

Origins of the American Empire: Revolution, World Wars and World Order

Global Power and Global Government: Part 2

By [Andrew Gavin Marshall](#)

Global Research, July 28, 2009

28 July 2009

Region: [USA](#)

Theme: [Global Economy](#)

This essay is Part 2 of "Global Power and Global Government." [Part 1, "The Evolution and Revolution of the Central Banking System"](#) published by Global Research can be viewed [here](#):

Russia, Oil and Revolution

By the 1870s, John D. Rockefeller's Standard Oil Empire had a virtual monopoly over the United States, and even many foreign countries. In 1890, the King of Holland gave his blessing for the creation of an international oil company called Royal Dutch Oil Company, which was mainly founded to refine and sell kerosene from Indonesia, a Dutch colony. Also in 1890, a British company was founded with the intended purpose of shipping oil, the Shell Transport and Trading Company, and it "began transporting Royal Dutch oil from Sumatra to destinations everywhere," and eventually, "the two companies merged to become Royal Dutch Shell."[1]

Russia entered into the Industrial Revolution later than any other large country and empire of its time. By the 1870s, "Russia's oil fields, including those in Baku, were challenging Standard Oil's supremacy in Europe. Russia's ascendancy in natural resources disrupted the strategic balance of power in Europe and troubled Britain." Britain thus attempted to begin oil explorations in the Middle East, specifically in Persia (Iran), first through Baron Julius de Reuter, the founder of Reuters News Service, who gained exploration rights from the Shah of Iran.[2] Reuter's attempt at uncovering vast quantities of oil failed, and a man named William Knox D'Arcy took the lead in Persia.

By the middle of the 19th century, "the Rothschilds were the richest family in the world, perhaps in all of history. Their five international banking houses comprised one of the first multinational corporations." Alfonse de Rothschild was "heavily invested in Russian oil at least forty years before William Knox D'Arcy began tying up Persian oil concessions for the British. Russian oil, which in the 1860s was already emerging as the European rival to the American monopoly Standard Oil, was the Baron [Rothschild]'s pet project." In the early 1880s, "almost two hundred Rothschild refineries were at work in Baku," Russia's oil rich region.[3]

By the mid-1880s, “the Rothschilds were poised to become the chief oil supplier, not only to Europe but to the Far East,” however, “the Baku-Batum railroad was already proving inadequate to transport the volume of oil being produced. Another route was needed, and came in the form of the recently opened Suez Canal, which shortened the journey to the Far East by four thousand miles. Palestine was suddenly of interest to the Rothschilds as it provided access to the Suez.”[4] When the Egyptian government was bankrupt in 1874, British Prime Minister Benjamin Disraeli turned to his close friends, the Rothschilds, “for the colossal cash advance necessary” to buy shares in the Suez Canal Company.[5] By this time, the Rothschilds were already principle shareholders in the Bank of France,[6] and the Bank of England, sitting alongside other notable shareholders such as Baring Brothers, Morgan Grenfell and Lazard Brothers.[7]

The Rothschilds “had long been involved in developing Czarist Russia’s nascent industry and banking system, while that country’s growing network of railroads was largely financed by Rothschild-managed loans.”[8] When the Czar died, he was succeeded by his son, Czar Nicholas II, who instituted anti-Semitic pogroms, discriminating against Jews, which had the effect of stimulating a massive emigration of Jews out of Russia and Eastern Europe and into Western Europe. However, these East European and Russian Jewish émigrés grew up in a newly industrializing nation in which the tyranny of the government and collusion between it and powerful financial and industrial interests left the great majority of people dispossessed and incited more socialist tendencies in thought and action.

The English Rothschilds were very alarmed “when the socialist tendencies of the émigrés contributed to a massively disruptive tailors’ strike in the East End of London in 1888. A young Georgian communist who would become known to the world as Joseph Stalin was already organizing laborers to strike at the Rothschild oil interests in Batum.” The British Rothschilds were very concerned with this wave of Jewish immigrants into Western Europe and Britain, as they were intensely anti-Czarist and progressively socialist, and the Rothschilds were known for their heavy collaboration with the Czarist regimes of Russia. One potential solution considered to the problem of increased socialist-leaning Jewish immigrants in Britain was to institute restrictions on immigration. However, this would likely backlash, in the sense that it would be viewed as comparable to expulsion. So, Edmond Rothschild began his personal campaign to create a Jewish homeland in Palestine in order to create a release valve for Jewish émigrés to put their political action behind a new cause, and to promote them emigrating to Palestine, and out of Western Europe.[9]

On top of this, as the pre-eminent Zionist in Britain, his proposal for the creation of a Jewish homeland in Palestine served major economic interests of the Rothschilds and of the British Empire, in that several years prior, Rothschild bought the Suez Canal for the British, and it was the primary transport route for Russian oil. Palestine, thus, would be a vital landmass as a protectorate for British and Rothschild imperial-economic interests.

The Rothschilds, despite their overtly pro-Zionist and pro-Jewish rhetoric, did not stop their support of the Russian regime and economic activities within anti-Semitic Russia. In 1895, the Rothschilds, then one of the world’s leading producers and distributors of oil, “had gone so far as to co-sign an agreement with rival producers – including America’s Standard Oil [of Rockefeller interests] – to divide up world markets. It never took effect, presumably because

of the opposition of the Russian government.” In 1902, the Rothschilds “entered into a partnership with Royal Dutch and Shell (soon to become a single global company) to form the Asiatic Petroleum Company for exploiting the fields of Southern Russia.”[10]

In the early 1900s, the Rothschilds were the primary oil interests in Russia, second in the world only to the Rockefellers. As industrialization was under way, conditions worsened for the great majority of Russian people. This spurred protests and riots, and a “young Stalin himself led the agitation against the Caucasian oil industry in general, [and] the Rothschilds in particular. Mass action by oil workers in Baku [the major oil fields in Russia] in 1903 was the spark that set off the first general strike across the Russian landmass.” Then with the Russian loss in the Russo-Japanese War of 1904, and further protests, came the Revolution of 1905. In the following years, the Rothschilds sold their Russian oil interests to Royal Dutch Shell, gaining significant shares in the international oil company.[11]

The specter of political and social instability within Russia was high and did not go without notice from international banking, oil, and industrial interests. Naturally, the international banking houses were keeping a close eye on developments within Russia. The Rothschilds had to lessen their overt involvement with Russia, as they could not maintain such a relationship with the most anti-Jewish nation in the world at the time, while also claiming to be the primary advocates of Jewish aspirations for a homeland. This is why they sold their Russian oil interests to Royal Dutch Shell, but then gained significant shares in the company itself. So while publicly cutting their ties with Russia, they still held massive interests in its industrial capacity. Following the Russo-Japanese War, the Rothschilds “refused to participate in underwriting a major loan, this at a time when Russia desperately needed funds to stabilize the regime.”[12]

So, in 1906, John D. Rockefeller stepped in to aid Czarist Russia, and offered \$200,000,000, or “400,000,000 rubles for a concession for railroads from Tashkend to Tomsk and from Tehita to Polamoshna and a grant of land on both sides of the prospective lines.”[13] These international financiers were still clearly intent upon maintaining their interests within Russia.

However, the Russian governments refusal to allow the deal between the Rockefellers and Rothschilds and other major oil monopolies to divide up the world’s oil reserves, may well have spurred discontent among these powerful interests. If Russia refused to allow them to control all the oil and have a right to all oil, did this mean that Russia was planning on building a domestic oil industry? If this were the case, it could pose a threat to all the entrenched economic and financial interests, particularly those of the Rockefellers and Rothschilds, as Russia’s significant oil reserves and resources would allow it to possibly even surpass the United States in industrialization. Further, Czarist Russia became an increasingly unstable investment environment, controlled by an increasingly unpredictable monarchy.

The 1917 October Revolution “inspired workers’ uprisings in the oil fields against low wages and harsh working conditions. In 1919, Azerbaijan took advantage of the political unrest to declare sovereignty over the Baku fields. That same year SONJ [Standard Oil of New Jersey] made an agreement with the Azerbaijani government to purchase undeveloped land for

exploration in the Baku region. Amidst the chaos, foreign oil companies rushed into Russia hoping to collect concessions at reduced rates. The Nobel brothers sold much of their operations to SONJ (today ExxonMobil) to build an alliance in 1920.”[14]

Antony C. Sutton, economist, historian and author, as well as research fellow at Stanford University’s Hoover Institution, wrote in *Wall Street and the Bolshevik Revolution*, that both fascist and communist systems are “based on naked, unfettered political power and individual coercion. Both systems require monopoly control of society. While monopoly control of industries was once the objective of J.P. Morgan and J.D. Rockefeller, by the late nineteenth century the inner sanctums of Wall Street understood that the most efficient way to gain an unchallenged monopoly was to ‘go political’ and make society go to work for the monopolists,” and that, “the totalitarian socialist state is a perfect captive market for monopoly capitalists, if an alliance can be made with the socialist powerbrokers.”[15] Thus, the major money powers of the west decided to put their money behind the creation of a totalitarian communist state in Russia, in order to create a captive economy, which they could exploit and remove from competition.

When the Revolution began, Trotsky was in New York, and was immediately granted an American passport by President Wilson, and then given a Russian entry permit and a British transit visa, in order to return to Russia and “carry forward” the revolution.[16] Trotsky, while traveling, was arrested in Canada, but was released as a result of British intervention.[17]

Trotsky traveled on board a ship in 1917, leaving New York, along with an interesting cast of fellow passengers, including “other Trotskyite revolutionaries, Wall Street financiers, American Communists, and a man named Charles Crane. Charles Richard Crane, former chairman of the Democratic Party’s finance committee, whose son, Richard Crane, was an assistant to U.S. Secretary of State Robert Lansing, played a significant part in what occurred in Russia. Former U.S. Ambassador to Germany, William Dodd, said that Crane, “did much to bring on the [Alexander] Kerensky revolution which gave way to Communism.” Kerensky was the second Prime Minister in the Russian Provisional Government, which followed the collapse of the Czarist government, and preceded the Bolshevik. Crane also thought that the Kerensky government “is the revolution in its first phase only.”[18]

The Revolution occurred in the midst of World War I, which broke out in 1914, and had all the major European powers at war. Morgan and Rockefeller interests, organized in Wall Street and centralized in the Federal Reserve Bank of New York, the most powerful of all the regional Federal Reserve Banks, used “the Red Cross Mission as its operational vehicle” in Russia at the time of the Bolshevik Revolution. The Red Cross Mission in Russia got its endowment from wealthy people such as J.P. Morgan, Mrs. E. H. Harriman, Cleveland H. Dodge, and Mrs. Russell Sage, and “in World War I the Red Cross depended heavily on Wall Street, and specifically the Morgan firm.” When the American Red Cross set up a mission to Russia, “William Boyce Thompson, director of the Federal Reserve Bank of New York, had ‘offered to pay the entire expense of the commission’.”[19] All expenses were paid for by William Boyce Thompson, who was a major stockholder in Chase National Bank, whose President had Thompson appointed head of the New York Fed.[20]

The Mission was primarily made up of lawyers, financiers, their assistants, people affiliated with Standard Oil and the Rockefeller's National City Bank.[21] The Mission supported through a loan, the Provisional government of Alexander Kerensky, yet, William B. Thompson of the New York Fed "made a personal contribution of \$1,000,000 to the Bolsheviks for the purpose of spreading their doctrine in Germany and Austria." Interestingly, when the Bolsheviks took control, "The National City Bank branch in Petrograd had been exempted from the Bolshevik nationalization decree - the only foreign or domestic Russian bank to have been so exempted." [22] Ultimately, the Red Cross mission in Russia "was in fact a mission of Wall Street financiers to influence and pave the way for control, through either Kerensky or the Bolshevik revolutionaries, of the Russian market and resources." [23]

The American International Corporation (AIC), was "created in 1915 to develop domestic and foreign enterprises, to extend American activities abroad, and to promote the interests of American and foreign bankers, business and engineering." It was created and controlled by Morgan, Stillman and Rockefeller interests, and its directors were affiliated with National City Bank (Rockefeller), the Carnegie Foundation, General Electric, the DuPont family, New York Life Insurance, American Bankers Association and the Federal Reserve Bank of New York. Members of its board financially supported the Bolsheviks and urged the US State Department to recognize the Bolshevik government. [24]

In 1920, Russian gold was being siphoned through Sweden, where it was melted down and stamped with the Swedish mint, funneled through the Federal Reserve Bank of New York and into Kuhn, Loeb & Company and Guaranty Trust Company (Morgan), two of the primary banking interests behind the creation of the Federal Reserve System. [25] During the civil war in Russia between the Reds and the Whites, while Wall Street financiers were aiding the Bolsheviks quietly, they also began to finance Aleksandr Kolchak (of the Whites) with millions of dollars, in order to ensure that whoever emerged victorious in the war, Wall Street would win. [26]

As Antony Sutton wrote, "Russia, then and now, constituted the greatest potential competitive threat to American industrial and financial supremacy," and that, "The gigantic Russian market was to be converted into a captive market and a technical colony to be exploited by a few high-powered American financiers and the corporations under their control." [27]

Eventually, the Bolsheviks emerged victorious, and Wall Street won. Under Stalin's Five-Year Plans in the early 1930s, Soviet industrialization "required Western technology and expertise," and in a "frequently overlooked contribution" that came "from abroad," American firms aided in the industrialization of the USSR, including Ford, General Electric and DuPont, [28] with Standard Oil, General Electric, Austin Co., General Motors, International Harvester, and Caterpillar Tractor trading heavily with the Soviet Union. [29]

Standard Oil bought "gargantuan quantities of Red Oil," General Electric received a \$100,000,000 contract from the Soviet Union to build "the four largest hydroelectric

generators in the world," Austin Co., got a \$50,000,000 contract to erect the City of Austingrad, "complete with tractor and automobile factories involving an additional \$30,000,000 contract for parts and technical assistance with Ford Motor Corp." On top of this, "Other [Soviet] business friends are General Motors, DuPont de Nemours, International Harvester, John Deere Co., Caterpillar Tractor, Radio Corp. and the U. S. Shipping Board, which sold the Reds a fleet of 25 cargo steamers." Banks with close ties to the Russian economy included Chase National, National City Bank and Equitable Trust, all of which are either Rockefeller or Morgan interests.[30]

World War Restructures World Order

In the midst of World War I, a group of American scholars were tasked with briefing "Woodrow Wilson about options for the postwar world once the kaiser and imperial Germany fell to defeat." This group was called, "The Inquiry." The group advised Wilson mostly through his trusted aide, Col. Edward M. House, who was Wilson's "unofficial envoy to Europe during the period between the outbreak of World War I in 1914 and the intervention by the United States in 1917," and was the prime driving force in the Wilson administration behind the establishment of the Federal Reserve System.[31]

"The Inquiry" laid the foundations for the creation of the Council on Foreign Relations (CFR), the most powerful think tank in the US, and "The scholars of the Inquiry helped draw the borders of post World War I central Europe." On May 30, 1919, a group of scholars and diplomats from Britain and the US met at the Hotel Majestic, where they "proposed a permanent Anglo-American Institute of International Affairs, with one branch in London, the other in New York." When the scholars returned from Paris, they were met with open arms by New York lawyers and financiers, and together they formed the Council on Foreign Relations in 1921. The "British diplomats returning from Paris had made great headway in founding their Royal Institute of International Affairs." The Anglo-American Institute envisioned in Paris, with two branches and combined membership was not feasible, so both the British and American branches retained national membership, however, they would cooperate closely with one another.[32] They were referred to, and still are, as "Sister Institutes." [33]

The Milner Group, the secret society formed by Cecil Rhodes, "dominated the British delegation to the Peace Conference of 1919; it had a great deal to do with the formation and management of the League of Nations and of the system of mandates; it founded the Royal Institute of International Affairs in 1919 and still controls it." [34] There were other groups founded in many countries representing the same interests of the secret Milner Group, and they came to be known as the Round Table Groups, preeminent among them were the Royal Institute of International Affairs (Chatham House), the Council on Foreign Relations in the United States, and parallel groups were set up in Canada, Australia, New Zealand, South Africa and India.[35]

World War I had marked a monumental period in history in what can be understood as "transitional imperialism." What I mean by this is that historically, periods of imperial decline and transition (that is, the rise or fall of an empire or empires), are often marked by

increased international violence and war.

World War I was the result of the culmination of imperial ambitions by various powers. This was the natural result of the wave of “New Imperialism” that swept the industrialized world in the 1870s. In 1879, the German Empire and Austria-Hungary created the Dual Alliance to combat growing Russian influence in the Balkans with the decline of the Ottoman Empire. Italy joined in 1882, making it the Triple Alliance. In 1892, the Franco-Russia Alliance was made, which was a military alliance between France and the Russian Empire to counteract the German Empire’s supremacy over Europe. In 1904, the Entente Cordiale, a series of agreements between France and Britain, was agreed upon in order to maintain a balance of power in Europe. In 1907, the Anglo-Russia Entente was formed in an effort to end their long-running Great Game by setting the boundaries of their imperial control over Afghanistan, Persia and Tibet. It also acted as a balance to the growing German Empire’s might and influence in Europe. After the signing of the Anglo-Russian Entente, the Triple Entente was cemented between Britain, Russia and France as a significant counter to the Triple Alliance.

The decline of the Ottoman Empire had been a long and slow process. The Ottoman Empire dated back to 1299, and lasted until 1923. “From 1517 until the end of World War I, a period of 400 years, the Ottoman Empire was the ruling power in the central Middle East. Ottoman administrative institutions and practices shaped the peoples of the modern Middle East and left a legacy that endured after the empire’s disappearance.”[36]

In the late 16th century, “Ottoman raw materials, normally channeled into internal consumption and industry, were increasingly exchanged for European manufactured products. This trade benefited Ottoman merchants but led to a decline in state revenues and a shortage of raw materials for domestic consumption. As the costs of scarce materials rose, the empire suffered from inflation, and the state was unable to procure sufficient revenues to meet its expenses. Without these revenues, the institutions that supported the Ottoman system, especially the armed forces, were undermined.” This was largely done through commercial treaties known as Capitulations. The first Capitulation “was negotiated with France in 1536; it allowed French merchants to trade freely in Ottoman ports, to be exempt from Ottoman taxes, and to import and export goods at low tariff rates. In addition, the treaty granted extraterritorial privileges to French merchants by permitting them to come under the legal jurisdiction of the French consul in Istanbul, thus making them subject to French rather than Ottoman-Islamic law. This first treaty was the model for subsequent agreements signed with other European states.”[37]

The Ottoman state had been sufficiently weakened by the early 20th century, which happened to be the same time period that Europeans, particularly the British, were looking at Middle East oil to fuel their empires. The major European alliances sought to take advantage of this weakened Ottoman position. In 1909, Austria-Hungary annexed Bosnia-Herzegovina, inciting the anger of the Russia Empire. The First Balkan War was fought between 1912 and 1913, in which Serbia, Montenegro, Greece and Bulgaria fought the Ottoman Empire. The settlement that followed angered Bulgaria, which then began to engage in territorial disputes with Serbia and Romania. Bulgaria then attacked Greece and Serbia in 1913, followed by Romania and the Ottoman Empire declaring war against

Bulgaria, which was the Second Balkan War.

This further destabilized the region, and Austria-Hungary grew wary of the growing influence of Serbia. When Austrian Archduke Franz Ferdinand was assassinated in 1914, Austria delivered an ultimatum to Serbia, where the assassin was from, and then declared war. The Russian Empire mobilized for war the next day, with German mobilization following behind, and France behind it. Germany then declared war on Russia, and World War I was under way.

The end of the Great War saw the disillusion of the Ottoman Empire, breaking up its territory, which was carved up between France and Britain at the Paris Peace Conference. The German Empire and Austro-Hungarian Empires also officially ended as a result of the war, for which Germany was given the sole blame for the war and punished through the Versailles reparations. The Russian Empire ended with the Bolshevik Revolution, which resulted in Russia pulling out of the war in 1917, the same year the United States entered the war. The Great War turned the United States into a powerful nation in the world, becoming a leading creditor nation with significant international influence. The British and French maintained their empires, though they were in decline. However, they attempted to maintain significant control over the Middle East.

World War I was thus the culmination of a massive build-up of imperial nations seeking expanded influence and markets for their capital. Entering the War, there were many empires, leaving it, there were two dominant European Empires (France and Britain) and an emerging new force in the world, the United States.

The Great Depression

The modern banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented. Banking was conceived in inequity and born in sin . . . Bankers own the earth. Take it away from them but leave them the power to create money, and, with a flick of a pen, they will create enough money to buy it back again . . . Take this great power away from them, and all great fortunes like mine will disappear, for then this would be a better and happier world to live in. . . . But, if you want to continue to be the slaves of bankers and pay the cost of your own slavery, then let bankers continue to create money and control credit.[38]

– Sir Josiah Stamp, Director of the Bank of England, 1927

Benjamin Strong, Governor of the Federal Reserve Bank of New York, and Montagu Norman, Governor of the Bank of England, who worked closely together throughout the 1920s, decided to “use the financial power of Britain and the United States to force all the major countries of the world to go on the gold standard and to operate it through central banks free from all political control, with all questions of international finance to be settled by agreements by such central banks without interference from governments.” These men were not working for the governments and nations of whom they purportedly represented, but “were the technicians and agents of the dominant investment bankers of their own countries, who had raised them up and were perfectly capable of throwing them down.”[39]

In the 1920s, the United States experienced a stock market boom, which was a result of the commercial banks providing “funds for the purchase of stock and took the latter as collateral,” creating a massive wave of underwriting and purchasing of securities. The stock market speculation that followed was the result of the banks “borrowing substantially from the Federal Reserve. Thus the Federal Reserve System was helping to finance the great stock market boom.”[40]

In 1927, a meeting took place in New York City between Montagu Norman of the Bank of England, Hjalmar Schacht, President of the Reichsbank, the German central bank of the Weimar Republic; Charles Rist, Deputy Governor of the Bank of France and Benjamin Strong of the New York Fed. The topic of the meeting was the “persistently weak reserve position of the Bank of England. This, the bankers thought, could be helped if the Federal Reserve System would ease interest rates to encourage lending. Holders of gold would then seek the higher returns from keeping their metal in London.” The Fed obliged.[41]

The Bank of England had a weak reserve position because of Britain’s position as champion of the gold standard. Foreign central banks, including the Bank of France, were transferring their exchange holdings into gold, of which the Bank of England did not have enough to supply. So the Fed lowered its discount rate, and began buying securities to equal French gold purchases. Money in the US, then, “was going increasingly into stock-market speculation rather than into production of real wealth.”[42]

In early 1929, the Federal Reserve board of governors “called upon the member banks to reduce their loans on stock-exchange collateral,” and took other actions with the publicly pronounced aim of reducing “the amount of credit available for speculation.” Yet, it had the reverse effect, as “the available credit went more and more to speculation and decreasingly to productive business.” On September 26, 1929, London was hit with a financial panic, and the Bank of England raised its bank rate, causing British money to leave Wall Street, “and the over inflated market commenced to sag,” leading to a panic by mid-October.[43]

The longest-serving Federal Reserve Chairman, Alan Greenspan, wrote that the Fed triggered the speculative boom through its pumping excess credit into the economy (sound familiar?), and eventually this resulted in the American and British economies collapsing due to the massive imbalances produced. Britain then “abandoned the gold standard completely in 1931, tearing asunder what remained of the fabric of confidence and inducing a world-wide series of bank failures. The world economies plunged into the Great Depression of the 1930’s.”[44]

The Bank for International Settlements

In 1929, the Young Committee was formed to create a program for the settlement of German reparations payments that emerged out of the Versailles Treaty, written at the Paris Peace talks in 1919. The Committee was headed by Owen D. Young, founder of Radio Corporation of America (RCA), as a subsidiary of General Electric. He was also President and CEO of GE from 1922 until 1939, co-author of the 1924 Dawes Plan, was appointed to the Board of Trustees of the Rockefeller Foundation in 1928, and was also, in 1929, deputy

chairman of the New York Federal Reserve Bank. When Young was sent to Europe in 1929 to form the program for German reparations payments he was accompanied by J.P Morgan, Jr.[45]

What emerged from the Committee was the creation of the Young Plan, which “was assertedly a device to occupy Germany with American capital and pledge German real assets for a gigantic mortgage held in the United States.” Further, the Young Plan “increased unemployment more and more,” allowing Hitler to say he would “do away with unemployment,” which, “really was the reason of the enormous success Hitler had in the election.”[46]

The Plan went into effect in 1930, following the stock market crash. Part of the Plan entailed the creation of an international settlement organization, which was formed in 1930, and known as the Bank for International Settlements (BIS). It was purportedly designed to facilitate and coordinate the reparations payments of Weimar Germany to the Allied powers. However, its secondary function, which is much more secretive, and much more important, was to act as “a coordinator of the operations of central banks around the world.” Described as “a bank for central banks,” the BIS “is a private institution with shareholders but it does operations for public agencies. Such operations are kept strictly confidential so that the public is usually unaware of most of the BIS operations.”[47]

The BIS was established “to remedy the decline of London as the world’s financial center by providing a mechanism by which a world with three chief financial centers in London, New York, and Paris could still operate as one.”[48] As Carroll Quigley explained:

[T]he powers of financial capitalism had another far-reaching aim, nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole. This system was to be controlled in a feudalist fashion by the central banks of the world acting in concert, by secret agreements arrived at in frequent private meetings and conferences. The apex of the system was to be the Bank for International Settlements in Basle, Switzerland, a private bank owned and controlled by the world’s central banks which were themselves private corporations.[49]

The BIS was founded by “the central banks of Belgium, France, Germany, Italy, the Netherlands, Japan, and the United Kingdom along with three leading commercial banks from the United States, including J.P. Morgan & Company, First National Bank of New York, and First National Bank of Chicago. Each central bank subscribed to 16,000 shares and the three U.S. banks also subscribed to this same number of shares.” However, “Only central banks have voting power.”[50]

In a letter dated November 21, 1933, President Franklin Roosevelt told Edward M. House, “The real truth .. is, as you and I know, that a financial element in the larger centers has owned the Government ever since the days of Andrew Jackson – and I am not wholly excepting the administration of W[oodrow]. W[ilson]. The country is going through a repetition of Jackson’s fight with the Bank of the United States – only on a far bigger and broader basis.”[51]

Banking on Hitler

Throughout the 1930s, with the loans provided through the Dawes and Young Plans, Germany was able to create a few dominant industrial cartels, which were all financed by Wall Street bankers and industrialists.[52] These cartels provided the basis for and main financial backing of the Nazi regime. Collaboration between the German Nazi industry and American industry and finance continued, specifically with Morgan and Rockefeller interests, as well as Ford and DuPont. The Morgan-Rockefeller international banks and companies associated with them “were intimately related to the growth of Nazi industry.”[53] Rockefeller’s Standard Oil Empire “was of critical assistance in helping Nazi Germany prepare for World War II.”[54] On top of this, the Rockefeller Foundation was also pivotal in not only funding the racist and elitist eugenics movement in the United States, but played a pivotal part in bringing the eugenics ideology to Nazi Germany, facilitating the beliefs that brought about the Holocaust.[55]

Hjalmar Schacht, the President of the Reichsbank throughout Weimar Germany, stayed on as President of the German central bank from 1933 until 1939, and was thus a central figure in Nazi Germany, being a major driver being the German plans for reindustrialization, redevelopment and rearmament. Hitler, in 1934, made Schacht his Minister of Economics.

Central banks across Europe began to purchase Nazi gold, which was smuggled and melted down and re-stamped in Switzerland, (much like was done with Soviet gold). Sweden, Spain, Portugal, Argentina, Turkey, France, Great Britain, Poland, Hungary, and the United States all “traded with the Nazis with gold transferred by the BIS.” This was done as a collaborative effort among central banks, as “the BIS did enter into gold and currency transactions with Nazi Germany through its participation with the Reichsbank.” Schacht wielded his significant influence and “had become instrumental in placing high-ranking Nazi officials and foreign collaborators on the BIS Board of Directors.”[56]

Empire, War and the Rise of the New Global Hegemon

World War Two also marked a period of massive imperial transition. The build-up of the Third Reich led to Nazi imperialism throughout Europe and North Africa and the Japanese Empire expanded into China. At the end of the War, the British and French Empires were all but vanished, holding onto remaining colonies in Africa and Asia. The Soviet Union was devastated and Germany, with much of Europe, was in ruins. What emerged from this war that was most significant was the rise of a new empire, the American Empire. America’s intervention into the war and expansion into Europe as a liberating force allowed it to set up bases throughout Europe as well as in Japan on the Pacific. The Soviet Union, having taken Europe from the East, expanded its influence and dominance across Eastern Europe. Following Churchill’s speech that an “Iron Curtain” had fallen across Europe, the Cold War was underway. Thus, World War II ended the age of many European empires, even of those in decline, and created a bi-polar world, which was divided between the USSR and the USA.

Following World War II, the US, as the only major nation in the world whose industrial base survived the devastation of the war, assumed the position of global hegemon. It began to

set up the infrastructure, both national and international, to assume the position of global superpower, exerting its hegemony across the globe. The crown had been passed from the British Empire to the American Empire. Ultimately, both were and are owned and controlled by the same interests, primarily represented through the central banks and the private banking interests that make up the dominant shareholders.

Before America had even entered the war in late 1941, the Council on Foreign Relations (CFR), the American branch of the round table groups Carroll Quigley discussed as having originated from the secret society of Cecil Rhodes, was planning on America entering the war. The CFR had essentially captured US foreign policy firmly in the grips of the banking elite. The establishment of the Federal Reserve (1913) ensured that the United States would become indebted to and owned by international banking interests, and thus, act in their interest. The Fed financed the US role in World War I, provided the credit for speculation, which led to the Great Depression, and massive consolidation for the interests that own the Federal Reserve System. It then financed US entry into World War II.

The CFR, established six years after the Federal Reserve was created, worked to promote an internationalist agenda on behalf of the international banking elite. It was to alter America's conceptualization of its place within the world – from isolationist industrial nation to an engine of empire working for international banking and corporate American interests. Where the Fed took control of money and debt, the CFR took control of the ideological foundations of such an empire – encompassing the corporate, banking, political, foreign policy, military, media, and academic elite of the nation into a generally cohesive overall world view. By altering one's ideology to that of promoting such an internationalist agenda, the big money that was behind it would ensure one's rise through government, industry, academia and media. The other major think tanks and policy institutions in the United States are also represented at the CFR. They are constitutive of divisions within the elite, however, such divisions are predicated on the basis of how to use American imperial power, where to use it, on what basis to justify it, and other various methodological differences. The divide amongst elites was never on the questions of: should we use American imperial power, why has America become an Empire, or should there even be an empire? If one takes such considerations to heart and questions these concepts, be it within the foreign policy establishment, intelligence, military, academia, finance, corporate world, or media; chances are, such a person is not a member of the CFR.

The CFR effectively undertook a policy coup d'état over American foreign policy with the Second World War. When war broke out, the Council began a "strictly confidential" project called the War and Peace Studies, in which top CFR members collaborated with the US State Department in determining US policy, and the project was entirely financed by the Rockefeller Foundation.[57] The post-War world was already being designed by members of the Council, who would go into government in order to enact these designs.

The policy of "containment" towards the Soviet Union that would define American foreign policy for nearly half a century was envisaged in a 1947 edition of Foreign Affairs, the academic journal of the Council on Foreign Relations. So too were the ideological foundations for the Marshall Plan and NATO envisaged at the Council on Foreign Relations, with members of the Council recruited to enact, implement and lead these institutions.[58]

The Council also played a role in the establishment and promotion of the United Nations,[59] which was subsequently built on land bought from John D. Rockefeller, Jr.[60]

The Rise of the American Empire and Keynesian Political Economy

Within liberal political economy, a prominent individual and British economist, John Maynard Keynes, undertook the process of evolving liberal theory into what later became known as Keynesian economics. Following in the footsteps of the dominance of the liberal order, in which the economic and political realms were viewed as separate, and necessarily so, Keynes sought to re-imagine the political-economic relationship. His work was largely influenced by the events leading up to and following the Great Depression, which was largely seen as a failure of the liberal economic order. Keynes wanted to combine state and market forces, not rejecting the liberal notion of the “invisible hand,” however, relegated that to a more distinct area, and imagined a broader role for the state in the economy.

Keynes advocated for the state to act, or invest, when private individuals would not, in an effort to stave off financial or economic crises. Thus, Keynes would argue, the state strengthens the market. A Marxist theorist would likely point to this as an example of how the state, within a capitalist society, functions as an institutional organ which protects the interests of the capitalist class. Keynes advocated a liberal international order composed of free markets, however he recommended state intervention domestically, particularly to protect jobs and control inflation.

Keynesian political economic theory served in large part as a basis for the creation of the Bretton-Woods System, established in 1944, and his concept of embedded liberalism (promotion of liberal international economy, and state intervention in domestic economy), reigned supreme until the 1970s.

In 1944, representatives of the 44 Allied nations met for the Bretton Woods conference (the United Nations Monetary and Financial Conference) in New Hampshire, in an effort to reorganize and regulate the international financial and monetary order following the war. The UK was represented by John Maynard Keynes; with the American contingent represented by Harry Dexter White, an American economist and senior US Treasury department official. It was out of this conference that the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), now part of the World Bank, and the General Agreement on Tariffs and Trade (GATT), now institutionalized in the World Trade Organization (WTO), originated. They were designed to be the institutionalized economic foundations of exerting American hegemony across the globe; they were, in essence, engines of economic empire.

In 1947, President Harry Truman signed the National Security Act, which created the position of Secretary of Defense overseeing the entire military establishment, and the Joint Chiefs of Staff; as well as created the CIA modeled on its war time incarnation of the Office of Strategic Services (OSS); and the Act also created the National Security Council, headed by a National Security Adviser, and designed to give the President further advice on foreign

affairs issues separate from the State Department. Essentially, the Act created the basis for the national security state apparatus for empire building.

The founding of the CIA was urged by the War and Peace Studies Project of the Council on Foreign Relations in the early 1940s, and the architects of the CIA, designing the shape and organization of the Agency, as well as its functions; were all Wall Street lawyers, largely made up of members of the Council on Foreign Relations. The Deputy Directors of the CIA for the first two decades were all “from the same New York legal and financial circles.”[61]

Notes

- [1] Edwin Black, *Banking on Baghdad: Inside Iraq's 7,000-Year History of War, Profit, and Conflict*. John Wiley & Sons, Inc.: 2004: page 105
- [2] Edwin Black, *Banking on Baghdad: Inside Iraq's 7,000-Year History of War, Profit, and Conflict*. John Wiley & Sons, Inc.: 2004: page 107
- [3] Patricia Goldstone, *Aaronsohn's Maps: The Untold Story of the Man who Might Have Created Peace in the Middle East*. Harcourt Trade, 2007: pages 21-22
- [4] Patricia Goldstone, *Aaronsohn's Maps: The Untold Story of the Man who Might Have Created Peace in the Middle East*. Harcourt Trade, 2007: page 22
- [5] Niall Ferguson, *Empire: The Rise and Demise of the British World Order and the Lessons for Global Power*. Perseus, 2002: pages 193-194
- [6] Carroll Quigley, *Tragedy and Hope: A History of the World in Our Time*. The MacMillan Company: 1966: page 56
- [7] Carroll Quigley, *Tragedy and Hope: A History of the World in Our Time*. The MacMillan Company: 1966: pages 499-500
- [8] Herbert R. Lottman, *Return of the Rothschilds: The Great Banking Dynasty Through Two Turbulent Centuries*. I.B. Tauris, 1995: page 81
- [9] Patricia Goldstone, *Aaronsohn's Maps: The Untold Story of the Man who Might Have Created Peace in the Middle East*. Harcourt Trade, 2007: pages 22-23
- [10] Herbert R. Lottman, *Return of the Rothschilds: The Great Banking Dynasty Through Two Turbulent Centuries*. I.B. Tauris, 1995: pages 141-142
- [11] Herbert R. Lottman, *Return of the Rothschilds: The Great Banking Dynasty Through Two Turbulent Centuries*. I.B. Tauris, 1995: pages 143-144
- [12] Herbert R. Lottman, *Return of the Rothschilds: The Great Banking Dynasty Through Two Turbulent Centuries*. I.B. Tauris, 1995: pages 141-142
- [13] NYT, *Rockefeller To Aid Czar?* New York Times: March 6, 1906
- [14] Toyin Falola and Ann Genova, *The Politics of the Global Oil Industry*. Greenwood Publishing Group, 2005: page 215

- [15] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: pages 16-17
- [16] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: page 25
- [17] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: page 34
- [18] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: pages 25-26
- [19] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: pages 71-73
- [20] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: pages 89-90
- [21] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: pages 73-77
- [22] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: pages 82-83
- [23] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: page 87
- [24] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: pages 127-135
- [25] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: pages 159-161
- [26] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: pages 166-167
- [27] Antony C. Sutton, *Wall Street and the Bolshevik Revolution*. Buccaneer Books, New York, 1974: pages 172-173
- [28] Michael Kort, *The Soviet Colossus: History and Aftermath*. M.E. Sharpe, 2001: page 202
- [29] Time, *Russia & Recognition*. Time Magazine: August 18, 1930: <http://www.time.com/time/magazine/article/0,9171,789203,00.html>
- [30] Time, *Everybody's Red Business*. Time Magazine: June 9, 1930: <http://www.time.com/time/magazine/article/0,9171,739474-5,00.html>
- [31] H.W. Brands, "He Is My Independent Self". The Washington Post: June 11, 2006: <http://www.washingtonpost.com/wp-dyn/content/article/2006/06/08/AR2006060801104.html>
- [32] CFR, *Continuing the Inquiry*. History of CFR: <http://www.cfr.org/about/history/cfr/inquiry.html>

- [33] Chatham House, CHATHAM HOUSE (The Royal Institute of International Affairs): Background. Chatham House History: <http://www.chathamhouse.org.uk/about/history/>
- [34] Carroll Quigley, *The Anglo-American Establishment*. GSG & Associates, 1981: page 5
- [35] Carroll Quigley, *Tragedy and Hope: A History of the World in Our Time*. The MacMillan Company: 1966: pages 132-133
- [36] William L. Cleaveland, *A History of the Modern Middle East* (Boulder: Westview Press, 2004), 37-38
- [37] William L. Cleaveland, *A History of the Modern Middle East* (Boulder: Westview Press, 2004), 49-50
- [38] Ellen Hodgson Brown, *Web of Debt*. Third Millennium Press: 2007: Page 2
- [39] Carroll Quigley, *Tragedy and Hope: A History of the World in Our Time*. The MacMillan Company: 1966: pages 326-327
- [40] John Kenneth Galbraith, *Money: Whence it Came, Where it Went* (Boston: Houghton Mifflin Company, 1975), 173
- [41] John Kenneth Galbraith, *Money: Whence it Came, Where it Went* (Boston: Houghton Mifflin Company, 1975), 174-175
- [42] Carroll Quigley, *Tragedy and Hope: A History of the World in Our Time*. The MacMillan Company: 1966: page 342
- [43] Carroll Quigley, *Tragedy and Hope: A History of the World in Our Time*. The MacMillan Company: 1966: page 344
- [44] Alan Greenspan, "Gold and Economic Freedom" in *Capitalism: The Unknown Ideal*. (New York: Signet, 1967), 99-100
- [45] Time, HEROES: Man-of-the-Year. Time Magazine: Jan 6, 1930: <http://www.time.com/time/magazine/article/0,9171,738364-1,00.html>
- [46] Antony C. Sutton, *Wall Street and the Rise of Hitler*. G S G & Associates Pub, 1976: pages 15-16
- [47] James Calvin Baker, *The Bank for International Settlements: evolution and evaluation*. Greenwood Publishing Group, 2002: page 2
- [48] Carroll Quigley, *Tragedy and Hope: A History of the World in Our Time* (New York: Macmillan Company, 1966), 324-325
- [49] Carroll Quigley, *Tragedy and Hope: A History of the World in Our Time* (New York: Macmillan Company, 1966), 324
- [50] James Calvin Baker, *The Bank for International Settlements: evolution and evaluation*. Greenwood Publishing Group, 2002: page 6
- [51] Melvin Urofsky and Paul Finkelman, *A March of Liberty: A Constitutional History of*

the United States Volume II From 1877 to the Present 2nd Edition. Oxford University Press, 2002: pp. 674

[52] Antony C. Sutton, Wall Street and the Rise of Hitler. G S G & Associates Pub, 1976: pages 17-19

[53] Antony C. Sutton, Wall Street and the Rise of Hitler. G S G & Associates Pub, 1976: pages 19-20

[54] Antony C. Sutton, Wall Street and the Rise of Hitler. G S G & Associates Pub, 1976: page 51

[55] Edwin Black, Eugenics and the Nazis — the California connection. The San Francisco Chronicle: November 9, 2003: <http://www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/2003/11/09/ING9C2QSKB1.DTL>

[56] James Calvin Baker, The Bank for International Settlements: evolution and evaluation. Greenwood Publishing Group, 2002: page 202

[57] CFR, War and Peace. CFR History: http://www.cfr.org/about/history/cfr/war_peace.html

[58] William P. Bundy, The History of Foreign Affairs. The Council on Foreign Relations, 1994: http://www.cfr.org/about/history/foreign_affairs.html

[59] CFR, War and Peace. CFR History: http://www.cfr.org/about/history/cfr/war_peace.html

[60] UN, 1945-1949. Sixty Years: A Pictorial History of the United Nations: <http://www.un.org/issues/gallery/history/1940s.htm>

[61] Peter Dale Scott, The Road to 9/11: Wealth, Empire, and the Future of America. (Berkeley: University of California Press, 2007), 12

Andrew Gavin Marshall is a Research Associate with the Centre for Research on Globalization (CRG). He is currently studying Political Economy and History at Simon Fraser University.

The original source of this article is Global Research
Copyright © [Andrew Gavin Marshall](#), Global Research, 2009

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Andrew Gavin Marshall](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca