ore, 68% of zinc ore, 26% of coal as well as Alsatian textile industries and potash mines. In addition, Germany's entire merchant fleet was taken, a portion of its transport and fishing fleet plus locomotives, railroad cars and trucks – all justified as war debts that were fixed at an impossible to pay 132 billion gold marks at 6% annual interest, and with it an ultimatum. Agree in six days or Allied troops would occupy the Ruhr. Unsurprisingly, the Reichstag approved.

It made dealing with Russia essential as Germany sought practical ways to survive. It proved impossible, France objected to a minor treaty obligation and occupied the Ruhr anyway. In the meantime, inflation soared, German industrial activity was erased, Reichsbank and other German bank assets were seized, and the currency became worthless.

In 1923, a so-called Dawes Plan (named for US banker Charles Dawes) was adopted. It was the Anglo-American banking community's way to reassert fiscal control over Germany, assure reparations were paid, and continue the state-sponsored looting. It continued until 1929 when the debt pyramid collapsed, an ensuing banking crisis followed, capital flowed out of the country, its economy crashed, the world headed into depression, and radical political elements gained prominence.

Reichbank president, Hjalmar Schacht, was a key figure. He resigned his post to organize financial support for the man he and Bank of England governor Montagu Norman wanted as chancellor. From 1926, Schacht secretly backed the radical National Socialist German workers party, the NSDAP Nazis. Britain also favored the "Hitler Project," support for it went right to the top and included figures like Prime Minister Chamberlain and the Prince of Wales (later King Edward VIII in 1936 until he abdication later in the year).

Throughout the period, Wall Street and Washington were comfortable with the Nazis, and a key government official met Hitler in 1922. He came away saying he "was deeply impressed by his personality and thought it likely he would play an important part in German politics."

By this time, the Anglo-American power struggle was resolved. So, too, the oil wars with the creation of an "enormously powerful Anglo-American oil cartel," later called the "Seven Sisters." British and American companies struck a deal. They ended competition, kept existing market shares, and secretly set prices with governments of both countries arranging a Red Line agreement. From then to now, Big Oil ruled the energy world and devised how to deal with "outsiders."

Later, the consequences from Baron Kurt von Schroeder's January 4, 1932 meeting would have to be faced after he, Heinrich von Papen and Hitler secretly arranged a Nazi takeover. A year later, another meeting followed preparatory to acting. The Weimar government was weak, the scheme was to topple it, and it made Hitler Reichschancellor on January 30, 1933. On August 2, 1934 he seized absolute power as Fuhrer. British interests backed him, Royal Dutch Shell financed him, and the Bank of England "moved with indecent haste to reward" him with a vital line of credit. The rest, as they say, is history, and from it would emerge a new world order.

Oil and the New World Order of Bretton Woods

In 1945, the world had changed. Post-WW I, Britain was preeminent with an empire spanning one-fourth the globe. Thirty years later, it was disintegrating and "in the throes of the largest upheaval of perhaps any empire in history" (although it happened most prominently to Rome, but it took longer). It wasn't from "beneficence" or a matter of principle. It was unavoidable because the war took its toll. It shattered Britain's financial power, its industry was decaying, its housing stock was dilapidated, and its people exhausted. Britain was "utterly dependent on America," so the baton passed to the only major power left standing in a ravaged post-war world.

A "special relationship" between them emerged post-Versailles. Britain led it then, it hoped post-1945 to continue indirectly, and a new element was added – the post-war CIA that worked with Britain in the war as the OSS (Office of Strategic Services). The relationship continued as the two countries have mutual interests and jointly share intelligence, except that Britain now is junior in a US-dominated world.

Post-war, Anglo-American oil interests had enormous power. It was assured by the 1944 Bretton Woods system that was built around three dominant pillars – the IMF, World Bank and managed "free trade" from GATT. Clauses were built into each to ensure Anglo and especially American dominance over monetary and trade issues. Both countries have voting control, and the arrangement created a "gold exchange system." Under it, each member country's currency was pegged to the dollar that, in turn, was set at a fixed $35 an ounce gold price. It suited Big Oil fine as America by then had the bulk of world gold reserves.

They also benefitted from the Marshall Plan as more than 10% of it went for American oil, and five US companies supplied over half of western Europe's supply at a dear price (that was pennies on the dollar compared to today). They profited enormously, nonetheless, as oil became the key commodity fueling world growth that without which would halt.

Partnered with Big Oil and its trade were Wall Street and New York international banks. They profited hugely from its capital inflows, and it ensured their advantage that was built into the Bretton Woods system. They also had cartel power by having consolidated to hold disproportionate control over world finance.

Britain, as well, had its post-war priorities in the wake of its lost empire. Its leadership regrouped around the power and profits of oil and other strategic raw materials with US help. It made Iran a target, Britain humiliated its nationalist elements, occupied the country, and demanded concessions for its government-linked Royal Dutch Shell. Finally in December, 1944, nationalist leader Mohammed Mossadegh introduced a bill to bar foreign country oil negotiations. A bitter fight ensued, by 1948 foreign troops were withdrawn, but the country remained under UK control through its Anglo-Iranian Oil Company at a time Iran's southern region had the world's richest known reserves.

In late 1947, the Iranian government demanded an increase in its oil revenue share (meager at the time) and cited Venezuela where Standard Oil had a 50 – 50 arrangement. London wasn't pleased, talks dragged on, and the strategy was to stall and delay. In late 1949, Mossadegh headed a parliamentary commission, a 50 – 50 split was demanded, Britain refused, and by 1951 Mossadegh was Prime Minister. Around the same time, Iran's parliament nationalized the Anglo-Iranian Oil Company and paid fair compensation for it. Britain, nonetheless, was outraged and reacted.

Full economic sanctions and an oil embargo followed. In addition, Iranian assets in British banks were frozen, and major Anglo-American oil companies supported London. Iran's economy was devastated. Its oil revenues plummeted from $400 million in 1950 to less than $2 million from July 1951 to August 1953 when Mossadegh was ousted by a CIA-British SIS coup. Shah Reza Pahlevi returned to power, sanctions were lifted, and America and Britain regained their client state until 1979 when the same Anglo-American interests turned on the Shah and deposed him. More on that below.

An Italian company defied the sanctions at the time – Azienda Generale Italiana Petroli (AGIP). Its founder and head was Enrico Mattei, a man to be reckoned with. He sought indigenous energy resources for Italy that Anglo-American oil interests wouldn't co-opt. It was no simple task, yet he got a new law passed that established a central semi-autonomous state energy company called Ente Nazionale Idrocarburi (ENI). AGIP became a subsidiary.

As its leader in 1957, he negotiated an unprecedented deal with Iran – 75% of profits to the National Iranian Oil Company and 25% to ENI. Washington, London and Big Oil weren't pleased. If unchecked, this type arrangement would upset their entire world oil order benefitting them at the expense of host countries. Mattei had to be stopped, and the US and Britain pressured the Shah to opt out – to no avail.

Mattei became a major irritant. He challenged Big Oil with low gasoline prices. He also offered deals with former colonies on more favorable terms than the majors, including the prospect of local refineries so supplier countries could be more than just raw material sources.

Finally, in October 1960 he went too far and enraged Washington and London. He negotiated a deal with Moscow they opposed. In 1958, he contracted to buy one million annual tons of Soviet crude. He then signed an exchange agreement for 2.4 million tons for five years but not to be paid in cash. Instead it would be in large-diameter oil pipe that

Russia badly needed to construct a huge pipeline network bringing Volga-Urals oil to Czechoslovakia, Poland and Hungary – 15 million tons annually when completed. The deal helped both sides with Mattei getting Russian oil at below market price and the Soviets getting a pipe works plant completed for them in September, 1962.

A month later, Mattei was dead. His private plane crashed on takeoff killing him and two others on board. To this day, deliberate sabotage was suspected, and why not. Mattei was at the peak of his powers, he'd already signed deals with Iran, Russia, Morocco, Sudan, Tanzania, Ghana, India and Argentina and upset the established order. He also planned to meet President Kennedy who, at the time, was pressing Big Oil to reach accommodation with him. A year later, Kennedy was also dead, and the finger pointed to "US intelligence, through a complex web of organized crime cutouts."

A Sterling Crisis and the Adenauer-De Gaulle Threat

In 1957, western European countries headed by France, West Germany and Italy signed the Treaty of Rome. It established the European Economic Community (EEC) that came into force on January 1, 1959. Germany was recovering from the war, and Charles De Gaulle regained power in France with vigorous restructuring plans – to rebuild the country's infrastructure, expand its devastated industrial and agricultural economy, and restore fiscal stability.

It was already under way in continental Europe, the result of unprecedented EEC trade-driven growth. De Gaulle and Germany's Konrad Adenauer led the effort with the French President exerting a strong independent voice. The two leaders bonded, and the Treaty Between and French Republic and Federal Republic of Germany was concluded on January 22, 1963. It assured close cooperation and coordination of economic and industrial policy. Washington and London were alarmed at the prospect of an independent alliance that included Italy under Aldo Moro.

An Anglo-American alliance was hatched to counter it. It targeted Europe and took the form of pushing the EEC to open to US imports and be firmly part of a Washington-London-dominated NATO. Britain also demanded inclusion in the six nation Common Market. De Gaulle strongly opposed it, but was denied when Atlanticist Ludwig Erhard became Germany's Chancellor in April 1963. He favored admitting Britain and agreed to support London's 19th century "balance of power" strategy against continental Europe. Though formally ratified, the Franco-German accord was lifeless, and the culmination of Adenauer's work was lost – stolen by the America and Britain at the last moment.

Washington supported the EEC but not as an independent alliance. It might have become that in 1957 at a time recession hit America and lasted into the 1960s. It led to debate in the US with the New York Council of Foreign Relations and Rockefeller Brothers Fund drafting options at a time Henry Kissinger emerged. It was also when Big Oil and New York banks (the East Coast establishment) were dominant and viewed the world as their market. They also controlled the media and used it to promote their interests over what was best for the nation and greater good.

Rebuilding US infrastructure, investing in modern factories, improving the national economy and developing a skilled labor force were ignored. Instead, investment flowed abroad for greater returns. Cheating on quality also became fashionable, and productive pride lost out to bottom line priorities to please Wall Street.

It came with a cost, however, and part of it was the state's financial health. As dollars flowed abroad, US gold reserves plunged enough to threaten the Bretton Woods system. The problem was a "fatal flaw" in its design. Its rules established a "gold exchange standard" requiring IMF countries to fix the value of their currencies to the US dollar and indirectly to gold at $35 an ounce.

By the 1960s, European growth outpaced the US, and domestic investment sought to take advantage of double the returns it could get domestically. It was the beginning of the Eurodollar market, and the start of a decade of "ever worsening international monetary crises." By the late 1970s, it became a cancer that "threatened to destroy its entire host – the world monetary system." It also influenced the Johnson administration to believe that a full-scale southeast Asian conflict could stimulate a stagnant economy and show the world who was still boss.

In the 1960s, New York bankers, Big Oil and the defense establishment advocated war and a homeland garrison state to boost profits, but consider the strategy. DOD Secretary Robert McNamara and Pentagon planners obliged. They designed a protracted "no-win war from the outset" to rev up spending and secure the defense component of the economy. Deficits resulted, the dollar inflated, and Washington forced its trading partners to accept war costs in the form of cheapened greenbacks.

It led to European central banks accumulating large Eurodollars reserves they then earned interest on from US treasuries. The net effect was continental bankers funded US deficits the way they do now, along with China and Japan. Engdahl quoted futurist Herman Kahn saying: "We've pulled off the biggest ripoff in history (running) rings around the British empire." Nonetheless, London planned a comeback with "expatriate American dollars." More on that below.

Lyndon Johnson waged war on two fronts, and failed at both. Vietnam cost him his presidency while his War on Poverty and Great Society barely made a difference but amassed huge European-financed deficits. At the same time, industrial and scientific investment declined, financial speculation grew, a service-oriented economy was favored, and America headed down the same "road to ruin" Britain followed earlier.

Few understood that Johnson's domestic policy had little to do with alleviating poverty. It was a corporate scheme to exploit economic decay, curb wage growth and back a 19th century colonial-style looting. Inciting "race war" was part of the plan. Engdahl described it as a domestic Vietnam pitting blacks against whites, unemployed against employed, and high wage earners against lower paid ones in a "new Great Society, while Wall Street bankers benefited from slashed union wages and cuts in infrastructure investment." They, in turn, recycled their profits into cheap Asian and South American labor markets for still greater profits. It's the same scheme writ large today.

By 1967, trouble was evident. The Bretton Woods system was threatened as US external debt soared and the nation's gold reserves plummeted to one-third their liability. At the same time, Britain's economy was "a rotting mess and getting worse." Faith in the pound sterling was eroding because the UK, like America, neglected its industrial base, amassed large trade deficits, and was a net currency exporter. Something had to give, and it was the pound.

At this time, De Gaulle withdrew from the gold pool, and "the entire Bretton Woods edifice (shook) at its weakest link, the pound sterling." The crisis highlighted the core vulnerability of the international monetary system, the US dollar. Things came to a head on November 18, 1967. Britain devalued the pound by 14% for the first time since 1949. It abated the sterling crisis, but the dollar one was just beginning as international holders of the currency demanded gold in exchange.

Crisis built in 1968, and Business Week magazine devoted an astonishing nine articles and feature editorial to it in its March 23 issue headlined "Gold crisis jolts the West" on its front cover. A publisher's memo also addressed it and quoted Virgil's Aeneid, Book III: "Oh cursed lust for gold, to what dost thou not drive the hearts of men!" It affected Charles De Gaulle as well. His independence made him a target for removal that succeeded. It got him voted out of office a year later. For Washington and London, however, it was a Pyrrhic victory.

"A Century of War" will continue in Part II of this review to complete the story to the present era under George Bush.

F. William Engdahl *is the author of* ***A Century of War: Anglo-American Oil Politics and the New World Order*** *(Pluto Press) and* ***Seeds of Destruction: The Hidden Agenda of Genetic Manipulation****, www.globalresearch.ca.*

William F. Engdahl's A Century of War can be ordered from Amazon

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Seeds of Destruction

F. William Engdahl is a leading analyst of the New World Order, author of the best-selling book on oil and geopolitics, A Century of War: Anglo-American Politics and the New World Order,' *His writings have been translated into more than a dozen languages.*

Reviews of Engdahl's *Seeds of Destruction*

> What is so frightening about Engdahl's vision of the world is that it is so real. Although our civilization has been built on humanistic ideals, in this new age of "free markets", everything– science, commerce, agriculture and even seeds– have become weapons in the hands of a few global corporation barons and their political fellow travelers. To achieve world domination, they no longer rely on bayonet-wielding soldiers. All they need is to control food production. (Dr. Arpad Pusztai, biochemist, formerly of the Rowett Research Institute Institute, Scotland)
>
> If you want to learn about the socio-political agenda –why biotech corporations insist on spreading GMO seeds around the World– you should read this carefully researched book. You will learn how

these corporations want to achieve control over all mankind, and why we must resist… (Marijan Jost, Professor of Genetics, Krizevci, Croatia)

The book reads like a murder mystery of an incredible dimension, in which four giant Anglo-American agribusiness conglomerates have no hesitation to use GMO to gain control over our very means of subsistence… (Anton Moser, Professor of Biotechnology, Graz, Austria).

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Seeds of Destruction

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