

## International debt collectors demand U.S. scrap military

by Criton Zoakos

During President Reagan's brief Thanksgiving vacation in California, a rump meeting of administration officials, led by White House Chief of Staff James A. Baker III, Treasury Secretary Donald Regan, and Budget Director David Stockman, resolved to press upon the President of the United States the argument that he will not be allowed to pursue his defense program, the Strategic Defense Initiative, because the creditors of this deeply indebted nation will not permit it. In this sense, the President of the United States of America is in danger of finding himself in the same humiliating position in 1984 as the Khedive of Egypt confronted in 1882, when the Earl of Cromer, Evelyn Baring, in the name of Egypt's international creditors, took over the Egyptian government and inaugurated a new era of British Imperialism.

It so happens that, despite the popular fictions as to who owns the public debt of the United States, the country's international creditors today are the same investment houses and underwriters who once owned Egypt's public debt. The present-day underwriters of the public debt of the United States are 37 investment houses and major commercial banks which regularly market U.S. Treasury debt. Most of these, though not all, trace their corporate lineage directly back to the 19th century Baring Brothers, the investment house of the British East India Company, or its United States branch known as Morgan Guaranty. Among them, they control the disposition and management of about \$1.8 trillion of federal debt, which is about 40% of the Gross National Product and growing fast.

Federal Reserve Chairman Paul Volcker, an appointee to that position of these "debt holders" and underwriters of the United States, has consistently pursued a policy of artificially and unnecessarily increasing the nation's indebtedness—and

thus apparent dependency—to these colonialist creditors. The federal debt has grown by more than *one trillion dollars* since Volcker's appointment in 1979. Annual payment of interest to this debt has grown, during Volcker's tenure, from \$60 billion per year to \$165 billion—easily the fastest-growing item of the federal budget, overshadowing in importance and approximating in size the social entitlements budget and defense budget.

No reason existed for this dramatic growth of indebtedness other than the fact that Volcker had been mandated by his creditor colleagues to artificially increase the American government's dependency and indebtedness to the private oligarchical family interests associated with most of the 37 underwriting houses. Their ultimate objective: to terminate the sovereignty of the United States and to reduce this nation to the humbled circumstances of a debtor nation, taking dictation from its creditors on all important matters of policy.

This is precisely what the rump cabinet meetings of James Baker, David Stockman, Donald Regan, et al. are attempting to complete before Inauguration Day, January 21, 1985.

### The 'Bipartisan Budget Appeal'

In a heated cabinet meeting on Nov. 28, Regan, Stockman and others, including Secretary of State George Shultz, argued vociferously for greater defense budget cuts. Defense Secretary Caspar W. Weinberger, described as being in a "very angry mood," systematically fought against them. But Stockman, Regan, Shultz, Volcker, et al. feel sufficiently confident to attack an immensely popular, just re-elected President and his equally popular defense secretary, because they are bolstered by the insolent behavior of the highly articulate and powerful consortium (a banker's term meaning

“conspiracy”), of the holders and underwriters of the public debt of the U.S.A.

This creditors’ cartel formed a public organization in 1982 called the Bipartisan Budget Appeal, whose leadership is the same as that of the nuclear freeze movement and the Arms Control Association. The Bipartisan Budget Appeal is the country’s most powerful group consistently advocating a crippling of American defenses for budgetary reasons. In addition to the arms-control spokesmen, the Bipartisan Budget Appeal includes in its leadership the chief officers of 22 out of the 37 financial institutions which underwrite the public debt of the United States, to wit: Lehman Brothers Kuhn Loeb, Morgan Stanley, Merrill Lynch, First Boston Corporation, Drexel Burnham, Kidder Peabody, E. F. Hutton, Bear Stearns, Salomon Brothers, Becker Paribas, Prudential-Bache, Donaldson Lufkin Jenrette, Paine Webber, Goldman Sachs, BankAmerica, First InterState California, Bankers Trust, Chase Manhattan, Morgan Guaranty, Manufacturers Hanover, Crocker National, and Chemical Bank.

Among them, they control the marketing and management of 75-80% of America’s outstanding public debt. They stand, with respect to the United States, in the same relation as the International Monetary Fund stands with respect to Tanzania—except that the United States, once it wakes up, potentially possesses the political clout to put these gentlemen in their proper place.

### **The arms-control mafia**

Politically most relevant is the fact that this “creditors’ committee” is entirely in the hands of those powerful factioneers who persistently and publicly advocate America’s surrender to the military might of the Russian Empire. The following arms-control spokesmen are leaders of the Bipartisan Budget Appeal: The notorious McGeorge Bundy of the National Campaign to Save the ABM Treaty; Robert McNamara of the Arms Control Association, the National Campaign to Save the ABM Treaty, and the Aspen Institute; Cyrus Vance; pro-Soviet billionaire Armand Hammer; William Colby; George Ball; Lloyd Cutler; William Fulbright; John J. McCloy; Joseph Slater; Orville Freeman.

The three honorary co-presidents of the Arms Control Association are Mrs. Averell Harriman, McGeorge Bundy, and Elliott Richardson, who jointly represent the allied interests of Morgan Guaranty, Bank of Boston, and Crédit Suisse, the oldest combination of oligarchical family fortunes in the old world, going back to “old money” alliances made between the British East India Company and Geneva bankers by Lord Shelburne and Prince Talleyrand de Perigord 25 years before the Congress of Vienna. Harriman, Bundy, and Richardson amply symbolize the leadership of the monstrous oligarchical parasite, the usurious creditors who are now engaged in the last phase of their long-standing aspiration to dismantle the republican form of government of the United States.

The Harriman family’s money traces its lineage directly back to Talleyrand de Perigord’s financial fortunes, via Jay Gould’s railroad transactions in the latter part of the 19th century; McGeorge Bundy, the “elected head of the Eastern Establishment,” of course represents the whole intermarried blob of those Boston Brahmin families which were the opium trading component of the British East India Company; Elliott Richardson, with his Bank of Boston and Crédit Suisse connections, has a unique experience in playing ruthless “credit holder” politics: He was the attorney general of the United States presiding over the Watergate destruction of his own President, Richard Nixon. According to implicit confessions by Henry Kissinger, Nixon’s Watergating was uniquely assisted by certain unique orchestrating actions by the British ambassador to Washington, Earl Cromer, a descendant of that Earl of Cromer who, in the 1880s, first applied the principle of “creditors’ interests over national sovereignty” in the case of Egypt’s bankruptcy in the heyday of British Imperialism.

### **President Reagan’s choice**

As he is hard-pressed by the “creditors’ committee” of the United States, President Reagan should reflect on the fact that this December happens to be the 100th anniversary of a unique and astounding principle of international politics, enunciated by the original Earl of Cromer in 1884: “In the conduct of international affairs, the interests of the bondholders must take precedence over the interests of the taxpayers.” This principle, applied to the case of the viceroy of Egypt, led to the destruction of national sovereignty and the formal promulgation of the law of the British Empire, not only over Egypt but over all of North Africa, the Near East, the Middle East and, by Swiss proxy, the Balkans.

Donald Regan, David Stockman, James Baker, and others inside the Reagan administration have, since the President’s triumphant re-election, upheld Earl Cromer’s principle and buttressed their position with support from the creditors of the “Bipartisan Budget Appeal” and the Arms Control Association. The President of the United States, unlike the Khedive of Egypt, derives his lawful authority from his election by the people and from his solemn oath to uphold the Constitution of the United States. In a strictly legal sense, when his cabinet attempts to force him to choose between the legal rights of the “bondholders” and the ultimate legal sovereignty of the United States, he should have no difficulty. He is not only the proud recipient of an unambiguous electoral mandate. He, unlike the Khedive of Egypt, is the commander-in-chief of a military establishment far more potent than that which Evelyn Baring and the Baring Brothers’ “creditors’ committee” once deployed against the less fortunate Egypt of the 19th century. The President is by law and by oath obliged to kick out of his administration those who choose to speak with the voice of the treacherous “creditors’ committee” of the so-called Bipartisan Budget Appeal.