Lobster
Summer 2010

Jane Affleck
Malcolm Kennedy: European Court of Human Rights judgement

Tom Easton
Tittle-tattle

Anthony Frewin
The Dr Strangeloves of the Mind: H.J. Albarelli’s A Terrible Mistake

Robert Henderson
Enron accounting…..and how to prevent it

John McFall
Carl Boggs’ The Crimes Of Empire

Simon Matthews
I helped carry William Burroughs to the medical tent: more on the ‘pirate’ radio stations of the 1960s

Robin Ramsay
The economic crisis
The view from the bridge

Book reviews
I don’t have a whole lot to say here because I am knackered, brain-dead. Producing 200 plus screens of text – about 55,000 words – even in this simple format, is an effort. (And it could easily take another week of proof-reading, but I don’t have the time.)

Having worked on this issue for a long time, it’s hard for me to see it; but from Anthony Frewin’s essay on the Frank Olsen murder of the 1950s, through Simon Matthews’ piece on the US involvement in the ‘pirate’ radio stations of the 1960s, Robert Henderson’s piece on Enron accounting, John McFall’s account of casualties of the US empire, to my notes on the economic crisis, America’s (failing) empire and this country’s relationship to it is clearly the major theme. And how could it be anything else?

Because Lobster isn’t fixed on paper now, errors of fact and spelling can be corrected. Do let me know if you spot any.
Lobster 59

Contents

The Dr Strangeloves of the Mind  Anthony Frewin  Page 4
Malcolm Kennedy: European Court of Human Rights judgement  Jane Affleck  Page 30
I helped carry William Burroughs to the medical tent: further thoughts on the ‘pirate’ radio stations of the 1960s  Simon Matthews  Page 34
Enron accounting…and how to prevent it  Robert Henderson  Page 61
Tittle-tattle  Tom Easton  Page 86
The view from the bridge  Robin Ramsay  Page 94
The economic crisis  Robin Ramsay  Page 113
Sources  Robin Ramsay  Page 127
An unmatched record of lawlessness and criminality: Carl Boggs’ The Crimes of Empire  John McFall  Page 136

Books reviewed

Douglas Valentine, The Strength of the Pack
Campbell Craig and Frederick Logevall, America’s Cold War: The politics of insecurity
Douglas P. Horne, Inside the AARB, Volume IV
Joseph Stiglitz, Freefall: Free Markets And The Sinking Of The Global Economy
Colin Hughes (ed) What went wrong, Gordon Brown? How the dream job turned sour
Andrew Rawnsley, The End of the Party: The Rise and Fall of New Labour
David John Douglass, Ghost Dancers
Heather Brooke, The Silent State: Secrets, Surveillance and the Myth of British Democracy
Christopher Harvie, Broonland: The Last Days of Gordon Brown
John Strafford, Our Fight for Democracy: A History of Democracy in the United Kingdom
Edward Vallance, A Radical History of Britain
Alex Butterworth, The World That Never Was: A True Story of Dreamers, Schemers, Anarchists and Secret Agents
Barry Sanders, The Green Zone: The Environmental Costs of Militarism

Also noticed  Page 206

Page 3  Summer 2010
At 2.25am on 28 November 1953 Dr Frank R Olson, a U.S. government bacteriologist, fell or jumped to his death from a tenth floor room of the Hotel Statler in New York City. He had travelled up to New York with a colleague, Dr Robert Lashbrook, a Defense Department chemist, to see a doctor as he had been ill for several months with ulcer problems, had become despondent, and was now suffering from a severe psychosis.

That’s the story as reported at the time. An open and shut case: Olson had a cocktail of medical problems, both physical and mental, so it is sort of understandable that he self-precipitated (to use the correct nomenclature). Right? There the story should have ended and there were plenty of government departments including the Army, the CIA, the FBI, and the Federal Bureau of Narcotics, who were praying that it did. Well, it did, for a while anyway. Twenty years were to pass before the story of MKULTRA and the circumstances of the death began to seep out.

Albarelli writes that ‘The story of his strange death has taken up permanent residence in the modern codex of conspiracy legend and lore’, and, further, his ‘death has become a touchstone for the fear of shadow government, and
a focal point for justified paranoia about mad scientists running amok among innocent, unsuspecting populations.’

Following Olson’s death there were several secret government investigations into what happened but these were EYES ONLY reports and their authors knew where they could and could not shine a torch. Albarelli exhaustively details these and all subsequent investigations up to and including the ‘cold case’ review by the New York District Attorney Robert Morgenthau in the 1990s. But he does not keep to the straight and narrow. He has explored what all the main characters and many subsidiary ones were working on and who exactly they were. This has resulted in a highly detailed study of what the US ‘secret state’ was doing in psycho-chemical (think LSD/’mind control’) and biological weapons. This work will now become the first port of call for anyone researching this neck of the woods.

The cast list here must be as extensive as that of War and Peace. Here you’ll find new information about James Angleton, James McCord (one of the early Olson investigators and later a Watergate burglar), William Colby, Richard Helms, William Donovan, Allen Dulles (later the intelligence community’s ‘minder’ on the Warren Commission, who had earlier been sacked from the CIA by JFK) and many others, including Dr Harold Abramson and the Dr Strangelove of the whole shebang, Dr Sidney Gottlieb. Like his associates, Gottlieb saw his work – this included dosing unwitting subjects with LSD, many of whom would suffer from psychological scars for the rest of their life, and some who even died – as entirely justified in the interests of national defence.

The scientists, however, are not the only ones who should stand in the dock. How about the Department of Justice? In 1954 CIA General Counsel Lawrence Houston reached an understanding with the Department of Justice that ‘allowed the Agency to determine on its own when to report
violations of criminal activities by CIA personnel.’ In other words, whatever oversight may have existed before, it just left Kansas.

What didn’t come out about Olson at the time of his death? One could say just about everything. In 1951 he was a high ranking Special Operations Division officer at Camp Detrick, a chemical and biological warfare laboratory, who held responsibility for project planning and intelligence operations and was an expert in aerosol delivery systems for chemical and biological weapons. Further, he was affiliated to the CIA on various mind control projects. In other words, he wasn’t the Joe Shmoe he was painted at the time.

A loose cannon

The problem with Olson, as Albarelli argues and for this writer certainly substantiates, is that he had a big mouth; and the problem began in a small village in the south of France named Pont-St-Esprit in 1951. There, late in summer, hundreds of villagers had fallen seriously ill, hallucinating, behaving in bizarre ways and suffering mental breakdowns. A number even died. The story at the time was that they were suffering either from ergot poisoning arising from contaminated baked bread, or mercury poisoning from a fungicide. In fact this appears to have been a CIA experiment to see the effects of mass-induced LSD that probably had been delivered via one of the methods that Olson had been working on (airborne aerosol most likely).¹

Olson saw firsthand the effects of this mass psychosis and the question that Albarelli asks but cannot conclusively answer is: ‘Was he remorseful or was he boastful?’ As a result of this he became a loose cannon. His superiors soon got wind of his talking out of turn and the lid certainly had to be kept on

¹ Owing to the length of this footnote it has been placed at the end of the piece.
this operation. If he was remorseful would this result in him telling all in the hope of expunging his guilt? Or if he was boastful was he seeking not forgiveness but credit and would he be attempting to take his expertise to an outside contractor? Either way they had to know what he had said to whom and what his plans were.

On Thursday 19 November 1953 Olson attended a meeting at Deep Creek Lake with several of his colleagues and was slipped LSD laced with a ‘truth drug’ before being interrogated. He began to display strange behaviour, extreme anxiety, and feelings of paranoia. The loose cannon was now ricocheting about like the ball in a pinball machine. He was taken up to New York to see the CIA-approved Dr Abramson who seems to have realised that there was going to be no easy fix here. Then it was decided that Olson should be taken away to a secure CIA-approved asylum and the forcible removal of Olson from the Hotel Statler was entrusted to two ‘goons’. Things got out of hand in the hotel room and Olson was precipitated out the window with the goons probably thinking, they’ll thank us for this (indeed, they might even have been instructed to do same). The two goons were Pierre Lafitte and Francois Spirito. Who they?

**Spirio and Lafitte**

Spirito has been dubbed the father of modern heroin traffickers. He was born in Sicily in 1898 and spent his formative years in Marseilles. The 1970 French film *Borsalino* was largely based on his life but left out much of his less pleasing side, such as his Nazi collaboration during the war. Just before the Olson business Spirito had been released from Atlanta’s Federal Penitentiary where he had been serving a sentence for drug trafficking. Less than three weeks later he was picked up by the US Immigration and Naturalization

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2 *Borsalino*, directed by Jacques Deray, with Jean-Paul Belmondo and Alain Delon. Based upon a novel by Eugene Saccomano.
Service and deported back to France where he died in 1967. Spirito had known Lafitte since about 1939 and they had first met in Marseilles. It was Lafitte who engaged him for the job.³

Now let’s turn to Lafitte. In 1952 nine large framed paintings including *The Flaying of St. Bartholomew*, believed to be by Mattis Preti, a famous Neapolitan artist, were stolen from St Joseph’s Cathedral in Bardstown, Kentucky. In April 1953 FBI agents arrested three people in Chicago in connection with the theft: Norton I Kretske, an attorney, Joseph DePietro, a deputy bailiff for a Chicago court, and an individual identified as Gus Manoletti. The case went to trial in October and the government’s second prosecution witness answered to the name of Jean-Pierre Lafitte but as he approached the stand he was recognised as Gus Manoletti.

Lafitte said he lived in San Diego and had been employed for the last three years as a special investigator for the Federal Bureau of Narcotics. Before that he had been employed overseas on ‘special missions for the United States government.’ He explained that he had been engaged by the FBI to locate the stolen paintings and had posed as a buyer in the art world and after months of undercover work had purchased the stolen paintings from Kretske and DePietro for $35,000. They were then arrested in a sting operation.

Since Lafitte was the government’s star witness, the attorneys for the defendants made strenuous efforts to find out more about his background. The prosecutors objected and the judge sustained their objections citing public interest issues and forbidding any disclosure. So, here we have a man trusted by government agencies and seemingly employed by them over many years.

It’s unclear when and where Lafitte was born; possibly

Corsica in the early 1900s. He certainly grew up in Marseilles and in his early teens, either having run away from home or having been abandoned by his mother, was working in restaurant kitchens where he discovered a natural aptitude for cooking, a talent that would stand him in good stead throughout his peripatetic life.

His involvement in the Marseilles underworld parallels his restaurant work. The late 1930s found Lafitte travelling back and forth between New York, Montreal, Boston, Paris and Marseilles, probably facilitating drug deals. During the 1939-45 war he is thought to have been involved in a number of OSS operations in Nazi-occupied Europe.

Sometime after the war he hooked up with George Hunter White, a buccaneering agent of the Federal Narcotics Bureau, who would provide plenty of work for him. (White had free access to LSD in the early 1950s and was dosing unwitting subjects left, right and centre in the many safe houses he ran for the FNB and other agencies).

In 1951 White enlisted Lafitte’s help in a major narcotics case. A Joe Dornay, an alias of Joseph Orsini, was arrested in New York for drug trafficking. When he was placed in a cell on Ellis Island prior to deportation who was his cellmate? None other than Lafitte, put there by the FBN to gather information about Orsini’s network. Orsini spilled the beans thinking that Lafitte could mind the store while he was away. As it was, Orsini effectively handed the network on a plate to the FBN and the FBI via Lafitte.

Lafitte’s career as a ‘non-attributable’ agent for various government agencies is described in great detail by Albarelli and includes the remarkable story of Joe Valachi, the Mafia song-bird, who had murdered John Joseph Saupp in the Atlanta Federal Penitentiary yard. The US Attorney there had sought the death penalty but Valachi, through a go-between, got a message concerning his predicament through to Robert
Morgenthau who was then the US Attorney for the Southern District of New York. The message was that he was prepared to tell all about the mob, as he subsequently did, in exchange for the death penalty going away. Albarelli reveals Lafitte was that go-between.

In 1953 Lafitte had been working undercover doing lowly work in several New York hotels, probably for the FBN, certainly for George White. He was working at the Hotel Statler when Olson exited the window.

**Shaw, Oswald, New Orleans**

Now we’ll go to a contemporary ‘parallel’ universe: Clay Shaw, Lee Harvey Oswald, and New Orleans.

In 1967 the New Orleans District Attorney Jim Garrison arrested Clay Shaw for conspiracy in the assassination of John F Kennedy. Shaw was a prominent New Orleans businessman and a leading director of the World Trade Center, a ‘non-profit association fostering the development of international trade, tourism and cultural exchange.’ In 1969 Sidney Gottlieb announced at a staff meeting that the FBI had arrested Lafitte in New Orleans where he was working as the manager-chef of the Plimsoll Club within the World Trade Center (Shaw had praised him as ‘the best chef in New Orleans’). Richard Helms, now director of the CIA, wanted to know what was going on and ordered an inquiry.

It transpires that the Feds had little choice but to pick

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4 Regarding Valachi’s testimony on the Mob, Albarelli notes that some crime authorities claim it ‘was a well-concocted and coached performance based less on fact than on a law enforcement agenda.’

5 The club still describes itself as ‘The Members Club of the World Trade Center of New Orleans’ on its website <www.plimsoll.com/>. However it has now relocated to a nearby hotel.

6 Others who sang his praises included the Louisiana Governor John McKeithen and Mrs Lyndon Baines Johnson who sent him a letter from the White House. See ‘The Gourmet Pirate’, *Time* magazine, 19 December 1969.

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Lafitte up as six years earlier he had swindled a businessman out of $400,000 in an elaborate scam that involved diamond mines in South Africa.

However, Lafitte’s ‘interfacing’ with the Kennedy assassination and its aftermath do not end there. Earlier, in 1967 or 1968, with Allan Hughes, a CIA operative who had attended the Deep Creek Lake meeting where Olson had been dosed, and the reporter James Phelan, Lafitte burgled Garrison’s office to retrieve papers relating to Shaw.

And there’s an even more intriguing connection.

On 9 May 1963 Lee Harvey Oswald applied for work at the William B Reily Coffee Company in New Orleans. The eponymous Reily was a rabid anti-communist who gave financial support both to Sergio Arcacha Smith’s Crusade to Free Cuba Committee and Ed Butler’s partially CIA-funded propaganda outfit, the Information Council of the Americas (INCA). The Reily vice-president, William Monaghan, was a former FBI agent and was a charter member of INCA. Jim Garrison believed that Reily’s was part of an intelligence apparatus. A view bolstered somewhat by Gerry Patrick Hemming’s claim that William Reily had worked for the CIA for years.

Oswald worked for Reily May through July, and Albarelli notes that ‘Around the time of JFK assassination’ Lafitte too was working for the Reily company. The world gets smaller

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7 Despite his claims to being a fearless and independent journalist, Phelan was a snitch and a shill for the Feds and the intelligence services. See, for example, Joan Mellen, A Farewell to Justice: Jim Garrison, JFK’s Assassination, and The Case That Should Have Changed History (Washington DC: Potomac Books, 2005), pp. 144-5.
8 Aside from the burglary, papers were being purloined from Garrison’s office by, amongst others, Gordon Novel and William Gurvich. Mellen (see note 7) goes into some detail.
and smaller.

Lafitte is unknown in the literature of the JFK assassination. I checked the indices of some ten works. He’s obviously a person for whom further and better parts are needed.

* * *

Now let’s go off on another tack and a little nearer home: the writer Gordon Thomas. When the New York Attorney Robert Morgenthau was investigating Olson’s death, his son Eric received an affidavit from Thomas that he believed ‘could blow the case wide open.’ Gordon Thomas was no stranger to the government-sponsored ‘mind control’ experiments and had authored a book about Dr Ewen Cameron and the appalling MKULTRA experiments he had conducted in Montreal. Thomas’ affidavit recounts a series of conversations he claims he had with the British psychiatrist Dr William Sargant (1907-1988) in 1968 and 1969 when Sargant was Director of Psychological Medicine at St Thomas’ Hospital in London. Some readers may recall that much publicity attended the publication of Sargant’s book *Battle for the Mind* 11 in 1957 and in the ensuing years he was all over the media giving his views on

10 *Journey into Madness: Medical Torture and Mind Controllers* (London: Bantam Press, 1988). The subtitle for subsequent editions was changed to *The True Story of Secret CIA Mind Control and Medical Abuse*. See also footnote 13 below.  
11 *Battle for the Mind: A Physiology of Conversion and Brainwashing* (London: William Heinemann, 1957). I read this back in the 1960s but couldn’t locate my copy while writing this review. It’s a book that’s worth reading again in the light of what we now know. Does he unwittingly give anything away? In 1976, as an expert on brainwashing and thought control, Sargant appeared for the defence in the trial of Patty Hearst alongside Drs Louis Joylon West, a CIA contract employee, and Robert Jay Lifton. They argued that Hearst had been brainwashed by the Symbionese Liberation Army.
mental illness and psychiatry. He was a rather lugubrious character and looked like Boris Karloff. His confidence in himself was unassailable.

Thomas says that Sargant was ‘a consultant to the British Intelligence Service (MI5/6)’ and claims that Sargant told him that he ‘had visited Langley [CIA HQ] several times and had met with Dr. Sydney [sic] Gottlieb, Richard Helms and other senior CIA officials.’ Further, during the same visits he had also met up with Dr Ewen Cameron, Dr Robert Lashbrook (who had accompanied Olson to New York and shared the hotel room with him in 1953), and Frank Olson himself.

Further in the affidavit:

Subsequently Dr. Gottlieb and Frank Olson visited London and, according to Dr. Sargant, he accompanied them to Porton Down, Britain’s main research centre for biological/chemical research. Dr. Sargant’s interest in the work going on there was to study the psychological implications of mind-blowing drugs such as LSD. He told me that he developed a rapport with Frank Olson during a number of subsequent visits Frank Olson made to Britain. Dr. Sargant remarked that ‘he was just like any other CIA spy, using our secret airfields to come and go.’

Sargant told Thomas he could publish what he was saying, but only after his death. He went on to relate that ‘in the summer of 1953 Frank Olson travelled to Britain, once again to visit Porton Down’ and:

Olson said he was going to Europe to meet with a CIA team led by Dr. Gottlieb...Sargant was satisfied that the CIA team were [sic] doing similar work that MI6 were conducting in Europe – executing without trial known Nazis, especially SS men...Sargant saw Frank Olson after his brief visit to Norway and West Germany, including Berlin, in the summer of 1953. He said he was concerned about the psychological changes in Frank Olson.
In Sargant’s view Olson, primarily a research-based scientist, had witnessed in the field how his arsenal of drugs, etc, worked with lethal effect on human beings (the ‘expendable’ SS men etc.). Sargant believed that for the first time Olson had come face to face with his own reality. Sargant told me he believed Frank Olson had witnessed murder being committed with the various drugs he had prepared. The shock of what he had witnessed, Sargant believed, was all the harder to cope with given that Frank Olson was a patriotic man who believed the United States would never sanction such acts.

I remember Sargant telling me that he spoke several times in 1953 with Frank Olson at Sargant’s consulting rooms in Harley Street, London. These were not formal patient/doctor consultations but rather Sargant trying to establish what Frank Olson had seen and done in Europe.

[Sargant] decided that Frank Olson could pose a security risk if he continued to speak and behave as he did. He recommended to his own superiors at the SIS that Frank Olson should no longer have access to Porton Down or to any ongoing British research at the various secret establishments Olson had been allowed free access to. Sargant told me his recommendation was acted upon by his superiors. He was also certain that his superiors, by the nature of the close ties with the CIA, would have informed Richard Helms and Dr. Gottlieb of the circumstances why Frank Olson would no longer be given access to British research.

Effectively a substantial part of Frank Olson’s importance to the CIA had been cut off. When Dr. Sargant learned of Frank Olson’s death...Sargant came to the immediate conclusion that Olson could only have been murdered. I recall him telling me that in many ways the staged death was almost classic.

Pretty hot stuff! Or is it?
Albarelli notes that overseas CIA experimental activities were conducted under the auspices of ARTICHOKE and not MKULTRA, therefore Gottlieb would not have travelled with, much less headed up, any team to Europe. Further, there is no evidence that Gottlieb and Olson ever went together to Europe in the 1950s, and Gottlieb never visited Europe until after 1953.

Thomas’ claim that Sargant visited Gottlieb, Helms and the others ‘several’ times ‘at Langley’ during the period of 1953-55 is impossible because the CIA’s Langley headquarters were built from 1959 onwards and not opened until 1961.

The allegation that a CIA team was executing without trial known Nazis is highly dubious, particularly in light of PAPERCLIP and other operations that were seeking the scientific and intelligence expertise of these very individuals.12

Albarelli states that there is no corroborating evidence that Sargant ever met Gottlieb, Helms, Lashbrook or, indeed, Frank Olson. The reader can feel confident that if there had been, he would have turned it up.

12 For example, in 1943 Nazi doctors at Dachau were giving mescaline to prisoners to see if it would be possible to ‘control’ their minds. These experiments were carried out under the ‘aviation medicine’ programme that was headed by Dr Hubertus Strughold (1893-1986). Other experiments included injecting prisoners with gasoline, crushing them to death in high pressure chambers, shooting them so blood coagulants could be tested on their wounds, immersing them in tubs of ice water to see how long it would take before they died. What happened to Dr Strughold? He was one of the PAPERCLIP scientists. He lived in Texas and worked on the US space programme. He was described by NASA as the ‘father of space medicine.’ See Martin A Lee and Bruce Shlain, Acid Dreams: The CIA, LSD and the Sixties Rebellion (New York: Grove Press, 1985), pp. 5-7, John Marks, The Search for the ‘Manchurian Candidate’: The Story of the CIA’s Secret Efforts to Control Human Behaviour (London: Allen Lane, 1979), pp. 4-6, and Marcus Boon’s The Road of Excess: A History of Writers on Drugs (Cambridge, MA: Harvard University Press, 2002), pp. 248-9 (this is a compelling and comprehensive study of the literary side of narcotics).
Thomas claims that Sargant handed over all his records relating to work with the CIA and Frank Olson to British intelligence (I return to Sargant’s records below).

The affidavit raises other questions. If Sargant was an active intelligence officer or closely related to the intelligence services why was he talking to Thomas? And if we take at face value the claims made in the affidavit, why was Olson opening his heart and breeching security to Sargant when he knew full well who he was, who he worked for, and the likelihood that Sargant would report it upwards, if for no other reason than to keep himself in the clear?

Lastly, Olson’s state of mind. There is no evidence that Olson had psychiatric problems or mental health ‘issues’ at this time. They would come later after the dosing at the Deep Creek Lake meeting.

Albarelli asked Steve Saracco, one of the two attorneys in Morgenthau’s office who was working on the case, what his take on the affidavit was. Saracco said, ‘Number one it’s hearsay, and number two, well, there is no number two. What does it really say? That one person told another person that possibly told another person that they thought Olson’s death had been murder? You tell me: What do I do with that?’

One wonders what Thomas thought he was doing with this affidavit, and why hadn’t he even checked some basic facts? It wasn’t as if he was a stranger in these areas. Albarelli writes: ‘Thomas’ account of Olson’s alleged disclosures to Dr. Sargant lends tremendous credence to the Agency’s claim that Olson was unstable.’ This, of course, was the original cover story!

Albarelli wasn’t finished with Gordon Thomas yet. He details many of the major mistakes and impossibilities in Thomas’ 2007 book, Secrets and Lies13 and concludes by

13 London: JR Books. Albarelli writes, ‘In many ways the book is a rehash of his earlier work, Journey into Madness, with the exception of its additions about Frank Olson’s death.’
saying, ‘But the primary reason for discounting Thomas’ assertions about the death of Frank Olson is simply that they do not square with the evidence and, instead, dovetail with official versions that were clearly intended as cover up.’ (italics added.)

Thomas asserts that George White killed Olson and with a little legerdemain says that he got this from Eric Olson; whereas Eric knew from White’s date book that he, White, was not in New York on the night in question, but was 3,000 miles away in California organising his mother’s funeral. To support this claim Thomas gives no further evidence beyond statements that he attributes to a dead CIA official, William Buckley, who he says was assigned by Allen Dulles in 1953 to investigate Olson’s death. Alas, in 1953 Buckley was still in college and had not yet joined the CIA. Further, as Albarelli documents, Buckley was never involved with MKULTRA operations and certainly never assigned to Dr Gottlieb’s TSS branch as Thomas says.

Further claims of Thomas’ end up in the Sheol of misinformation. For instance, he says that Gottlieb went to Tokyo in 1950 on orders from DCI Walter Smith; but Gottlieb didn’t join the CIA until the following year. Or how about this? Thomas writes, ‘By 1953, the year Frank Olson died, there had been nearly 500 other deaths resulting among his fellow workers from being infected by anthrax or Bolivian hemorrhagic fever...’

500 deaths? This would have been America’s greatest anthrax outbreak ever and would have been impossible to hide.

Albarelli writes in his notes at the end of the book, ‘Many of Thomas’ claims in this book [Secrets and Lies] seriously challenge the credulity of his loyal readers. Additionally, many of his claims, besides being wrong in this author’s view, are
unsupported by any documentation or cited sources.'

Dr William Sargant is an intriguing figure and may well be the UK’s answer to Dr Gottlieb. However, further research needs to be done on him. But what do we know?

First, a little detour. We know that three servicemen were given LSD at Porton Down, the UK government’s chemical warfare establishment, in 1953 and 1954 after volunteering to take a drug that they were told was part of a search for a cure for the common cold.

‘The research was carried out after British and American governments thought the Soviet Union had developed a "truth drug" which could compel spies and servicemen to yield up important secrets. MI6 scientists decided to test LSD, the closest thing they thought they had to a truth drug, on volunteers to see how they reacted.’

In February 2006 MI6, through the Ministry of Defence, gave the three servicemen compensation (believed to be under £10,000 each).  

14 Thomas’ misinformation has legs and now it’s all over the Net and in many books. Take, as an example, and this is one of many, David Black’s *Acid: A New History of LSD* (London: Vision Paperbacks, 2001), pp. 27-34, where the gospel according to Thomas – Olson, White, Sargant, Porton Down, etc. – is retold as if it were scripture.

15 [http://news.bbc.co.uk/1/hi/uk/4745748.stm](http://news.bbc.co.uk/1/hi/uk/4745748.stm)

16 LSD ‘therapy’ was also being strongly pursued at the Powick Hospital, a National Health Service psychiatric asylum in Worcestershire, under the aegis of Dr Ronald Sandison who had instituted the treatment in 1952 after visiting the Sandoz Laboratories in Basel where LSD had been discovered by Albert Hofmann in 1938. The treatments continued until 1972 when they were discontinued. In all, over this period, some 683 patients were dosed in some 13,785 sessions. In 1997 250 former patients launched legal action for compensation claiming that they were used as guinea pigs in LSD trials ([Worcester News](http://worcesternews.co.uk), 26 January 2004). In 2002 the National Health Service agreed to pay £195,000 in settlement with 43 of the patients ([British Medical Journal](http://bmj.com), 2002;324:501).


Continues at the foot of the next page.
Dr William Sargant was born in London, studied medicine at St John’s College, Cambridge, and qualified as a doctor at St Mary’s Hospital in London. In 1935 he switched from general medicine to psychiatry. In 1938 he was awarded a Rockefeller Fellowship and studied for a year at the Harvard Medical School, the first of several trips to the States. During the 1939-45 war he worked at the Maudsley hospital in London treating both military ‘shell shock’ patients and civilians. In 1947 he spent a year in the States as Professor of Psychiatry at Duke University (where Dr J B Rhine was conducting parapsychological experiments with funding from the US Army and the CIA). He returned to England in 1948 and accepted the position as Head of the Department of Psychological Medicine at St Thomas’ hospital in London, and there he stayed for the rest of his career.

What were Sargant’s methods of treatment for mental illness? A fellow physician said his approach could be likened to dealing with one of those early black-and-white TV sets that malfunctioned: you just gave it a thump on the top with your fist. Sargant had no time for Freudian or any other analysis. Physical and chemical remedies were the only answer: drugs in large doses, ECT (electroconvulsive therapy), insulin coma therapy, sustained narcosis or Deep Sleep Therapy (DST, keeping the patient asleep for long periods).

Note 16 continued

Research [initially] was conducted on a small scale until a friend stepped in. That friend was Professor Joel Elkes, head of the Department of Experimental Psychiatry at the University of Birmingham, at the time advising Porton Down (and thus MI6) on the interrogation possibilities of LSD. Elkes encouraged Sandison’s work and eventually ensured that he received a fifty-thousand-pound grant from the regional hospital board to build a special LSD wing at Powick.’

Fifty thousand pounds? A pretty sizeable sum in the early 1950s. Was the regional hospital board really that enlightened or were they merely a conduit for the money? A question Streatfield fails to ask.
Sargant’s ‘best’ was some three months), and leucotomy. With that arsenal in his hands he figured if they could be cured, they would be.

Then there was the little problem of patient consent, but Sargant didn’t deem this necessary; and if the patient found out what was going to happen and objected he just dosed them up so they didn’t know whether they were coming or going. In April 2009 BBC Radio 4 broadcast a documentary by James Maw entitled Revealing the Mind Bender General. Maw interviewed several of Sargant’s patients who spoke of their lives being shattered by the treatment they received, and the programme documented the continual routine violation of patients’ rights by him. In fact, some patients even died under the sleep treatment.

A surprise in the programme was an interview with Dr David Owen (Private Eye’s Dr Death) who had been Sargant’s registrar in the 1960s and who described him as ‘the sort of person of whom legends are made’ (like Grendel?).

All of Sargant’s patient records from this time at St Thomas’ have apparently disappeared, yet his records from the 1940s are safely stored in the Wellcome Library in London, along with other papers. So why should the St Thomas’ papers not be available? It could well be that some of the treatments (read ‘experiments) were done at the behest of the security services. Or did Sargant dispose of them merely to cover his ass knowing that some, if not much of his behaviour might be considered unethical?

17 Leucotomy and lobotomy are essentially interchangeable terms.
18 Sargant co-authored with a colleague, Eliot Slater, a clinical director at the Maudsley, a textbook extolling these methods: An Introduction to Physical Methods of Treatment in Psychiatry (Edinburgh: E & S Livingstone, 1944). It went through many subsequent editions and was a standard work in UK mental asylums for many years. It is now largely discredited in the US and UK.
19 <www.bbc.co.uk/programmes/b00jd5pw> where Maw’s documentary can be heard.
I mentioned above Sargant’s 1957 book, *Battle for the Mind*, which has the sub-title of *A Physiology of Conversion and Brainwashing*. As Albarelli details it was the fear of ‘mind control’ and ‘brainwashing’ in the Cold War of the late 1940s that really got the CIA investigating LSD and other drugs. And here was Sargant an expert on those very subjects. Where did he obtain his expertise? Was he involved in the Porton Down LSD tests? It seems likely as there appears to have been no one else about with his knowledge at the time aside from Ronald Sandison and Joel Elkes. Indeed, James Maw interviewed a Don Webb who had been given LSD at Porton Down in the early 1950s and though the name Sargant meant nothing, he was shown a photo of Sargant and said it could well be him. When Maw questioned Porton Down about Sargant he was told they had never ‘directly’ employed him. But then they wouldn’t have, would they? He would have been on secondment, just down to do a specific job.

There’s certainly circumstantial evidence pointing to connections between Sargant and the UK intelligence agencies but clearer documentation is needed. The relationship may have been informal and probably his work at St Thomas’ was unconnected. However, according to Nigel West he was MI5’s in-house psychiatrist while his ward sister recalls him telling tales about ‘cloak-and-dagger exploits’.

Now we do know that while Sargant was promoting and experimenting with deep sleep therapy over here, Dr Cameron was doing the same thing in Montreal, and they were in contact. Cameron wouldn’t have been talking to Sargant

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20 See Dominic Streatfield, *Brainwash: The Secret History of Mind Control* (see note 16) pp. 253-4. There’s also much here about Sargant in Chapter 7, ‘Sleep’, pp. 219-59, and a good account of Dr Ewen Cameron and his Montreal activities.

21 Sargant’s protégé in Australia, Dr Harry Bailey, pursued DST experiments at the Chelmsford Private Hospital in Sydney in the 1960s and 1970s. It has been established that at least twenty-six

*Continues at the foot of the next page.*
unless he knew he was trustworthy and, one suspects, cleared by the people who were funding him. The CIA, that is.

To sum up: Albarelli has produced a remarkable book that anyone with a more than passing interest in mind control and the intelligence services should have on their shelves.

It’s striking that the book has not come out under the imprint of some major New York publisher, but I guess like UK publishers, they’re too busy publishing celebs.

TrineDay have produced a handsome book, good typography and printing, and good paper. Three cheers for them.

Footnote 1
Albarelli (pp. 356-7) notes that the Member of Parliament Dr Donald Johnson (1903-1978), a GP/MD, visited Pont-St-Esprit to study the effects firsthand, and subsequently wrote about it.

Dr Johnson was keenly interested in hallucinogenic drugs and had an idée fixe about marihuana and hashish and believed there was a strong connection between their use and mental illness. Why he thought this is particularly intriguing. Dr Johnson wrote:

‘I was informed that experiments had been made at the Sandoz Laboratories at Basel in which similar psychological symptoms [to Pont-St-Esprit], but lasting only a few hours, had been produced by the injection of a large dose of ergot, but no record of these seems to have been published.’

For ergot read LSD. A pity he didn’t follow up this lead, but he wasn’t to know.

Dr Johnson writes in his book, A Doctor Returns (1956), pp. 116-7, that the ‘highly respected German medical journal’ Klinische patients died as a result. He and Sargant were swapping notes, and no doubt cc-ing to Dr Cameron. For the Chelmsford scandal see Brian Bromberger and Janet Fife-Yeomans, Deep Sleep: Harry Bailey and the Scandal of Chelmsford (Roseville, NSW: Simon & Schuster, 1991). For the treatment of one patient there, Barry Hart, see the Parliament of New South Wales’ website: <www.parliament.nsw.gov.au/Prod/parlment/hansart.nsf/V3Key/LA19970529043>

Sargant distanced himself from Bailey once the scandal broke and Bailey subsequently committed suicide.

Note 21 continued

Wochenschridt, 1949, 27, 672, has an article entitled – and this is his translation – ‘Explanation of Strange Mass Poisoning by Contamination of Flour with Datura Stramonium’ by Paul Pulewa, the Director of the Pharmacological Section of the Refik Saydam Institute and of the Pharmacological Institute of the University of Ankara (just to let you know we’re not dealing with a weirdo). The article describes events in an unnamed Turkish village in 1949 that exactly parallel those of Pont-St-Esprit. The cause according to Pulewa was datura (see below) in the flour. It is remarkable that the only two known instances of such amassed ‘poisoning’ in modern times were in succeeding years, 1949 and 1950.

What Albarelli fails to note and is unaware of is why Dr Johnson was so keenly interested in hallucinogenic and other drugs. Had he known he would certainly have discussed it.

In October 1950 Dr Johnson and his second wife, Betty, were staying at the attractive Marlborough Arms hotel (worth a visit) in Woodstock, a small town roughly seven miles north-west of Oxford. Dr Johnson had purchased the hotel in 1936 and, after running it for a couple of years, had installed a manager and moved back to Surrey. During the stay the two Johnsons experienced an increasing sense of anxiety which soon escalated into overwhelming paranoia. Dr Johnson experienced ‘giddy turns and bouts of automatic talking.’ He and his wife believed there were microphones in the bedrooms and their every word was being listened to, and that they were in great danger. The hotel staff became concerned about their very strange behaviour and a local doctor was sent for. He examined Dr Johnson and promptly signed a certificate under the 1890 Lunacy Act that was then rubber-stamped by a magistrate, thus allowing the police to come in and cart him off to the Warneford Psychiatric Hospital in Oxford (Oxford University’s Department of Psychiatry) where he was incarcerated. Surprisingly, Mrs Johnson was released into the care of relatives though her symptoms were the same if a little less pronounced, the doctor describing her merely as ‘upset’ (despite this not being so as attested by two of her relatives and a London solicitor who saw her several days later).

Dr Johnson however was still greatly ‘excited’ and suffering from pronounced paranoid and other delusions. He spent the next six weeks in the hospital. Dr Johnson was 47 at the time and had no prior history of mental illness and, as far as I can research, would have no history of mental illness.

Later he began to believe he and his wife were victims of ‘foul play’ and they had been deliberately ‘poisoned’ with a drug. He wrote: ‘I felt that I had been poisoned and continued to say so until I saw that no notice was being taken.’
The psychiatric doctors and nurses saw this claim as evidence of his paranoia and, indeed, it figured in the doctor’s committal certificate:

‘He was wild and excitable. He stated that all the drinks in the hotel were poisoned. He stated that all rooms in the hotel were contaminated and unfit to live in. He insisted on a guard being posted outside his bedroom door. He suddenly rushed from the room with a scream because he alleged that he was attacked.’

After two weeks in the hospital Dr Johnson writes that the period of anxiety was over and he entered a ‘state of revelation’: ‘Some powerful secret organisation – maybe it was M.I.5, maybe it was some organisation more powerful still – had taken me in here from the ken of the world at large for some special dedicated reason.’

He saw the hospital as a gaol, as indeed it was, and saw himself as a ‘prisoner in the Cold War.’ Then this curious (and prescient) statement: ‘I am the first example of the workings of the Russian truth drug in this country.’

Who would want to ‘poison’ him? Dr Johnson was a rational man and sought a rational answer. He believed that the manager of the hotel, and possibly other members of the staff were skimming the takings and pilfering, so he started visiting the hotel more regularly to keep an eye on its running. He believed that they put something in his glass of sherry to...to what? Incapacitate him? Kill him? What?

His wife had a sip of the sherry while Dr Johnson consumed the whole glass and this would explain their differing reactions.

It’s a major leap from pilfering to poisoning and you wouldn’t cover-up an activity like that by possibly murdering someone; but Dr Johnson was clutching at straws in his search for a rational explanation, and he could subsequently find no evidence to implicate the hotel staff or guests (though it’s hard to see what evidence he was hoping to find). The local police would say later that there was nothing to investigate as no crime appeared to have been committed (they probably marked his card as a ‘loony’).

After reading several of Dr Johnson’s books one gets a measure of the man. He’s an engaging fellow, educated, literate, with an inquiring mind, and compassionate. He was an independent thinker and acted as his conscience told him. Throughout his parliamentary career he pursued the iniquity of the Mental Health laws whereby someone could be sectioned and carted off to an asylum and left to rot. This was something he brought to the forefront of public debate. He also founded a publishing company that produced many worthwhile non-fiction titles.

If it had only been Dr Johnson who had so behaved there would be the possibility that he had a ‘breakdown’ but his wife behaved in a
similar way. Could this have been a *folie à deux*? Could his wife have been ‘infected’ by his behaviour and mirrored it? There is that possibility but it seems unlikely.

Dr Johnson was subsequently released and was determined to find out if the psychosis he had suffered was drug-induced as he suspected. A visit to a ‘Harley Street doctor and friend’ and others convinced him that the ‘episode’ resulted from a combination of hemp, opium, and datura, a genus of poisonous plants native to Asia.

Datura is *D. Stramonium*, the Strammony or Thorn Apple, a powerful narcotic. It seems to have been known in the West since the first days of India’s colonisation and there is a detailed account of it as early as 1886 in Henry Yule and A. C. Burnell’s famous *Hobson-Jobson: Being a Glossary of Anglo-Indian Colloquial Words and Phrases* (London: John Murray), pp. 298-9. However, if word didn’t get out from *Hobson-Jobson* it was surely known to the medical profession after the publication in 1924 by the great German toxicologist Louis Lewin of *Phantastica: Die betäub-enden und erregenden Genussmittel für Ärzte und Nichtärzte* (Berlin: Georg Stilke. English translation as *Phantastica: Narcotic and Stimulating Drugs, Their Use and Abuse* [London: Kegan Paul, 1931]). Here there is a full account of it.

The suggested combination of these three drugs sounds like someone was talking through ignorance and was trying to fob him off with a ‘go away’ answer.

After the publication in 1956 of Dr Johnson’s book, *A Doctor Returns*, it was reviewed in the magazine *Twentieth Century* (August 1957) by Dr Humphry Osmond, the ‘counterculture icon’, who, it will be recalled, was the man who turned on Aldous Huxley with mescaline in 1953, and had coined the term *psychedelic* in 1957. In his review Osmond writes, ‘In the last five years my colleagues of the Saskatchewan Schizophrenia Research Group with scientists in other centres all over the world have been pursuing substances which reproduce to a greater or lesser extent those symptoms from which the Johnsons suffered.’

Those ‘substances’ were LSD and Osmond was at the forefront of psychedelic research in the 1950s.

In the autumn of 1957 the Johnsons had two evening guests at their home in Sutton. They were Dr Osmond and his colleague Dr Abram Hoffer who were over from Canada. They discussed the Johnsons’ case and Osmond suggested that it may have been an attempt at murder, while Hoffer thought that the most likely poison was an agricultural insecticide. It’s very curious that no mention of LSD was made.

The sources for the account here of Dr Johnson are the following books that he authored, all of which were published by his own
publishing company, Christopher Johnson, in London: Indian Hemp: A Social Menace (1952), Bars and Barricades: Being the Second Part of ‘A Publisher Presents Himself’ (1952), A Doctor Returns: Being the Third Part of ‘A Publisher Presents Himself’ (1956), A Doctor in Parliament (1958). I haven’t yet seen The Hallucinogenic Drugs: The Insanity-Producing Drugs: Indian Hemp and Datura: A Neglected Aspect of Forensic Medicine (1953) and I understand it contains little autobiographical material.

As far as I am aware the only subsequent discussion of Johnson to appear anywhere is by Antonio Melechi in his essay, ‘Drugs of Liberation: From Psychiatry to Psychedelia’ in Melechi, editor, Psychedelia Britannica: Hallucinogenic Drugs in Britain (London: Turnaround, 1997), pp. 21-52. Melechi is of incurious mind and dubious about Dr Johnson being spiked and sees this as a psychotic episode producing a genuine psychedelic experience (Psychedelia Britannica is a work that doesn’t quite live up to its title).

Was Dr Johnson dosed or did he have an actual psychotic episode? Let’s go over the ground once more and conjugate the possibilities:
1) Run-of-the-mill food poisoning.
2) ‘Poisoning’ by the staff of the hotel.
3) An actual ‘psychotic’ episode.
4) Targeted dosing by person or persons known or unknown to Dr Johnson for a specific reason other than hotel staff.

No.1 can probably be dismissed as restaurant food poisoning invariably effects a number of diners (and staff) and not just one person (vide Heston Blumenthal’s recent ‘little mishap’ at his restaurant where up to 400 customers were affected). No.2, ‘poisoning’ by the staff can be dismissed for reasons already given. This leaves Nos. 3 and 4. An actual ‘psychotic’ episode? Well, the terminology of psychiatry is pretty much always in a state of flux and a 1950s psychosis may not be recognised as such today. Let’s term it a ‘severe breakdown’ and leave it that, and yes, people can have one off episodes. So, there is a possibility here were it not for the fact that Mrs Johnson showed the same symptoms. To accept it was a one off breakdown one must also accept that the two of them constituted a folie à deux. How likely is this? Here’s what Humphry Osmond wrote in his review in Twentieth Century:

‘Another possibility is that Mrs. Johnson suffered what is called a folie à deux—though not herself mentally ill, she became influenced to act as she did because she was disturbed by her husband’s behaviour.

It is unusual for such folies to develop as rapidly as this one is said to have done, though I have once seen one occur extremely quickly in identical twins, but what to my mind goes
strongly against this is that Mrs. Johnson seems to have remained seriously ill several days after her husband had been taken to hospital. I feel that the *folie à deux* theory is difficult to support.’

This leaves us with the final possibility, that Dr Johnson was targeted by a person or persons unknown. Let’s ignore the idea that the spiking was done as a lark or by some stranger just passing through the area. Could he have been dosed for a specific purpose? To quote Osmond again: ‘Now there are poisonings and poisonings. Dr. Johnson’s choice is for a deliberate, malicious and highly sophisticated attempt on his sanity and well-being.’

So, we are left with another theory: could it be that he had information and it was felt that the only way to wrest it from him was through drugs? This, of course, would point to the security services, and there is no evidence to support this line of argument.

Nevertheless, there are some curious questions hovering over the affair as discussed, not least of which is the alacrity with which the local doctor sectioned Dr Johnson while ignoring his wife. Why?

Then we have Dr Johnson in the psychiatric hospital for six weeks and there is no independent account of exactly what happened to him, who attended him, and what drugs and treatments he was given (the Dr’s own account is limited and confusing as one would expect, certainly for the initial period).

What do we know of Dr Johnson? He was born into a middle class family in Bury, just outside Manchester, where his father was a GP. By his own account he had strong leanings towards libertarian socialism in his youth and early adult life. He found bourgeois life limiting and claustrophobic and when he qualified as a doctor he purchased a practice (these were pre-NHS days) in the working class district of Thornton Heath near Croydon. He stood for parliament as a Liberal candidate unsuccessfully on two occasions (once as an unofficial Liberal candidate), later switched to the Conservatives and was elected MP for Carlisle in 1954, a seat he retained in the 1959 general election. He stood again in 1964 as a ‘Conservative and Independent’ but lost.

In 1936 Dr Johnson and his first wife, Christiane (subsequently killed in the wartime bombing of London), travelled to Russia. He wanted to see how socialism was working. While in Moscow they attended several functions at the American embassy and Dr Johnson got to know Lieut-Colonel Philip Faymonville (1888-1962) and Tyler Kent (1911-1988) who both worked there. Faymonville was the first US military attaché to the Soviet Union and by all accounts had a very fine understanding of the Russians who considered him a friend. This did not sit well with the State Department and in 1943 Harry Hopkins...
recalled and demoted him. Kent was then a cipher clerk and was later transferred to the London embassy where in 1940 he was convicted of spying for the Germans after a trial held in camera and given a seven year prison sentence.

A trip to Russia in 1936 might not be given a second thought by the secret state but by 1950 at the height of the Cold War it would be regarded in a very different light.

Dr Johnson was a strong and vociferous opponent of Neville Chamberlain’s appeasement policy and was known in Oxford as a ‘Red’ at the time.

During the war Dr Johnson knew the Marxist and former member of the Communist Party, Tom Wintringham (1898-1949), who had commanded the British Battalion of the International Brigades during the Spanish Civil War. Wintringham at the time was running his Common Wealth Party.

Is there anything in this brief known history that would be of interest to the security services? Who knows?

Who was at the Marlborough Arms when this breakdown occurred? The only person Dr Johnson mentions by name is an Ivor who turns out to be Ivor Davies (1915-1986), an active member of the Liberal Party and, later, in the Campaign for Nuclear Disarmament. There may have been other friends there who Dr Johnson chose not to name for fear of involving them in the episode. It would have been useful to see the hotel’s Guest Book for the time but Ann McEwen, who has owned the hotel since 1956, says that it disappeared long ago.

More research needs to be done before a conclusion can be reached about this strange episode. I had hoped his records were still at the Warneford Hospital but the policy there is to destroy records if a patient is not re-admitted after twenty years.

However, there was someone who had his drink spiked by an unknown individual in 1950. It’s the more widely known case of Frank Bigelow at a bar in San Francisco. Frank Bigelow? Yes, the character played by Edmond O’Brien in that acclaimed noir film, D.O.A. (directed by Rudolph Maté). Unlike Bigelow, Johnson survived.

Postscript
Since writing the above I’ve had several conversations with Christopher Johnson, Donald Johnson’s son, who confirmed that his father had no history of mental illness either before or after the ‘episode’ in 1950. He is as puzzled by the incident as his father was and has no idea who spiked him.

I’ve also had a chance of reading Donald Johnson’s 1953 book, The Hallucinogenic Drugs. It does contain a detailed account of his
episode, pp. 27-32, and he further suggests the Pont-St-Esprit incident was down to LSD. The book is quite a remarkable study of these drugs and similar works would not be published until the druggy 1960s. He was a man ahead of his time in this area, not least of which for using the word *hallucinogenic*. The first occurrence of the word given in the *Oxford English Dictionary* (2004 edition) is 1952, the year before publication.

Johnson also mentions a lecture given by Professor Joel Elkes at Birmingham University in July 1953 on LSD drug experiments. Further and better particulars are needed on the good doctor.

*Anthony Frewin is a novelist and screenwriter.*
Malcolm Kennedy’s case has been covered by *Lobster* in previous issues, which have described the many avenues Kennedy has pursued in his attempt to put an end to what he says has been persistent and long-standing interference with, and interception of, his phones and other communications, damaging his business and his income. He says this has been going on for more than 10 years, and continues to do so.

Kennedy eventually took his complaint to the Investigatory Powers Tribunal (IPT), set up under the Regulation of Investigatory Powers Act 2000, to hear complaints relating to conduct by the intelligence and security agencies, and complaints about phone-tapping. It is also the only appropriate Tribunal for the purpose of certain proceedings under s7(1)(a) of the Human Rights Act 1998: claims that a public authority has acted in a manner that is incompatible with a Convention right.

In January 2005, the IPT ruled that no determination had been made in his favour in respect of his complaints, which meant either that there had been no interception, or that any interception which took place was lawful.

Kennedy then took his complaints to the European Court of Human Rights (ECHR), which issued judgement on May 18 2010, holding that there had been no violation of Article 8 (right to respect for private and family life and correspondence); no violation of Article 6 §1 (right to a fair
trial); and no violation of Article 13 (right to an effective remedy).

Much of the judgement considers the alleged violation of Article 8 of the Convention, and states (paras 169-170):

‘In the circumstances, the Court considers that the domestic law on interception of internal communications together with the clarifications brought by the publication of the Code indicate with sufficient clarity the procedures for the authorization and processing of interception warrants as well as the processing, communicating and destruction of intercept material collected. The Court further observes that there is no evidence of any significant shortcomings in the application and operation of the surveillance regime. On the contrary, the various reports of the Commissioner have highlighted the diligence with which the authorities implement RIPA and correct any technical or human errors which accidentally occur. Having regard to the safeguards against abuse in the procedures as well as the more general safeguards offered by the supervision of the Commissioner and the review of the IPT, the impugned surveillance measures, insofar as they may have been applied to the applicant in the circumstances outlined in the present case, are justified under Article 8 § 2. There has accordingly been no violation of Article 8 of the Convention.’

After considering the alleged violation of Article 6 § 1 of the Convention,

‘the Court considers that the restrictions on the procedure before the IPT did not violate the applicant’s right to a fair trial. In reaching this conclusion, the Court emphasises the breadth of access to the IPT enjoyed by those complaining about interception within the United Kingdom and the absence of any evidential burden to
be overcome in order to lodge an application with the IPT. In order to ensure the efficiency of the secret surveillance regime, and bearing in mind the importance of such measures to the fight against terrorism and serious crime, the Court considers that the restrictions on the applicant’s rights in the context of the proceedings before the IPT were both necessary and proportionate and did not impair the very essence of the applicant’s Article 6 rights. Accordingly, assuming Article 6 § 1 applies to the proceedings in question, there has been no violation of that Article. (paras 190-191)’

Considering the alleged violation of Article 13 of the Convention:

‘Having regard to its conclusions in respect of Article 8 and Article 6 § 1 above, the Court considers that the IPT offered to the applicant an effective remedy insofar as his complaint was directed towards the alleged interception of his communications. In respect of the applicant’s general complaint under Article 8, the Court reiterates its case-law to the effect that Article 13 does not require the law to provide an effective remedy where the alleged violation arises from primary legislation...There has accordingly been no violation of Article 13.’ (paras 196-198).

Below are links to more detailed information, including an article by The Register and the ECHR judgement in full.

The Register: ‘ECHR rules sneaky RIPA peeking perfectly proper’ is at <www.theregister.co.uk/2010/05/20/surveillance_human_rights_ruling/>

The full judgement can be found by Googling ‘ECHR judgement Kennedy v. UK (Application no. 26839/05)’ and the summary can be found by Googling ‘press release Kennedy v the United Kingdom (application no.26839/05)’.
Meanwhile, despite having pursued all the legal avenues available to him, Malcolm Kennedy says that he continues to suffer from interference with his communications, making it virtually impossible for him to earn a living, and also from other forms of harassment. Kennedy says that his flat has been entered on two occasions recently, and certain items removed, other items rearranged, and on one occasion his camera sabotaged. He believes this to have been connected to his filming of the annual United Against Injustice event (UAI is concerned with miscarriages of justice).\(^1\)

Kennedy, now 63, says that he only wishes for the interference and harassment to cease, so that he can be allowed to get on with his life, and to earn a living from his business.

\(^1\) [www.unitedagainstinjustice.org.uk/](http://www.unitedagainstinjustice.org.uk/)
I helped carry William Burroughs to the medical tent

Further thoughts on the ‘pirate’ radio stations of the 1960s

Simon Matthews

Lobster 58 published a piece that I had written about the odd career of Simon Dee. Inevitably there were many subsidiary areas of research, interesting facts and late arriving information that could not easily be included in it. These have now been assembled and are presented here. Broadly they cover three further areas of enquiry:

To what extent were those in the UK who supported commercial radio in the 1950s and ‘60s actively seeking to change the economic and political environment in Britain? Did they oppose the post-1945 consensus around the welfare state and central government planning, and if they did by whom were they influenced?

Was there an explicitly political agenda behind the various US-style offshore commercial radio stations that appeared in Europe from 1961 onwards; and, if so, was this in any way promoted by the US government?

Did the various ‘counter culture’ activities of Ronan O’Rahilly in the 1960s and ‘70s have a deliberate political purpose?

Beginnings

A discussion of the origins and role of Radio Luxembourg – in its heyday the epitome of slick broadcasting – was omitted.

Summer 2010
from the article in Lobster 58 but is worth setting out now in some detail as an example of the earliest exposure of the UK to commercial radio and an indication of how far back an interest in this subject can be traced amongst selected figures in the British establishment.

The station came into being as a result of the enthusiasm of Leonard Plugge. Plugge was dismayed by the decision of the Baldwin government in 1927 to favour a very limited state run and regulated radio service, rather than licence a substantial network of privately funded and commercially sponsored stations, of the type that had quickly emerged during the same period in the USA. In 1931 Plugge established the International Broadcasting Company Limited to promote his proposals about broadcasting across Europe. He persuaded the government of the Grand Duchy of Luxembourg that, via an expanded network of companies under his control, he should be granted a licence to broadcast across France, the Netherlands, Belgium and Germany. Radio Luxembourg took to the air in June 1933. It was entirely privately funded, much of its income coming from sponsorship and advertising. Equipped with a powerful transmitter, Luxembourg could be heard in the UK and transmitted 3 hours of English language broadcasts each evening. Even this limited output was immensely popular, with up to 4 million listeners tuning in every night to Radio Luxembourg rather than to the immensely staid and Reithian BBC Home Service. To satisfy UK demand for more broadcasting of this type Plugge also ran a smaller operation, Radio Normandy, a small station licensed by the French government with a transmitter capable of reaching London and the South East from a base on the French Channel coast. Like Luxembourg this also began in 1933 and proved to be highly popular.

As well as his immensely lucrative commercial interests Plugge also had a political career: in 1935 he was elected
Conservative MP for Chatham. He also moved in the highest of high society circles with all the usual trappings of the *uber-rich*, including a London residence on Park Lane that he purchased from Baron Leopold de Rothschild.

The considerable success of Radio Luxembourg, and Plugge’s expansion of his network via the International Broadcasting Company to Spain, Yugoslavia and Eire in the years that followed, drew many other wealthy political and business figures to consider similar ventures. One of these was Sir Oswald Mosley who from 1936 invested substantial sums in attempting to establish a European-based English language radio station that would provide the type of mass exposure and publicity for the British Union of Fascists that it would never get from the BBC.\(^1\)

In the summer of 1938 the potential of Radio Luxembourg, with its broadcasting capabilities in France and Germany, came to the attention of the Chamberlain government during the fraught international circumstances that developed between Germany and Czechoslovakia about the status of the Sudetenland. In September 1938 Plugge was persuaded by government figures to pass a temporary controlling interest in his various companies to Arthur Wellesley, Duke of Wellington. Wellesley was a member of the Anglo-German Fellowship and hence, at this point, a supporter of the Chamberlain policy of placating Hitler so as to retain him as an effective bulwark against Soviet Russia by detaching the

\(^1\) For Mosley and radio see Stephen Dorril, *Black Shirt* (2006) pp. 387-437. Mosley’s negotiator on the project was Peter Eckersley, a former BBC engineer. Eckersley also worked by MI6, hence perhaps, the failure of the project. Mosley does not appear to have had direct dealings with Plugge, but the two had a common friend, Colin Beaumont, whose mother was Seigneur of Sark, the proposed location of Mosley’s station.
Sudetenland from Czechoslovakia and ceding it to Germany. Following the involvement of Wellesley in its affairs, Radio Luxembourg broadcast strongly pro-appeasement material throughout the Munich crisis. The existence of Luxembourg as an ‘offshore’ station for the Chamberlain government was thus extremely convenient for the pro-appeasement Tories who could use it for this purpose when the BBC – which was supposedly impartial and above politics – could not. Another benefit that flowed from using Radio Luxembourg as an organ of British propaganda on the status of the Sudetenland was that its broadcasts were clearly ‘deniable’ as representing the views of the Chamberlain government.

In 1940 the powerful and intact Radio Luxembourg transmitter fell under German control and was later used as one of the broadcasting bases for its English language services. Many of these programmes featured William Joyce (‘Lord Haw Haw’), formerly a significant supporter of Sir Oswald Mosley. Joyce’s talks, like Luxembourg’s broadcasts in the 1930s, were extremely popular with audiences across the UK, much to the annoyance of the Churchill government.

Plugge lost his seat in Parliament in the 1945 Labour landslide but retained his commercial interests. For some years in the 1940s the Attlee government and the Foreign Office made serious attempts, without success, to acquire broadcasting rights on Radio Luxembourg. This would have involved ending Luxembourg’s transmissions to the UK (thus preserving the BBC monopoly) and switching its coverage.

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2 For details of the range of right wing groups that stretched from Chamberlain to Mosley (and beyond) see Richard Griffiths, *Patriotism Perverted* (1998). Wellesley was Chairman of the Right Club, a significant and well connected far right faction, and a strong Nazi sympathiser.

3 For Joyce see Francis Selwyn *Hitler’s Englishman* (1987) and for the use made by the Third Reich of Radio Luxembourg see David O'Donoghue *Hitler’s Irish Voices* (1998).
instead to eastern Europe. Plugge and his directors rejected these proposals because they would have involved a substantial loss of advertising revenue. The airwaves controlled by Luxembourg, however, were available at the right price. In 1953 the station struck a deal with Herbert W. Armstrong and the Radio Church of God, prominent religious broadcasters in the US. The Radio Church of God, which claimed to purvey ‘the plain truth about today’s world news’, were particularly concerned about the future political direction of Europe. Stripped of the bombastic religious and biblical language and imagery their broadcasts used, the Radio Church of God message could be summarised as:

* warnings that a strongly united and federal Europe (under either French or German leadership) posed a graver threat to ordinary citizens than the existing Cold War stand-off between the USA and the Soviet Union;

* a united Europe was a good idea provided it was part of a broader alliance with NATO and the USA.

The similarity of this message to the long term strategic interests of the USA is obvious and not coincidental. The Radio Church of God would later expand their Luxembourg operation and would participate in many of the ‘pirate’ radio ventures of the 1960s trying (and failing) to be involved on Radio Caroline before being widely heard on both Radio London and Swinging Radio England.4

Plugge’s post-war career as a jet-setting wealthy playboy brought him into contact with a wide range of political and business figures. These included Jean Millstein, a controversial figure, to whom he sold his Park Lane property in 1950. Millstein reopened it as a private gambling club, Les Ambassadeurs, the prototype for, and attracting the same

4 Herbert W Armstrong’s connections with the US State Department stretched back to 25 April 1945 when he attended the inaugural meeting of the United Nations in San Francisco as a State Department accredited representative.
élé as the later and similar Clermont Club.\(^5\)

Throughout the rather austere years of the 1950s and 1960s Plugge ostentatiously drove a large US Buick around London and moved in the same circles as Princess Margaret, and, like her, kept some extremely louche company. He turned his new home, a town house in Lownes Square SW1, into a private gambling club modelled on the Clermont and Les Ambassadeurs. (The property was used in 1968 as the set for the film Performance.) His daughter, Gale, would later achieve notoriety when she became involved with the tiny group of UK black power advocates who followed Michael de Freitas (aka Michael X).\(^6\)

The lengthy career of Leonard Plugge from the 1920s through to the 1970s thus encapsulates a number of disparate elements in UK politics and society. He represented a type of right wing, free market entrepreneur who fell completely out of fashion in the UK after 1945 but would later

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5 Jean Millstein (anglicised as John Mills – not the actor) served as an intelligence officer for the Polish government in WW2, and possibly for the Polish government in exile after 1945. He described Les Ambassadeurs, which he started as early as 1944, as ‘a place where people can relax and be seen talking to whom they wish’. In the 1950s the club was frequented by Ian Fleming, Princess Margaret and John Aspinall. Scenes from Dr No and A Hard Days Night were filmed on its premises.

6 Gale Benson (née Plugge) was murdered in Trinidad in 1972 by accomplices of Michael de Freitas. De Freitas had a long history of criminal activity and violence and was convicted and hung for the murder of his cousin in a separate but related case. There is some speculation, not substantiated, that he was eliminated as part of the FBI COINTELPRO programme that throughout the 1960s and ‘70s terminated the careers (and lives) of many black American, civil rights and left activists in the US, Central America and Caribbean. Another theory is that de Freitas had Benson murdered because she was searching, at the request of Leonard Plugge, for a set of photographs in the possession of de Freitas that showed Princess Margaret engaged in group sex with a number of young black men. This argument forms part of the plot of the recent film The Bank Job (2006).
re-emerge with the ascent of Margaret Thatcher. His success in establishing commercial radio in the 1930s and his high society connections – which lasted throughout his life – would clearly have been a lasting example and inspiration to those in the UK who wished to escape what they considered an undue amount of government control and regulation.

**The US interest**

The success of Radio Luxembourg in the 1930s, and the use made of it by Nazi Germany in the 1940s meant that there were many well connected figures at all levels of the US government after 1945 who took the view that operating a radio station of the Luxembourg type could well form a useful part of the armoury against the (supposed) Soviet threat to western Europe. As the Cold War escalated, a number of European-based radio stations were set up by the US. Some of these were openly and directly funded; others had funding passed to them via a ‘front’ for the US government. The rationale for this policy was entirely political. By 1947 the US considered itself (rather than Britain or France) the leader of the free world and had formed the view that western Europe faced a direct threat, if not of territorial conquest, then certainly of emasculation or enforced neutrality, from Communism.

The first signs of this policy came in 1946 with the decision to use The Voice of America (which had originally been launched in 1942 as part of the US war effort and was directly funded by the US government) to report on selected European events that were deemed to be of critical importance to US foreign policy objectives. The Voice of America duly covered the 1948 Italian elections in great depth, the outcome of these being regarded as important to the future political balance of Europe. The role played by the US in swinging these elections away from the Italian Communist Party and toward the
Vatican-aligned Christian Democrats was seen as a substantial early success for this initiative. Following this, however, the Truman administration took a considered view that continuing with directly funded radio broadcasting that was obviously linked to the US government was likely to be counterproductive in propaganda terms. It concluded that a range of ‘private’ initiatives should be established through which future funding could be channelled and deniability ensured. A specific step in enabling this course of action to be adopted came in 1949 with National Security Council Directive 10/2. This empowered the CIA to spend money on whatever or whomever it felt would be beneficial to US interests without having to explain its decisions, leave any trace of them, or produce financial accounts of how much money it had disbursed. This strategy resulted almost immediately in the setting up of Radio Free Europe, based in Munich.

Radio Free Europe, on paper, was supposedly the offspring of the National Committee for a Free Europe. It was joined in 1953 by Radio Liberty which also broadcast from West Germany. Radio Liberty was essentially a joint CIA-Intermarium project (with its funding channelled through the American Committee for the Liberation of the Peoples of Russia) and by 1955 had a second transmitting station in Taiwan from which it was able to reach areas of the Soviet Union denied to it by the location of its German transmitter.7

In 1951 this strategy was expanded further with a decision to commission six mobile broadcasting ships. These were to be fully equipped radio stations that could roam the sea perimeters of the eastern bloc at will and would not be susceptible to jamming, or in the event of war, sudden immobilisation by an air strike. The first of these was

commissioned by President Truman at a major public ceremony in March 1952. The ship in question was the US Coast Guard cutter Courier, which was the most powerful and lavishly equipped floating radio station in the world. It anchored off Rhodes in the Mediterranean and broadcast to the Balkans, the Caucasus, the Ukraine and much of Central Asia. The Courier had a helicopter deck which it used to launch barrage balloons. These raised its transmitting aerial to an altitude sufficient for ultra long range broadcasting. In addition the Courier also had facilities that enabled it to monitor radio transmissions of all types from deep within the Soviet bloc and could also, if required, jam signals.

Intriguingly, given the later financial issues that dogged many of the 1960s ‘pirate’ radio stations, the US government quickly discovered from its use of the Courier, that the costs of running a radio station at sea were far greater than on land. The fleet of broadcasting ships never materialised – at least not as a specifically government funded initiative – and the Courier remained the only vessel of this type under direct government control. Even so it would still be plausible to assume, given the US policy decisions listed above, that there were similar schemes which enjoyed some US government funding and which at the time were presented as being entirely private sector initiatives.

In other words the expense of the USCGC Courier meant that rather than an obviously government led and funded scheme the US would opt instead for a private sector intelligence operation, promoted by any one of the extremely

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8 Although the US lost interest in running floating radio stations, between 1961 and 1964 the US Navy commissioned 5 large and 6 small signals intelligence ships that were used to monitor radio broadcasts of all types in selected locations around the world. These included the USS Liberty, which was attacked by Israel in the eastern Mediterranean in June 1967, and the USS Pueblo, captured off North Korea in 1968. The remainder continued in service until replaced by satellite technology in the 1970s.
wealthy and deeply patriotic American business figures (such as Gordon McLendon, a major figure in US radio) underpinned by some clandestine government funding to ensure deniability. In this context the close connection between Gordon McLendon and David Atlee Phillips, which came into the open in the 1970s, makes a great deal of sense. It was not only a personal friendship, but also a long standing business and professional relationship that dated back to the earliest days of US clandestine broadcasting in the 1950s. A significant part of the work Phillips undertook for the CIA involved running radio stations. He was a key figure in setting up The Voice of Liberation, which broadcast into Guatemala in 1954, and Radio Swan, which transmitted into Cuba from 1961. Both these stations were modelled on the format that McLendon had pioneered at KLIF Texas: popular music punctuated by breezy news bulletins from a heavily pro-US/pro-western standpoint and significant amounts of religious broadcasting from the Radio Church of God. With hindsight both the Voice of Liberation and Radio Swan look very much like templates for Radio Nord, the station that McLendon sponsored in the Baltic

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9 Gordon Maclendon’s Wiki entry includes this:
‘Jack Ruby was both a listener and admirer of McLendon and known to the staff of the station, including Gordon McLendon. Conspicacy theorists Warren Hinckle and William Turner (in their book Deadly Secrets) and Peter Dale Scott have alleged that McLendon played a peripheral role in the John F. Kennedy assassination. Gordon McLendon was the first person Jack Ruby asked to speak with after his arrest. They also cite McLendon’s close relationships to legendary Central Intelligence Agency operative David Atlee Phillips, politically connected oil magnate Clint Murchison, Sr., and political advisor to LBJ, Bobby Baker, as circumstantial evidence. McLendon is also alleged to have funded Interpen, the Intercontinental Penetration Force, which aimed to privately overthrow Cuba in the 1960s. Gordon McLendon and David Atlee Phillips co-founded the Association for Intelligence Officers.’

43 Summer 2010
from 1961 and which later became Radio Caroline.¹⁰

Unravelling Mr Pearson (sic)

The official version of the Radio London story states that an admirer of KLIF Dallas, Don Pierson (also spelt Don Pearson on occasion), was apparently so enthused when reading about the success of Radio Caroline that in late 1964 he decided to start his own station, Radio London, with funding from the Radio Church of God.¹¹ A little later, in 1965, Pierson claimed that he had become ‘disillusioned’ with the material broadcast by Radio London and formed a new consortium with William Vick and Tom Danaher. They acquired and fitted out another ship and brought it into service as the base for two different radio stations: Swinging Radio England, which broadcast pop music, and Britain Radio, which provided easy listening for an older audience. This venture was launched at an extremely lavish social event at the Hilton Hotel in May 1966 and the two stations broadcast until August 1967 when the Marine Broadcasting Offences Act took them off the air.

There are a number of problems with accepting this version of events at face value.

Firstly, although Don Pearson/Pierson stated that he

10 For a fictional treatment of this topic see Len Deighton’s Billion Dollar Brain (1966) p. 31 where the main villain (an oil magnate from Texas) is described thus; ‘….the guy’s a multi-millionaire, multi-billionaire maybe. This is his toy. He made his money from canned food and insurance; that’s a dull way to make a billion, so he needs a little fun. The CIA siphon a little money to him….some of the stunts we pull are pretty good. He has two radio stations on ships that beam into the Baltic states. You know the sort of thing: “Stand by for freedom and coke”....’

11 Pierson stated that he saw an article in The Dallas Morning News quoting Ronan O’Rahilly as saying that Radio Caroline was making a profit of £18,000 per month. If so, this was false. O’Rahilly had no controlling interest in the station at this point and it never made any money. At the time he claims to have seen the article, one of the Radio Caroline ships was still owned by Gordon McLendon (a friend of Pierson’s) and was only leased to its UK operators.
was ‘disillusioned’ with Radio London, both Swinging Radio England and Britain Radio continued to use the same format, including religious broadcasting and commercials from the Radio Church of God, that had been used by Radio London.\textsuperscript{12} Secondly, the personnel involved at a senior level in the management of Swinging Radio England and Radio Britain were far more high powered and significant individuals than one might reasonably expect to find running a radio station, even one with the ample funding that these enjoyed. Day to day control of the two stations was exercised by William Vick, who otherwise acted as president of 16 oil company subsidiaries of the Monsanto Corporation.\textsuperscript{13} Tom Danaher, who like Pierson was also a friend of Gordon McLendon, served as a (prominent and well known) US Navy pilot in the Pacific and Korea. In 1990 he would be credited with giving Mel Gibson special assistance on the film Air America, a drama about the CIA covert operations in Laos and Cambodia in the

\textsuperscript{12} In October 1966 Swinging Radio England covered the Conservative Party Conference at Blackpool in some depth, including coverage of a Young Conservatives rally.

\textsuperscript{13} SRE/BR had a UK board of directors one of whom was John Cordle, Conservative MP for Bournemouth East 1959-1977. Cordle was a friend of Princess Margaret (connecting him with others – Plugge, Stevens, Robin Douglas-Home etc – in this narrative), a right wing evangelical Christian and early follower of Billy Graham (and thus possibly sympathetic to the Radio Church of God). He resigned his seat in Parliament in 1977 after being found to have received payments from John Poulson.

Also involved in the SRE/RB management structure at various stages were:

Basil Van Rensburg, a former producer with the South African Broadcasting Corporation who had also worked in Rhodesia TV.

(NEither of these are mentioned in his \textit{Guardian} obituary). In later life van Rensburg was a significant figure in the Catholic anti-apartheid movement in South Africa.

John Withers, who managed the advertising account at SRE/RB and worked alongside Ted Allbeury. Seems to have been the same John Withers (1930-2009) who had a \textit{Guardian} obit on 13 June 2009 and who was a major figure in UK advertising in the 1960s,'70s and '80s.
1960s and '70s. The managing director of Britain Radio in 1966-1967 was Ted Allbeury. Allbeury had been an intelligence officer during the early part of the Cold War, running agents into East Germany. He would later pursue a career as a thriller writer and admitted that he was given ‘top secret information’ by the CIA in the 1970s and '80s to place in, and spice up, his espionage novels. Mention should also be made of Philip Birch, the UK Head of Radio London. Birch, who was recommended for the position by Pierson, was also a senior figure at the London office of J. Walter Thompson. The impression gained from a perusal of the CVs of these individuals is that both Radio London and Swinging Radio England were very expensive US ventures designed to promote US culture to UK listeners.

Thirdly, the ship used to accommodate Swinging Radio England/Britain Radio, the SS Olga Patricia, was a converted US Navy vessel, formerly the USS Deal. Like the USCGC Courier it had a helicopter deck aft and carried very expensive radio equipment, supplied by Continental Electronics. It was a sister ship of the USS Pueblo. Its home port was Miami and it sailed to its UK destination in 1966 under the command of Captain Julio Alonzo, a Cuban exile.

Fourthly, the funding for both Radio London and Swinging Radio England/Britain Radio did not come from the Radio Church of God, as was claimed at the time, although it is possible that the Radio Church of God may have contributed some money toward them. The money trail behind Swinging Radio England leads instead to Pierce Langford III. Langford headed ‘the Wichita Falls, Texas group of investors’ for whom

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14 Allbeury was also active (like Oliver Smedley) in the Liberal Party. He stood as the Liberal candidate in a Parliamentary by-election in Petersfield in 1960. See his Guardian obituary, 3 January 2006.
Pierson acted as a banker.\textsuperscript{15} Langford was also closely connected to, and a key supporter of, Senator John Tower (Texas-Republican). Tower served in the US Navy between 1943 and 1946 and remained an active member of the US Navy Reserve until 1990. During this period he took a BA in Political Science (1948) and in 1952-1953 travelled to the UK where he studied and researched the organisation of the Conservative Party. A close colleague of Lyndon B Johnson (despite their apparently different political affiliations) Tower was Chair of the Senate Armed Forces Committee and in the 1960s and '70s had a key role in the oversight of intelligence affairs.\textsuperscript{16}

After Swinging Radio England/Britain Radio stopped broadcasting in 1967, the vessel used to host the stations, the Olga Patricia, appears to have been sold to the Zapata Corporation (details at Lloyds List are not certain on this) and renamed SS Laissez Faire. There are reports (unconfirmed and difficult to substantiate) that it remained a mobile broadcasting station into the 1970s off Vietnam and later Cuba. The most significant of the founding figures in the Zapata Corporation was George Bush Snr, then of the CIA, and it is commonly assumed that the Zapata Corporation acted as a direct conduit for CIA funding.

\textbf{Ronan O’Rahilly – counter culture auteur?}

In my essay in \textit{Lobster} 58 Ronan O’Rahilly loomed large as a

\textsuperscript{15} Pierson was both the founder and Chairman of the Abilene National Bank. The Wichita Falls, Texas group of investors all appear to have been oil men or the owners of extensive and profitable car dealerships. See <www.northernstar.no>, <www.johnlilburne.com> and Frances Saunders, \textit{The Cultural Cold War: The CIA and the World of Art and Letters} (1999).

\textsuperscript{16} Tower worked in radio in Texas in the late 1940s. He conducted his research in the UK by interviewing selected Conservative Party activists and officials across the country. In 1966 he privately visited the UK offices of Radio London – it is not clear why.
major figure behind Radio Caroline. His other activities were also touched on in the article but the full extent of these, and how heavily he campaigned against the Wilson government in 1970, only became apparent after the deadline for the publication of the original article had passed.

In 1968-1969 O’Rahilly was riding high on the credibility that he had gained from keeping Radio Caroline on the air for 8 months after the Marine Offences Act had come into force and from the relative success of the first film he had produced, the Marianne Faithful biker movie Girl on a Motorcycle. He had also become manager of George Lazenby, the Australian actor chosen to succeed Sean Connery in the role of James Bond.

O’Rahilly also drank deeply from the well of the US counterculture. In late 1969 he was approached by various members and associates of The Committee, a comedy troupe based in San Francisco that had a reputation at the time for improvised political satire. The Committee operated out of the same building as Ramparts magazine. One of its members, Del Close, was also in Ken Kesey’s Merry Pranksters, as well as being the creative force behind the light shows used by the Grateful Dead. The Committee had devised a film, Gold – a western type farce about some hippies who discover a gold mine and their subsequent tribulations with authority – but had run out of money to complete the venture. They thought O’Rahilly might be able to assist them. O’Rahilly saw some potential in the project and agreed to help get the film into a state sufficient to enable it to be released. He added music from various artists on the Major Minor record label to the soundtrack and provided an image of Radio Caroline that was used at the start of the film. Overtaken by the need to put together a follow-up film for Lazenby after he had persuaded

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17 Private correspondence with Bob Levis, director of Gold.
18 Major Minor funded Radio Caroline in 1967-1968 when it was solely managed by Ronan O’Rahilly. The soundtrack of Gold also features a contribution from Warner Jephson, a contemporary US avant garde composer.
Lazenby to drop out of the Bond franchise, O’Rahilly put work on Gold to one side shortly after he had acquired the 35 mm negative from its director Bob Levis. He also threw himself into the 1970 UK general election when he was responsible for a major campaign that aimed to ensure that a Labour government under Harold Wilson was not re-elected. 19

Wilson called the election on 18 May 1970, with polling day set for 18 June. It quickly became clear that, as well as the usual Parliamentary opposition, Labour would also face hostility during the election campaign from a range of UK ‘counter culture’ groups. An indication of this came on 5 June 1970 when the International Times carried advertisements for ‘Phun City’ a major anti-establishment music and poetry festival. 20 International Times, which had a not insignificant circulation of 40,000, was run by a ‘workers group’ who had taken over its publication in late 1969 after the paper faced prosecution under the Obscene Publications Act for publishing contact advertisements for gay men. The most prominent of this group was Mick Farren, a musician who had recently toured North America with his rock group the Deviants. Farren had returned to the UK as the British representative of the White Panthers, a US libertarian/anarchist group that had been founded by John Sinclair. Sinclair was also manager of the MC5 the premier US political rock band, who had enjoyed a substantial success with their LP Kick out the Jams. 21

19 In September 1967 O’Rahilly gave a press conference in Amsterdam saying that he had been given a secret tape recording by ‘two journalists’ which would destroy the Wilson government if played on the air. He referred to it as ‘The Secret Life of Harold Wilson’ and implied that it would shortly be heard on Radio Caroline. It was never broadcast.

20 The International Times carried a considerable volume of material on UK, US and Dutch politics during its life, as well as in-depth coverage of various radical causes.

21 The MC5 had performed at the events surrounding the Democratic Party National Convention in Chicago in August 1968 prior to the assault on the crowd by the Chicago police.
It is important to remember that when Farren and his colleagues devised Phun City the assumption would have been that Wilson and Labour were about to be re-elected for a further 5 years. The event thus had two aims: to raise money toward the legal costs of the *International Times* obscenity trial and to protest in the biggest and noisiest manner possible against what was regarded by the counter culture as a conformist, pedestrian Labour government that failed to let people (especially young people) express themselves. The venue selected for the event, Ecclesden Common, was on the outskirts of Worthing, an extremely staid seaside town where Farren had been educated. Every major UK recording artist of the time was invited to perform and Farren, via his connection with John Sinclair, also secured the appearance of the MC5 as the headline act.

Even though the festival simply could not be organised in conjunction with Wilson’s electoral timetable, Farren pressed ahead and obtained advance publicity for the event on Radio Caroline International, which broadcast for the duration of the 1970 general election campaign from the Radio North Sea International ship, off the coast of Essex.

Even after the surprise Heath victory on 18 June and the election of a Conservative government, Farren continued with his plans. Captain Henry Kerby MP, within whose constituency the festival site was actually located, raised his concerns in Parliament on 10 July 1970 asking for a ban on all pop festivals.\(^\text{22}\) Four days later the local authority obtained an injunction against Phun City. This caused the various backers to withdraw and, in some disarray, Farren and the *International Times* turned to Ronan O’Rahilly for help. O’Rahilly

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\(^{22}\) Kerby was an interesting figure. A serving officer in MI6 in the 1930s and ’40s, he was active in the Liberal Party before sitting as Conservative MP for Arundel and Shoreham 1954-1971. He held views about the undue influence of the US that allowed him to speak freely to the 1964-1970 Labour government about the (many) plots that it faced.
confirmed that he could assist and arrived on site in his double decker election ‘battle bus’ on 22 July with sufficient finance to pay for some site security and a PA system, but an insistence that the bands and poets due to appear would have to perform for free. He also announced that his company Mid Atlantic Films (producers of Universal Soldier, the George Lazenby-Germaine Greer follow-up to On Her Majesties Secret Service) would film the entire event, thus producing something to equal Monterey Pop or Woodstock in its scope and portrayal of the cultural proclivities of contemporary UK youth. Following O’Rahilly’s guarantees the injunction was lifted and the festival opened on 24 July 1970 with a performance from the Pretty Things. The following day there were sets from the Pink Fairies (who appeared nude) and the Edgar Broughton Band who showcased their successful LP Sing Brothers Sing, as well as their fiercely political polemic single about the 1970 general election, Up Yours. The day concluded with an appearance by the MC5. Events continued on 26 July with performances from Michael Chapman, Sonja Christina (from the cast of Hair) and Mungo Jerry. Farren and his colleagues at the International Times had originally intended an event lasting a week. The severe shortage of funds precluded this and also meant that Phun City was highly disorganised: sanitation was poor and there was nowhere to shelter from the constant rain. The poetry festival (fronted by Pete Brown and William Burroughs) was due to be held in an inflatable dome but the dome failed to inflate and the event was held instead in a tent used for collective acts of worship by a Christian group, from which the poets were quickly evicted (by Hells Angels!) due to their continual swearing. Once the musical events were over most people left the site

23 Another account says that Phun City was filmed by Lion Films. Presumably not O’Rahilly’s company – or did he subcontract the work?
24 Burroughs collapsed with a heroin overdose shortly afterwards and was assisted by various spectators to the medical tent....hence the title of this piece.
and the police arrived in force the following day to disperse those who remained.

Despite its grand objectives Phun City as originally intended was neither a large scale event nor a commercial success. It passed by without causing major disorder and the masses did not take to the streets. It lost £6,000 (the equivalent of £150,000 today) and provided no funds for the International Times. O’Rahilly never produced a film of the event for public release, and it is not clear what became of the extensive amounts of supposedly excellent footage that was shot and seen by some of the participants.

Following the release and failure of Universal Soldier and the abrupt ending of his relationship with George Lazenby as a result of this, O’Rahilly returned to work on Gold. In late 1971 he announced that he was bringing the MC5 back to the UK (they were now without a manager or a record deal in the US) where they would provide material for the soundtrack of Gold, record a live LP, tentatively called ‘Live from Saturn’, and tour extensively. Between January and March 1972 the MC5 appeared at various venues across the UK and recorded their contribution to the soundtrack of Gold. The film was finally released in late 1972 after difficulties with the British Board of Film Censors, who removed an unsimulated oral sex scene and also cut a section where instructions are given to the audience about how to make a petrol bomb. It was shown until mid 1973 at two cinemas in London, one of which was The Windmill, formerly the premier UK venue for nude reviews. The film was not a success and it remains the last celluloid venture from O’Rahilly, who concentrated thereafter on keeping Radio Caroline on the air whilst pushing and promoting – very heavily – the message of the Los Angeles

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25 Nor did Mick Farren’s White Panthers amount to much. They were credited with organising the catering at the Windsor Free Festival in 1972, though selling vegetarian burgers must come some way down the list of revolutionary political activities.
counter culture with his ‘Loving Awareness’ strategy.26

Conclusions – the UK
The opulent life style enjoyed by Leonard Plugge and the colossal advertising revenue generated by Radio Luxembourg would clearly have been a sufficient motivation for many entrepreneurs in the UK to try and establish a commercial radio station from the 1930s onwards, even if their possible political motivations were not taken into account. The sponsors of Radio Caroline – Geoffrey Crowther, Jocelyn Stevens, Max Rayne and Oliver Smedley – shared a number of common denominators: a disliking of government regulation; a belief that broadcasting should be much more a branch of the entertainment industry than a public service; a desire to make – and keep – money; and a general belief that most people in the UK would be better off if the country were more like the USA. These opinions even received a sort of semi-official endorsement in 1962 in an article ‘The Mass Media’ written by Anthony Crosland MP and published in Encounter, which appeared while negotiations were underway between Gordon McLendon, the Radio Church of God and the quartet above to transfer Radio Nord from the Baltic to the North Sea so that it could broadcast to Britain.27

The UK supporters of commercial radio also tended to be at best ambivalent toward and often completely anti-Common

26 O’Rahilly is making a documentary about John F Kennedy, Robert F Kennedy and Martin Luther King. Details of ‘King Kennedy’ can be found at <www.kingkennedy.com> which invites the public to make a donation toward its (eventual) release in exchange for a share in its profits. The film is endorsed by Lord Smith of Finsbury, Joanna Lumley and a number of others and is due to be released at some point in 2010.
27 Although keen on US broadcasting, the UK figures behind Radio Caroline were still too socially reserved for the full-on bombast of the Radio Church of God, which did not feature on the station. Kenny Everett, a prankster DJ, was sacked from Radio London in 1966 for making inappropriate jokes about the Radio Church of God.
Market in their outlook. They were certainly not interested in European type levels of planning, regulation or social provision and implicitly rejected the politics of the Churchill/Eden era – a period of consensus and Gaullist Toryism that they deemed to have failed at Suez. In an ideal world they would have been happy with a return to the free market economics of the 1920s and ’30s and a political system that accommodated this. In the 1970s and ’80s most could be found as solid supporters of Margaret Thatcher.

With hindsight it could be said that they were prominent among those who prepared the way for her. As early as January 1950 – i.e. during the run up to the February 1950 General Election, at which the Attlee government faced its first electoral test – Geoffrey Crowther gave a series of talks on the BBC Home Service entitled What Is Wrong With the British Economy? In 1950, with full employment, UK exports 50% higher than 1937 and a share of world trade that had increased to 25%, the answer was actually ‘not very much’. This being so, what the object was of a series of lectures of this type from an eminent figure is difficult to determine. While making them Crowther (who had an American wife and was editor at this time of both The Economist and Transatlantic magazines) was careful to decry any suggestion that he was seeking to Americanise Britain, but they were very much the starting point of the steady drip of demoralising literature, journalism, political comment and general verbiage on the topic of ‘we can’t go on like this’ that continued until May 1979, and still rears its head today.28 Crowther also played a significant role in 1961 as Chair of the ‘Traffic in Towns’ Royal

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28 Typical titles include Michael Shanks, The Stagnant Society (1961), Eric Wigham, What’s Wrong with the Unions (1961) and Rex Malik, What’s Wrong with British Industry (1964). In Arthur Koestler’s anthology Suicide of a Nation (1963) Malcolm Muggeridge is quoted as saying, ‘Harold Macmillan blowing through his moustache to the extent that “Britain has been great, is great and will continue to be great”. A more ludicrous performance could scarcely be imagined....’
Commission that looked at a range of transport systems – the majority of the examples in its report being US rather than European – and was used by the MacMillan government to justify an expansion of the motorways alongside a drastic reduction in public transport. Mention should also be made here of the Institute of Economic Affairs, the prominent free market think tank co-launched by Oliver Smedley, the Adam Smith Institute founded by Smedley’s business partner Anthony Fisher (the driving force behind the privatisation strategy that began in 1979) and the role played by Jocelyn Stevens at Express Newspapers in promoting the rise of Margaret Thatcher.

Conclusions – the US

But if the potential to make serious money and promote economic liberalism was probably a sufficient motive for the UK backers of private radio broadcasting, were the US government also involved? The first significant ‘pirate’ radio ship in Europe, Radio Nord, was apparently funded by Gordon McLendon, who, then as later, took great care to conceal his involvement. Positioned off the coast of Sweden, Radio Nord was also perfectly placed to reach much of the eastern bloc.

Why was Sweden chosen as a location? McLendon must have known from his own experience with KLIF Dallas and the knowledge within the radio community about the level of expense required to keep the USCGC Courier broadcasting, that a radio ship is much more expensive than a land based station. He would also have known that the supposed target audience (Sweden) was small and advertising revenue, therefore, limited. All this suggests that Radio Nord cannot have been a purely commercial venture and its circumstances fit those outlined in NSC 10/2 as described above. As to why the US government might have been minded to organise – through an intermediary – something like Radio Nord, it is
worth remembering that by 1961 Sweden had been governed by the Social Democrats, a political party in Sweden who were much further to the left than the Labour Party in the UK, for 30 years. Sweden thus represented the opposite of what most people in US politics would have wanted from a European nation. Sweden was also scrupulously neutral and non-nuclear in the Cold War – hardly a position to commend it to successive US Presidents. In these circumstances why not enlighten and influence Swedish youth with a glimpse of US culture?

In 1962 McLendon withdrew Radio Nord from the Baltic and opened negotiations with the UK investors. Any theory about a possible US government involvement in the launch of Radio Caroline (as Radio Nord became) must consider as a motive the extent to which the US, particularly after Suez, wanted the UK run by pro-US centre or centre-right governments. The emergence of figures who were compliant with these requirements (MacMillan and Gaitskell) could be said to represent a success for long-term US strategic goals. By 1961, though, MacMillan seemed in serious disarray, badly behind in the polls and widely mocked by many of the UK intelligentsia. There is also evidence that the spy scandals of 1962-1963 caused many in the US to finally lose patience with their British allies.\footnote{The critical dates in this theory would be the Vassall spy trial (October 1962), the disappearance of Philby in Beirut (January 1963) and the Profumo case (May-June 1963). The US Ambassador attended the Parliamentary debate on the latter in person and cabled back to Washington that MacMillan had become ‘an electoral liability….his replacement cannot be too long delayed….’ MacMillan eventually gave way to the Earl of Home (whom he favoured over R.A. Butler) in October 1963. Home was the uncle of Robin Douglas-Home, a friend of President Kennedy and the business colleague at Queen magazine of Jocelyn Stevens. It was Queen magazine who first broke the Profumo story in its gossip column in 1962.} Coupled with the emergence of Wilson as the next potential prime minister, this may have produced an alarming scenario in the US – the possibility of losing
significant influence over a future UK government. In this context it seems possible that the appearance of both Radio Caroline vessels (neither of which were profitable) was part of a US desire to give the UK a crash course in the benefits of an economically liberal, pro-US society in the run up to the 1964 general election.

None of this proves any involvement by US government or any of its various agencies in Radio Caroline. But with Radio London and Swinging Radio England/Britain Radio, the advanced technology carried by the broadcasting ships, the identities of the backers and day-to-day managers, the implausible explanations offered as to how the stations came into being and their broadcasting format – identical to that used by the stations run by David Atlee Phillips in the Caribbean and Central America – strongly suggest a direct US state involvement.30

Conclusions – the counter culture

Most people were surprised by the result of the 1970 general election. While natural caution and common sense urges us to the view that the pollsters do sometimes get it wrong (and in 1970 opinion polls were certainly less sophisticated than today) the possibility should also be examined that the activities of Ronan O’Rahilly, Mick Farren, Simon Dee and Radio Caroline International may have had a serious impact on the result. Consider the numbers: in 1970 there were 7.5 million UK electors aged 18 to 26, i.e. people who would have been part of the target audience for the ‘pirate’ radio stations between 1964 and 1967. Although no records exist breaking

30 After the demise of Swinging Radio England, Don Pierson spent a great deal of time setting up various ‘free ports’ (i.e. tax free areas) in locations such as Haiti and the Dominican Republic where US investors could earn lucrative returns on hotels, casinos, holiday resorts etc. Some commentators have seen these initiatives as evidence of a US political programme carried out by private sector proxies.

Summer 2010
down the participation in the election by age range on the turnout of 72% recorded on 18 June 1970, it seems likely that between 5.5 million to 6 million young people voted. The difference in votes between Labour and Conservative in this election was only 900,000 (Conservative 13.1 million – Labour 12.2 million). If only 10% of the electors in the 18 to 26 age group switched their votes because of a disenchantment with Labour policy toward the ‘pirate stations’ and youth culture generally, this would imply 550,000-600,000 votes against Labour that might otherwise have been in favour – enough to change the result. In fact even a much smaller number than this would have swung it from Wilson to Heath.

O’Rahilly, who was not shy about making claims on this and other matters, would later say, when interviewed in the 1980s, that in June 1970 he targeted 100 marginal constituencies and distributed 5 million anti-Wilson leaflets. Selecting marginal constituencies is usually a careful and somewhat academic activity and not one – normally – expected from pop music hustlers. Did he have help in doing this? Who paid for the 5 million leaflets? The defeated Labour Party leadership clearly thought there was a case to be answered here. They lodged a complaint about the campaigning activities of Ronan O’Rahilly with the police on the grounds that he was in breach of electoral law (he was) by distributing specifically partisan and targeted material without indicating a printer or agent and without submitting proper expenses. This resulted in a major Special Branch enquiry throughout the remainder of 1970 during which Simon Dee (whose whereabouts were known) was arrested and questioned. But no action was taken against Ronan O’Rahilly (who could not be traced to any UK address). In the end nothing was done about Dee. The extent of his involvement – turning up in a double decker bus, signing some autographs for teenagers and doing some DJ-ing were hardly criminal offences, even if carried out in 100 consecutive marginal
constituencies.

The role played by the Voice of America and the US Embassy in Rome in influencing the outcome of the 1948 Italian election is a matter of record. Can a similar process be seen at work in the UK in 1970?

End piece

How much of all of this did Simon Dee know? He spent 1964-1965 on board Radio Caroline, confined to a ship for 4 weeks at a stretch, in a small cabin, the vessel heaving in poor weather and a great deal of time to think and talk to the US broadcasting engineers, the Dutch crew and fellow DJs. A clip of his being interviewed exists in which he says that Radio Caroline is employing 100 people. Did he wonder who was paying for this? The briefing prepared for Ministers in 1964 when Caroline took to the air states that much of the money behind the venture could not be accounted for and that there was other information that the civil servants preparing the report would prefer to only provide verbally. Dee and O’Rahilly were friends – they had hung around Soho together in the early 1960s. Did O’Rahilly talk freely to Dee about the US background to Radio Caroline?

Dee exited the mass media on 28 February 1970 after an episode of his TV chat show that featured John Lennon and Yoko Ono (promoting their newly released single Instant Karma), Michael X, and George Lazenby (naming the individuals who he considered had killed John F Kennedy). This would be quite something, even today, and is perhaps a measure of how conventional and undemanding celebrity culture and contemporary politics in 2010 have become. In its own way this is perhaps the best obituary Simon Dee could have.

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Enron accounting.....and how to prevent it

Robert Henderson

The failure of the US energy company Enron in the early years of the century and the incestuous relationship between the company and its auditors Arthur Andersen gave a graphic public example of the dangers of relying on company accounts to provide a true picture of the financial state of a company. Enron went from being worth $80 billion to virtually nothing in a year, yet Arthur Andersen kept on giving them a clean bill of financial health right up to the end.

Since the Enron crash, a series of major private enterprise failures has occurred culminating in the catastrophic financial implosion of major banks and their ilk, most notably those in the USA and Britain. Much has been written about the failures of formal regulatory regime for banks and their ilk, but surprisingly little media and political attention has been given to the failure of the part played by the general regulatory rules for business – the audit of business account – in preventing the excesses of the banks: for example, how did the banks’ auditors persistently accept the value placed on the exotic financial instruments which underpinned the sub-prime debt, or time and again fail to uncover fraudulent trading positions of dealers like Nick Leeson?

It is this aspect of failed regulation – the audit of companies – upon which I shall concentrate, an examination which will address the general problems of auditing rather than just those associated with banks.

What is the audit? Any limited liability company in Britain
has by law to be inspected to some degree (the level of audit for very small companies is much less onerous than for the larger ones) once a year by a qualified accountant or firm of accountants. The auditors must either certify the annual accounts as a fair representation of the company’s business or certify the accounts with reservations. Where the accounts are blatantly and seriously flawed, the auditors will refuse to sign the accounts and resign as auditors. Such events are very rare indeed in the case of the largest companies.

The audit regimes of different jurisdictions vary in detail: for example, British companies are required to divulge substantially more financial information than their US counterparts. Nonetheless, the audit regimes in any advanced country are similar enough for statements about auditing problems to be generally pertinent.

Why does the failure of large concerns matter?
Before I turn to the practical difficulties of producing honest and accurate audits, there is a prior question to answer: namely, why is the audit necessary? After all, private enterprises which do not take public money for government contract work are simply risking the money of their shareholders and those who extend credit to them. Pathological free marketers would say that even a large business failure is merely the market at work and that all will come out in the competitive wash. Those not afflicted with this quasi-religious belief will see things rather differently. However, the free market case does need to be answered because of its present dominance in politics. So, why is the failure of a large company so important?

Obviously those who lose money or their jobs through the collapse of a large company suffer. But what about the general population? Why should they care? Indeed, many people shrug their shoulders when they hear of business
failures, thinking, ‘I own no shares, I have no pension with them. I do not work for them. I am not a creditor. It will not affect me.’ In the special case of banks they may be concerned about money deposited; but that fear soon evaporates in a country such as Britain as they discover that the government underwrites either all or a large proportion of their deposits.

Those with this I’m-all-right-Jack mentality dwell in a fool’s paradise. In aggregate, business failures of any size are important to an economy, but a large company going bust is particularly bad news, both immediately and in the longer term. To begin with there is a strong possibility that it will have most of its staff concentrated in a few areas or even in one area. If so, it will cause a local crisis. Structural unemployment on the heroic scale of the 1930s or even of the 1980s and early 90s, when British industries such as coal and steel were ‘rationalised’ almost out of existence, may be a thing of the past in Britain because the country has been cleansed of most of its great manpower demanding manufacturing and extractive industries. But a company can still employ sufficient people in an area to cause severe economic and social dislocation if it stops trading: for it puts out of work its own employees and the employees of firms dependent upon its orders and the local economy as a whole shrinks as purchasing power is reduced. Beyond the local economy, the taxpayer generally suffers because those now redundant pay no income tax and have to rely on taxpayer funded benefits, while the tax take generally in the area is reduced as demand shrinks.

Less tangibly, the failure of a company as large as Enron affects the general confidence of the population. They think, not unnaturally, that if a company that big can go down the pan, what company is safe? When people are unsure about the future they tend to reduce their spending. That deflates the economy. But not only do they fear for their
immediate jobs. If they have a private or occupational pension, they begin to ask awkward questions such as ‘Is it safe?’ Those without pensions as yet ask, ‘What is the point of paying into a pension if it goes the way of Enron’s pension scheme?’

These are very pertinent questions to ask. Private and occupational pensions are heavily linked to the stock market because pension funds tend to hold much of their investment capital in shares. Any large pension fund will be likely to hold shares in many major companies. If a large company fails completely or even does very badly, non-state pensions will suffer. Even state pensions may indirectly feel the pinch because reduced tax revenues due to a slowing economy means that state funding cannot be so generous. Moreover, the failure of large companies has a depressive effect on the stock market generally, which again is to the general disadvantage of pension funds, which hold a large proportion of their funds in equities.

But the ripples spread even further. Companies rely directly and indirectly on the reliability of their audited accounts and the accounts of others. So do credit rating agencies and market analysts. Once confidence in audited accounts falls, then the cost of doing business rises as companies take steps to try to safeguard themselves against losses from honest business failures or outright fraud. They will become more cautious in their business dealings generally. They will attempt to insure against losses. The general cost of borrowing money will almost certainly rise as banks become more wary. New investment may become impossible. This is what caused the Asian Crash in the late nineties. Far Eastern companies looked a good bet from their accounts, but many were far from sound in reality. Once the accounts of a few big companies were exposed as works of fiction, a general collapse in confidence followed and even companies which on a trading level were perfectly sound found their supply of new
capital drying up.

Finally, there is the loss of the capacity to provide of goods and services. A large company may fail through incompetence or fraud rather than a decline in demand for their products or competition from other at home and abroad. If that happens the country and its people lose the opportunity to purchase the goods and services. This may mean either no goods or more probably imported goods at a higher price. In the case of strategic industries, such as microchips or energy, it can also mean a dangerous dependence on foreign suppliers.

A single large failure will not capsize a first world economy on its own, although it can do a great deal of damage: Wall Street lost 2% of its value after Enron collapsed. But often one large failure will signal others. There is a good reason for this: such failures almost invariably occur in difficult economic times, either at the very end of overheated boom or on the downturn. In boom times, incompetence and even fraud can be hidden by a company because confidence is high, money is plentiful and cheap and customers easy to find; legal regulation becomes lax and self-regulation next to non-existent. Financial castles in the air can be and are happily and rapidly constructed. Come recession, the fruits of incompetence and fraud rapidly ripen to the point of collapse and exposure. If one large company has been caught by incompetence or fraud, you may bet the farm on a number of others having fallen into the same trap.

If audits are fair and accurate, the chances for reckless or criminal behaviour are greatly reduced. That is why they are essential to the efficient functioning of economies which are predominantly capitalist. The problem is that time and again audits fail to be either fair or accurate. To understand why this is so we need to understand the reasons and methods of those within companies who would act dishonestly or
incompetently, the process of auditing and what practical steps can be taken to prevent abuses by both directors and auditors.

**Why false accounting happens**

False accounting occurs for two general reasons. The first is the ‘honest’ reason: accounts are falsified simply to keep a company afloat. This is very common. It may often have a moral slant to it as many employers who own the companies they run have a genuine sense of responsibility towards their staff as well as their own interests.

The other reason why accounts are falsified is fraud for the direct benefit of the individual. This has three basic forms. The first is when the directors of a company dishonestly influence the price of shares through the provision of false information to hide the poor performance of a company and persuade shareholders and suppliers that it is still a viable and attractive going concern. Higher share prices and misleadingly favourable accounts can also trigger very large bonuses and share options.

The second form of fraud is the direct attempt to steal the assets of a company. This often occurs in cases where directors are all in the know and have started off falsifying the accounts to keep a company afloat. They get to a stage where it is obvious the company is going under and the directors suddenly take what they can and run. However, it can also be fraud which consists simply of taking money or assets by one or more people – who need not be directors – without the directors as a whole knowing that fraud is being perpetrated.

**The incestuous relationship between auditor and audited**

The relationship between auditor and audited can be very close regardless of the size of a company (private limited
companies with few shareholders are very prone to having a
tame auditor, especially family-owned businesses). In the case
of very large companies the relationship between company
and auditor becomes very incestuous. Very few firms of
accountants have the capacity to perform such audits: in
Britain perhaps three or four could handle a company the size
of Enron. This means that the same handful of accountancy
firms carry on auditing the larger companies more or less
regardless of their performance, simply because there is no
one else to do it. For the same reason governments are
reluctant to act against such audit firms no matter how they
behave, because to do so could result in audits for the largest
companies becoming a practical impossibility. There is probably
not one large firm of auditors in Britain which has in the past
30 years not been involved in some serious failure to uncover
financial wrongdoing.

The primary problem with the audit as a regulatory
instrument is that the auditor has a vested interest in keeping
the company audited sweet because there is money in ‘them
thar audits’. Auditors go from year to year or even decade to
decade with the same companies, happily drawing their
auditing fees, which can be very substantial in a large
company: Enron paid Arthur Andersen $25 million for their last
audit. The incentive not to kill the goose that lays the golden
egg is obvious, and the auditor may be tempted to turn a
blind eye to irregularities ranging from trading whilst insolvent
to outright and wilful criminality.

Accountants will often tell you there is no money in
auditing. Well, up to a point, Lord Copper. As auditing is a
statutory requirement and qualified accountants have a
monopoly of the work, there is little excuse for auditing not to
be profitable. Indeed, at the smaller end of the trade, auditing
is a staple of an accountant’s practice. The larger the
company, the more complicated matters become. Small
companies frequently have their accounts audited by their
accountant and little else done. Large companies commonly purchase a range of non-audit related services from their auditors, for example, management consultancy and sophisticated accounting and financial services software. (Enron paid more in consultancy fees – $27 million – to Arthur Andersen than they paid for their audit.) Auditors will drop the price of the audit to entice the customer to buy the non-audit services. The audit may even appear as a ‘loss leader’ in the audit house’s ledgers. But of course it would not be offered at a ‘loss leader’ price if the other non-audit fees were not forthcoming. It does not require much imagination to see that such non-audit fees are going to end if the accounts being audited are not passed as satisfactory. It is worth adding that amounts paid by large companies to auditors for non-audit services are small compared to the value of the businesses they audit and the financial resources they command. What, after all, was $27 million Enron paid Arthur Andersen for consultancy work in their last trading year when compared to the billions Enron commanded?

Why is this laxness tolerated? Because the government cannot act, even in a purely legislative sense, too harshly against auditors for they know that if they make the rules for auditing too onerous, it may dissuade so many accountants from undertaking audits as to make the legal requirement to have accounts audited a practical impossibility. In the case of those accountants auditing the largest companies, there is a particular problem because none of the accountancy practices which have the capacity to undertake such audits has clean hands. If the largest audit firms were brought to book for their failures to audit meaningfully, the government might as well relieve the largest companies of their obligation to be audited for there would be no one left to do it.

The sad truth is that whatever regulatory legislation a government might pass to improve audits would be virtually a dead letter in practice if the audit profession does not wish to
play ball. Government does not have the capacity to meaningfully police auditing and could not in practice acquire it. Because of the technical expertise required, the only people who could do it are accountants and they are never going to work as paid government employees in any numbers. That is so because accountants in private practice can both earn much more than public service could possibly offer and be their own masters. (This is a general problem for public service with jobs which require expertise with a high value in the private market.)

But even if sharp accountants could be persuaded to work for the government, their numbers would always be vastly less than the numbers needed to police audits meaningfully. In fact, the active policing of any law involving a fraud is always something of a confidence trick because the numbers of fraudsters are invariably vastly greater than the forces the state can muster against them.

**How collusion may arise between auditor and client**

The turning of a blind eye to irregularities may happen tacitly, that is both auditor and the company to be audited understand what the ‘deal’ is without anything being said: you get the fees, we get the clean bill of financial health. However, outright conspiracy between the auditor and the audited to suppress the true financial state of the company must happen reasonably frequently because apart from those instances which result in criminal charges, there are so many cases of publicly reported company failure which involve such dramatic failures of auditors to qualify accounts that it is difficult to imagine they are down to simple negligence or incompetence. In Britain think of the failure of auditors to unmask the corrupt behaviour of Robert Maxwell (Mirror Group), Asil Nadir (Polly Peck) and BCCI.
Such a conspiracy might include all the partners in a accountancy firm or just one. Where a large company is audited, the number of people required to carry out the audit is substantial. There is consequently a good chance that irregularities will be known to quite a number of people and a conspiracy might seem impossible to keep within the conspirators. However, most of the people who do the physical auditing are not partners or even qualified accountants, accountancy trainees being commonly used as the auditing footsoldiers. Such people have a vested interest – progressing their careers – in keeping quiet if they think the audit is being conducted dishonestly and also lack both the expertise to unravel fraud and the access to the overall audit data, which access often may be necessary to see a fraud.

Is it possible to audit companies meaningfully?
The problem for the auditor is how to balance the time available for the audit with the amount of data to be audited. As the data for a company of any size always vastly exceeds the time available all an auditor can do is sample the data. But that is only the start of his difficulties. Take the most basic act of auditing, comparing one document with another to verify that a transaction has taken place. The auditor checks one against another, say an electronic record against a paper invoice. One substantiates the other. What then? Does the auditor simply take the records at face value or does he institute further checks such as contacting a supplier of the audited company to see whether an invoice ostensibly from the supplier was actually issued by the supplier? The norm is that records which seemingly corroborate one another will be taken as genuine because the auditor simply does not have the time to check further all of the documents he inspects. The best that can be done is to investigate more fully a sample of the documents the auditor has chosen for inspection. But that
means he is down to investigating a sample of a sample, and even if he does it rigourously, the chances of discovering that data has been falsified are pretty slight because most frauds will only affect a small part of a company’s records. Interrogation software can be used to go ‘data mining’ on computerised records, but the best one can ever do with the manual data (which is probably the most easily identifiable source of irregularities) is sampling. Moreover, even where computer files can be interrogated efficiently – something dependent upon the IT skills of the user – that produces another sort of problem: the large volume of extracted data to be scrutinised. There is only so much time and effort that can be put into an audit.

If the directors are determined to obstruct an audit by supplying false or incomplete data, as Enron routinely did in the most complicated and opaque manner, I doubt whether it is possible to meaningfully audit a company of any real size, let alone one as enormous and as complicated as Enron. Their main accounting trick was the creation of fictitious revenue by setting up a complex chain of dummy companies, that is, companies owned and controlled surreptitiously by Enron, which pretended to trade with Enron as independent customers and the hiding of debt in those companies. A satirical e-mail which did the rounds at the time of the Enron collapse was perhaps not far short of the mark:

**Capitalism** – You have two cows. You sell one and buy a bull. Your herd multiplies, and the economy grows. You sell them and retire on the income.

**Enron Venture Capitalism** – You have two cows. You sell three of them to your publicly listed company, using letters of credit opened by your brother-in-law at the bank, then execute a debt/equity swap with an associated general offer so that you get all four cows
back, with a tax exemption for five cows. The milk rights of the six cows are transferred via an intermediary to a Cayman Island company secretly owned by the majority shareholder who sells the rights to all seven cows back to your listed company. The annual report says the company owns eight cows, with an option on one more.

But whatever the size of company, the auditor is always at the mercy of his client in the sense that he can only work from the data the client gives him. If a false set of plausible ‘books’ is presented there is not much an auditor can do in practice because of the constraints of time and money. And a false set of ‘books’ is all too possible these days because computers have made the business of falsifying records a doddle. Keeping two sets of books manually involves considerable effort; with computers all that needs to be done is keep two separate accounts programs running, one truthful, one bogus. Moreover, with computerised systems changes to hide fraud can be made without leaving the obvious telltale signs of alteration commonly found within manual systems such as rubbings out, pages torn from ledgers, obvious attempts to change data and other evidence of human interference.

Computers also affect the veracity of paper documents. As a reasonable stab at counterfeiting banknotes can be made using run of the mill IT equipment, it is not difficult to imagine how easy it is to forge other documents which have no security features built into them.

Suppose I want to forge an invoice from a regular supplier to account for money which in reality has been siphoned off illegally. I take an actual invoice from the company. I scan it in and then use a graphics package to remove the original sales data and to put in the false data. I then print out the forged invoice (using similar paper to the
original) which for all the world looks like the other genuine invoices I have from the supplier.

There is also the problem of the auditor’s ability as an investigator. Investigators like salesmen, are born not made. You can make a natural investigator better by training and giving him experience, but you can never make someone without the natural talent a good investigator. That is because an investigator must be someone with initiative, someone who does not require a textbook to tell them what to do. Many auditors frankly do not have that quality in any great degree and are literally incapable of conducting a serious investigation rather than a ‘tick and turn’ inspection, that is merely satisfying an audit by taking things at face value. Indeed, the type of personality which makes a good technical accountant – attention to detail, accuracy in small things etc – may mitigate against him being an efficient investigator. As already mentioned, it is also true that the least able and experienced members of an accountancy firm are put to audit work, while the more able and experienced do the consultancy work.

The scarcity of IT skills

Even after 20 years of computerised accounting systems being the norm, auditors all too often lack the computer skills needed to interrogate electronic data in a sufficiently sophisticated manner, something which is far from simple for even someone with good IT skills when they are dealing with an unfamiliar computerised records and accounting system. It could be argued that such skills should be made mandatory for auditors dealing with large companies with complex computerised accounting systems. That idea, like many a legislative wheeze, sounds attractive at first glance. The problem is that people with such skills are thin on the ground and very costly. If the employment of such people were made mandatory, large firms of auditors might well be unable to
employ the staff they need. That in turn could lead to the auditing of all limited companies becoming impractical.

But let us assume for the sake of argument that there were sufficient people with IT skills and they could be enticed to work for auditing firms, what then? Very few of those IT competent people will also have the accountancy skills needed to properly perform an audit. Nor is it probable that sufficient people could be trained to have both at a high level because the dual training would simply take too long and be too costly. Consequently, auditors without high level IT skills would often have to work through IT specialists without accountancy skills. Apart from the immense cost implications of this, there is also the problem of meshing the IT specialist and the accountant together. As any systems analyst will tell you, the point in the creation of a new system where things are most likely to go wrong is the process of the computer illiterate customer telling the systems analyst what he wants of the system he is asking the systems analyst to design. Accountants without advanced IT knowledge are all too likely to ask for things which do not produce the data they want.

**The responsibilities of directors**

Directors, both executive and non-executive have legal obligations to take all reasonable steps to ensure that their company trades within the law. That obligation includes the presentation of an honest set of accounts.

Directors cannot be passive and automatically escape the consequences of any criminality or gross incompetence. Ignorance of wilful criminality or of gross incompetence in maintaining records adequate to show the true financial position of a company, does not excuse directors from their obligation, although it may be enough to save them from criminal charges.

Directors have limited liability in normal circumstances.
However, if it can be shown that the directors have not met their legal obligations as directors, for example criminality is proven or inaccurate records have resulted in a company making a loss, their limited liability can be removed. However that is extraordinarily rare which suggests that either the law is inadequate or there is a tacit understanding amongst those with the power to take action to remove their limited liability, especially the large pension and other managed funds, that pursuing individual directors would not be playing the game. As we shall see the law would appear to be adequate if it were only enforced.

Nowhere is this reluctance to act better seen than in the aftermath of the banking crisis which caused the present recession. Not one of the directors of the Royal Bank of Scotland or HBOS has been subject to criminal or civil action. Being a banker is a small-risk occupation for those at the top. As the Government almost invariably steps in when it is a bank going bust, being a banker is a one way bet: the bank makes money, you get the vast remuneration: the bank fails, the taxpayer steps in and you do not suffer any punishment such as summary dismissal, the removal of limited liability if you are a director or criminal proceedings, but instead leave with a massive payoff at worst

Section 174 of the 2006 Companies Act details the duties of the directors as follows:
(1) A director of a company must exercise reasonable care, skill and diligence.
(2) This means the care, skill and diligence that would be exercised by a reasonably diligent person with —
   (a) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the director in relation to the company, and
   (b) the general knowledge, skill and experience that the director has.
How can the directors of RBS, HBOS, Lloyds TSB and Northern Rock be said to have met these requirements? Lloyds TSB have even admitted that inadequate due diligence was done before the take-over of HBOS. Yet there has been no suggestion of taking criminal or civil action against them.

There is also the question of general competence. The alarming truth is that the executive directors of the banks almost certainly did not understand the complex financial packages being devised by their investment arms which led to the crisis. On 10 February 2009 the recently removed executive directors of the RBS and the HBOS appeared before the Commons Treasury Select Committee: Sir Fred Goodwin (ex-RBS chief executive) and Sir Tom McKillop (ex-RBS chairman), Andy Hornby (ex-HBOS chief executive) and Lord Stevenson of Conandsham (ex-HBOS chairman).

During their examination by the committee, each of the four directors on show was asked to detail their formal banking qualifications. All four had to admit that they had none. I am generally an enemy of credentialitis, but in this case technical qualifications are necessary to ensure that the directors understand the very complex financial instruments being used and the exotic accounting practices employed by large corporations. If failure to understand such things does not amount to gross negligence what does?

The Companies Act allows shareholders, subject to the agreement of a court, to sue directors for negligence, default, breach of duty or breach of trust. No attempt has been made to removed their limited liability to allow this to happen. Nor, as far as I can discover, has any attempt has been made to get bank directors banned from holding directorships in the future. Why have the institutional shareholders not started such legal action to remove limited liability from directors so they can be sued? Why has no politician raised the possibility of banning ex-bank directors from being directors in the
future? The only plausible reason is the tacit class interest encompassing politicians, bankers and large institutional investors, the last being the only non-governmental people generally with the financial muscle to fund actions to remove the limited liability of directors. There is a simple legal way to stop them enjoying the fruits of their ill-gotten gains: remove their limited liability and ban them from holding directorships for life.

As for criminal charges, I wonder if something could not be done under the laws relating to fraud. There must come a point where recklessness behaviour becomes fraud because the director knows they are taking chances which will most probably not come off. For the future we need a law of reckless endangerment which would make any director who endangered a bank or allied institution through their criminally reckless behaviour to be punished by the criminal law.

Far from being punished, bankers who have left the banks they have helped ruin have received gigantic payoffs to reward them for their incompetence. The case best known to the public is that of Sir Fred Goodwin of RBS who originally was to receive an immediately payable pension of more than £700,000 per annum (since reduced to a more modest £400,000 odd). But he does not stand alone. To take a couple of other examples, according to the Telegraph (27 February 2009) ‘Eric Daniels, the chief executive of Lloyds Bank, which has accepted tens of billions of pounds from the Government, could receive almost £10 million in pay, perks and bonuses this year’, while Adam Applegarth, the chief executive of Northern Rock when it failed, a bank so badly damaged that it is now wholly owned by the British taxpayer, reportedly trousered £760,000.¹

When it comes to human behaviour, it is always risky to say that something has never happened, but I will stick my

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¹ Tony Undercastle, ‘Northern Rock boss to get £760,000 payoff’, Daily Telegraph 31 March 2008
neck out and say that there is no instance of a director of a large public company audited in Britain ever publicly blowing the whistle on criminality or recklessness verging on criminal irresponsibility and getting the backing of their board to publicly expose what was going on. I think one would even be hard pressed to find a director of such a company who has publicly exposed breaches of the law or recklessness on his own authority whilst still sitting on the board. In the case of Enron a so-called whistle-blower, Sherron Watkins, was not in fact a public whistleblower. She merely told senior Enron executives that massive debt was being hidden. When the senior executives did nothing, she followed their lead and kept quiet until after the company collapsed.

**Non executive directors**

The sinecure is alive and well in boardrooms. Non-executive directors are meant to bring some particular benefit, for example contacts or expertise, and a certain independence of mind to a board. In practice, and especially with large companies, non-execs have a pretty dismal record of bringing neither particular benefit nor independence of mind to their position. Where were Enron’s non-execs when what appears to have been outright fraud was being practised? How did Robert Maxwell manage to perpetrate the frauds that he did within the context of public limited companies packed with non-execs? What were Marconi's non-execs doing as the management, through sheer recklessness, reduced a company worth £30 billion, with a cash balance of £3 billion, to one worth less than £1 billion with £4 billion of debt within 18 months in the 1990s? More dramatically why did the bank non-execs fail so spectacularly to raise concerns about the exotic financial instruments and other reckless behaviour which led to the banking collapse of 2008? They were at best simply drawing their salaries whilst doing as little as possible.
The truth is that non-execs in the vast majority of cases are no more than PR wallpaper. The case of the former Tory Minster, John Wakeham, is instructive. Wakeham is an accountant by training with considerable commercial experience before he went into politics. Not only did he accept a non-exec directorship with Enron, he also agreed to chair Enron’s audit committee. In theory, Wakeham was the ideal non-exec. He had particular expertise (accountancy), contacts (politics) and was not dependent on Enron for his main remuneration. Apart from his position as Press Complaints Commission chairman (for which he received £150,000) Wakeham also held 16 other non-exec directorships. Yet it did not make a blind bit of difference. Enron and their auditors were able to do what they did without a peep from Wakeham.

Wakeham’s situation when he was with Enron also raises a very interesting question: how it is possible for any person to head the PCC and hold as many directorships as he did (and Wakeham is far from being the champion in terms of numbers of directorships) and meaningfully satisfy his obligations as a director? Common sense says it is not possible, even for the most conscientious and able man.

But non-execs are all too often not conscientious or able. They sit on boards to lend their names (a title is always very useful on the letterhead) and to give the illusion that a company is being properly scrutinised by those not involved with its day-to-day management. The non-exec in return gets handsomely rewarded for doing very little and making even fewer waves.

How are non-execs appointed? The Old Pals Act is the answer often enough. In the case of very large public companies there is a ‘magic circle’ of non-execs who circulate around the companies.

What can be done to improve matters?
When one contemplates the practical difficulties involved in policing fraudulent or grossly incompetent behaviour by directors and auditors, the temptation is to throw up one's hands in despair. Yet something radical clearly needs to be done, for at present directors can act negligently or even fraudulently with near impunity. (If you want to be a fraudster with little chance of going to prison, go into business on your own account.) If you maintain at least the semblance of attempting to trade normally, generally you will be safe from criminal prosecution. If action is taken, the worst that can happen is normally a ban for a few years from being a director of a company, although in practice this is often a dead letter for very little check is made on their future employment. They may not formally be directors, but all too often they are to be found controlling companies through nominees (if the companies are small) or are employed as consultants.

How can matters be improved? Consider the practical restrictions within which any state-prescribed audit must exist. The state could never undertake the business of auditing itself because it would be impossible for the state to employ accountants in sufficient numbers to undertake the auditing. Nor, for the same reason, can the state police audit even to the degree that it can make checks on the deduction of VAT or income tax under PAYE. The best the state can do is investigate after the damage is done; and even then the lack of accountancy expertise directly employed by the state means that the state has to rely largely on accountants in private practice to undertake the work of investigation.

If a regulatory system is reliant on private individuals – the directors, auditors and suchlike – to behave honestly and competently but cannot make any meaningful general check on them, the only course left is to work on the minds of such people. The most potent way to do that is to make the penalties for fraud and incompetence by directors and auditors severe and their application exemplary, which means prison,
heavyweight fines and banning them from any position of responsibility within a company for substantial periods, including life in the worst cases and any director who has liquidated three companies. The same willingness to prosecute should apply to any other person involved in a gross misrepresentation or outright fraud connected to a company: for example lawyers, credit agencies, financial journalists, and politicians. In addition, the state should provide the means to pursue civil actions for damages against those who defraud or act without due diligence. The strongest incentives they can have to behave properly are convincing threats of imprisonment and personal financial ruin.

If the removal of limited liability is to be effective, the ability to recover assets passed to family members and any other third party by a director must be greatly improved. At present all that can be done is to try to show that the assets passed to a third party were passed simply to keep the assets from the director’s creditors, something which in practice is the devil’s own job. What is required is a law that would allow assets to be seized if the third party could not show they had acquired them in a manner other than by receiving them from the director in question either directly or indirectly. (A frequent ploy by directors who own all or much of a business is to pay a third party, normally the wife, substantial remuneration for work they do not do.)

I would also advocate a new criminal offence to deal with situations where a prosecution is presently difficult or impossible because the directors are claiming gross incompetence to explain the collapse of a company or the unexplained disappearance of company assets. Directors should face criminal charges for such failures as inadequate or missing records as and the inability to account for missing company assets. These should be strict liability offences: that is offences where intent does not have to be proved merely the fact that something has or has not been done.
The position of non-executive directors needs to be tightened. As many of them do little more than lend their names (and sometimes their titles) in the manner described by Trollope in *The Way We Live Now*, the complete banning of non-execs would be no great loss. Any particular expertise a company needs can be brought in at non-directorial level. The same applies to people with contacts. The same applies to general independent advice on running the company.

The argument that non-execs provide oversight is unsustainable because they rarely if ever blow the whistle on corporate misbehaviour. Nor, as the example of British banks has recently shown, do they often have the expertise to understand the business they are supposedly overseeing. There might be a case of a small number of independent non-execs voted for by the smaller shareholders (to exclude the class interest between directors and the big managed funds), but the problem there would be whether sufficient people with the right expertise could be found to fill such roles.

It might seem logical for audit firms to be restricted to auditing work. That sounds fine in theory but it raises two severe practical problems. The first is obvious: what if insufficient accountants are willing to set up audit-only firms? Obviously the system of audit as we know it would collapse. That problem could conceivably be overcome by the government using taxpayers’ money to pay audit-only firms a substantial retainer to add to their audit fees to make the work worthwhile. However, even if that did work, such a solution is unlikely to overcome the second problem, at least for the larger audit firms. Bright young would-be accountants, particularly with the larger accountancy practices, join because of the variety of work which is available. This provides them with not merely a good accountancy background but also valuable general management and business skills. An audit-only company would not provide such a background. It is also true that audit work is pretty dull.
What could be done instead of having audit-only firms? A halfway house is possible. Auditors could be forbidden by law to offer other services to a company they are auditing. That will mean they have to adjust their audit and non-audit fees, but is a practical suggestion. It would of course leave the problem that only a small group of audit firms can handle very large companies. That can to a degree be addressed by especially strict oversight of the auditors of such companies, but it will always be a problem. The application of penalties should be auspiciously rigorous where collusion or fraud occurs in such companies and audit firms.

Insolvency law needs to be enforced more strictly. However, that does present difficulties. In theory, a company unable to meet its debts is insolvent and should cease trading; but few if any companies have not been technically insolvent at some time, not least because trade is often strongly seasonal. But if that was the standard by which businesses operated the economy would collapse. What businesses do is trade while they have reasonable expectations that debts will be met in the course of normal trading fluctuations or they believe they have the ability to raise fresh capital through such devices as bond and rights issues. Of course, what constitutes a reasonable expectation is debatable and that gives great scope for interpretation by auditors as well as directors. The line between fraudulent trading and misjudgement of a company’s circumstances is not always an easy one to discern. However, there are many blatant examples of companies going into administration or liquidation with debts which are simply so overwhelming that it stretches credulity well past breaking point to imagine that the directors had any reasonable belief that they could trade or borrow themselves out of an insolvent situation. (Think of Portsmouth FC.).

It is also important to realise that the audit at present is a narrow exercise designed to assess the past financial year.
It is not meant to judge the broader viability of a company such as its longer term potential to trade legally. There is a case for giving the auditor responsibility for making broader judgements, for example, whether a company’s borrowing is such as to overwhelm it with a slight change in circumstances, for example, a hike in Bank Rate.

But no matter what steps are taken to enforce penalties against directors or to improve oversight, the policing of private business, like all other policing in any society with pretensions to be free, involves a large dollop of public consent. It relies on the honesty and good will of both those running a company and those with the duty to check the financial state of a company. Consequently, the general moral tenor of a society will to a considerable extent determine the volume of dishonesty in business.

The fact that at present directors rightly believe that they have little chance of being held responsible for their incompetence or criminality means, quite naturally, that they are more likely to behave in such ways. But their propensity for doing so is also bolstered by thirty years of laissez faire propaganda by businessmen, academics, politicians and much of the mainstream media which has promoted the idea that state regulation is an evil, that the ‘free market’ will police itself in a way ultimately benign to society as a whole and that Gordon Gecko’s ‘Greed is good’ is by implication a worthy aspiration for everybody. That has created a moral vacuum which desperately needs to be filled. We need to get back to the idea that honesty is not merely a moral virtue but a necessity for a stable and prosperous society. Enforcing the law more assiduously and creating new laws where necessary, is one way to achieve that. Another is for politicians to stop their uncritical acceptance of so-called free markets (in reality, state controlled markets through anti-monopoly laws and privileges such as patents and limited liability) and start advocating a more pragmatic and broader
approach to economic policy based on what actually happens rather than what an ideology tells them will happen.

Robert Henderson is a retired civil servant. His account of being harassed and smeared by the British state for the ‘offence’ of writing letters to Tony and Cherie Blair was in Lobster 45.
The departure of the Lib-Con government’s Chief Secretary to the Treasury, David Laws, must cause a little alarm to other ministers whose expense records are held by *The Daily Telegraph*. Will their own financial affairs be revealed at critical times for the new coalition, they must be wondering. But for Laws, the co-editor of the Lib Dems’ *Orange Book*, who set himself up for a political career in Lord Ashdown’s old Yeovil seat after making a pile with JP Morgan and Barclays de Zoete Wedd, the press coverage was broadly sympathetic. Most of the media support the coalition, and so while accepting he had to go after the revelation of the £40,000 rent payment from the taxpayer, most still think he can a make a ministerial return following the New Labour precedents of Peter Mandelson, David Blunkett, Beverley Hughes and Peter Hain.

Some journalists went further in their support for Laws. While his partner Matthew Parris was touring the studios urging Laws to stay on, *Guardian* columnist Julian Glover wrote twice in two days in support of the Yeovil MP. Before his departure Glover wrote: ‘The story of David Laws has an uncomfortable echo: the downfall of BP’s former chief executive John Browne.’ After he went, Glover described Laws as ‘this man of exceptional nobility’.

Readers who want to assess Glover’s comparison with Lord Browne may care to read the judgment in that case of Mr Justice Eady, a man not known for upholding the press’s right...
to free expression in privacy matters. Those who want to weigh the ‘exceptional nobility’ of the former Chief Secretary, ‘Mr Integrity’, according to Ashdown, might start with this – <www.yeovil-libdems.org.uk/news/press/1305.htm> – from his recent Yeovil election campaign.

**Vanunu**

Little reported in most of the Western press was the jailing once again of Mordechai Vanunu following a May decision by the Israeli Supreme Court. Vanunu, who served 11 of his 18-year sentence for revealing Israel nuclear secrets to *The Sunday Times* in solitary confinement, was released in 2004. But after speaking to the foreign media in 2007 he was re-arrested and, after a lengthy trial, was sentenced to community service. Vanunu refused to carry this out beyond the boundaries of Arab east Jerusalem, the only part of the country where he feels safe. His lawyer, Avigdor Feldman, said: ‘All he has been accused of is talking to strangers, not revealing any new secrets. It is surely time he was allowed to lead a normal life.’

**Sweet FA**

A rather lower level of punishment came the same week for Lord Triesman, the former New Labour Foreign Office minister under Tony Blair. The ex-communist multimillionaire, a close friend of New Labour fundraiser Lord Levy, and the party’s general secretary between 2001-3, had been appointed chairman of the Football Association in 2008. His loose language about other football associations recorded by a young woman he thought was a friend was splashed in *The Mail on Sunday* the week after the general election. His

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1 It’s at <www.timesonline.co.uk/tol/news/uk/article1732379.ece>
resignation from the FA and from heading England’s 2018 World Cup bid swiftly followed. Some of his friends complained about personal intrusion. His critics will also remember that as Labour Party general secretary Triesman led the ‘anti-semitism’ charge against the *New Statesman* when it attempted to investigate the links between Israel supporters and New Labour.

**An improper Charlie**

Another Blair crony facing punishment but this time attracting minimal publicity was Lord Falconer. Once the country’s senior law officer, Falconer was caught doing 40mph in a 30mph zone and landed a six-month ban in May under the totting-up procedure as he already had nine points on his licence. Tough on the causes of crime?

**Once is luck. Twice is.....spooky?**

Nervous frequent flyers might wish to take note of the travel planning of the family of Radek Sikorski, the former Rupert Murdoch man who is now Polish foreign minister. He was one of the few senior Polish figures not to be on the ill-fated plane to Smolensk that crashed in April, killing all aboard. Sikorski’s wife, the former *Evening Standard* and *Spectator* journalist Anne Applebaum, was booked in 1988 to fly on the Pan Am 103 flight that came down over Lockerbie. ‘About a week before the flight, however, I postponed my trip simply in order to stay a day longer with friends in Oxford,’ she has written.

**LFI = Liverpudlian Friends of Israel?**

Suspicous minds might think there is rather less of a coincidence in the late sorting out of safe constituencies that
allowed Harriet Harman spouse Jack Dromey, 60, to inherit the safe Birmingham Erdington seat from 42-year-old Sion Simon, a recent New Labour minister for the creative industries. Simon, like Applebaum a former Conrad Black columnist, became known in 2006 for mimicking a David Cameron webcast. He claimed to be leaving Parliament to seek election as mayor of Birmingham. At the same time, Simon’s partner, Luciana Berger, 29, was parachuted into the safe seat of Liverpool Wavertree. Berger, whose ignorance of legendary Liverpool manager Bill Shankly caused a flurry of negative local publicity, is the former director of Labour Friends of Israel (LFI). In the adjoining Riverside constituency is LFI deputy chair Louise Ellman and in the equally safe Liverpool West Derby Labour selected to return to Parliament Stephen Twigg, a former chair of LFI.

Duty calls

SDP founding member Roger Liddle (Lobsters passim), exposed by Greg Palast in 1998 as a commercial lobbyist while being on the No 10 payroll as a defence and Europe adviser, has now become a Labour peer, joining his life-long pal Lord Mandelson. Sitting alongside them will be Jeremy Beecham, the Newcastle councillor and former chair of the Local Government Association. He's another old friend of both Mandelson and David Abrahams, the curious Labour Friends of Israel figure behind the New Labour funny money which passed through the unknowing hands of nominal donors into party coffers. Dianne Hayter was party chair when this was ‘investigated’. She’s now in the Lords, too.

As is former Truro Lib Dem MP Matthew Taylor. Retiring from the Commons at the general election he told the BBC on 10 April that Parliament was ‘spectacularly unsuccessful. I

2 <www.youtube.com/watch?v=EPNgTJGHT_w>
won’t miss it at all’.

**Lest we forget (1)**

The revealing Channel 4 Dispatches film showing former New Labour luminaries salivating at the prospect of post-election lobby earnings failed to mention the man to whom many of them owed their political start – Neil Kinnock. Patricia Hewitt was press secretary to Lord Kinnock when he was the unermined leader of the opposition, and from there launched herself into a safe Labour seat and Blair promotion. Stephen – ‘cab for hire’ – Byers and the hapless Geoff Hoon both became MPs when Kinnock was exercising strong influence over parliamentary selections. Lady Morgan was an ambitious apparatchik at Labour Party HQ at the same time, rising to No 10 heights under Tony Blair. Kinnock’s kitchen cabinet as Labour leader comprised Hewitt, Charles Clarke (now a defeated New Labour MP), Lord Mandelson of Foy and Hartlepool, and, of course Robert Maxwell’s favourite and much-favoured journalist, Alastair Campbell. Lord Kinnock, you have earned the thanks of a grateful nation.

**A new kind of left?**

Two lesser names from the Kinnock era are still influential Labour lights, for what that might be worth these days, and both were made peers in Gordon Brown’s dissolution list. Sue Nye, who has served most Labour leaders since Jim Callaghan, was the woman blamed by Gordon Brown for introducing him to the ‘bigoted’ Rochdale pensioner Gillian Duffy. She has reportedly worked for free for Brown for years, money presumably not being a pressing concern for the wife of a former Goldman Sachs chief economist. Anna Healey was an early recruit to the New Labour cause, working as a junior
press officer to Mandelson in his Labour HQ days. She subsequently worked for Jack Cunningham and Mo Mowlam among others. Today she is better known as the wife of Jon Cruddas, styled by the media soon after the election as the ‘left-wing’ candidate for the Labour leadership. This may be his new claim to fame, but having worked as a party official to shift the party rightwards under two general secretaries and then as a No 10 adviser to Tony Blair, his past, like that of his wife, is resolutely New Labour.

A safe pair of hands?

After 13 years as a New Labour MP, many of them as a financial minister, Ruth Kelly has returned to the banking world – she spent pre-parliamentary time with the Bank of England – whence she came before 1997. She chose not to defend her narrow majority in Bolton West and is now safely ensconced as a managing director at HSBC.

Before the Bank and without any previous journalistic experience she was hired by The Guardian newspaper. This was around the same time that similar reporting neophytes Ed Balls and Yvette Cooper were taken on by the FT and The Independent respectively. After the election she told her old paper: ‘We are going to have to rely on the banking industry to haul the world economy out of recession so I am very excited about joining such a respected global institution with such an important role to play in the future.’

Lest we forget (2)

The recent death of British-born David Kimche reminds us that there were days when Iran was not top of Israel and America’s ‘axis of evil’ hit list, but rather the means of lubricating the foreign policy interests of both. Mossad
founding father Kimche was a key figure in setting up the 1985 US arms-for-Iran deal when President Ronald Reagan was needing to find a way to finance the Contra rebels in Nicaragua after the US Senate ruled such funding illegal. Israel supplied the weapons and Reagan’s Central American friends got the dosh. Kimche, working with his old friend and key Reagan security adviser Michael Ledeen, was the brains behind the scheme, leaving former US marine Colonel Oliver North as the fall guy when the whole covert operation was blown wide open.

Mandy, pollarded

In the last issue of The Jewish Chronicle before the general election Peter Mandelson was given space by editor Stephen Pollard to write the leading comment article urging readers to vote Labour. ‘Our beliefs are your beliefs,’ wrote Mandelson: ‘The Labour Party is driven by many of the same values that have historically united and defined the Jewish community.’ The former business secretary went on to write:

‘The Labour Party is, and will continue to be, a strong and loyal friend to Israel. We are very proud that Gordon Brown was the first serving Prime Minister to address the Knesset last year. Under both Tony Blair and Gordon Brown’s leadership, Labour has worked tirelessly to ensure a just and secure settlement to the Israeli-Palestinian conflict. We believe this settlement will be achieved through constructive dialogue and not through sanctions, boycotts and violence. In government, Labour will continue to lead international efforts to prevent Iran acquiring nuclear weapons and will not waiver from our commitment to promote regional stability and an enduring peace.’

One would have thought that as big an endorsement of Israel
as any JC editor might ever have wished for. But within days, Pollard – a leading Fabian Society driver of the New Labour project in the 1990s and biographer of Mandelson mate David Blunkett – had turned on his contributor in a biting *Spectator* piece:

‘The most pervasive myth in modern politics – that Mandelson is a genius of political strategy and communication – is utter nonsense. Haughty, moody, lacking in judgment, and possessed by a childlike obsession for hanging out with the “in” crowd, Lord Mandelson has built a career based on the credulousness of those who have fallen for the Mandelson Myth.’

No comrades like old comrades....

*Tom Easton is a freelance writer.*
Have a guess

This was sent by Dan Atkinson, who wondered what was ‘out of the question’?

From recently-declassified US discussions about the Turkish invasion of Cyprus in 1974.

General Brown: I have one minor point that sort of parallels what we have been talking about. This Turkish opium issue.

Secretary Kissinger: Let’s shut up a week on the poppy issue. We don’t need to get that involved now.

Mr. Sisco: I have one small point. [1 line not declassified]

Secretary Kissinger: That’s absolutely out of the question.

Mr. Sisco: I would think so, too. [1 line not declassified] ¹

Oh Canada!

Good old Canada! It didn’t join the invasion of Iraq, did it? What an example to this country it set. Alas, it isn’t true. While Canada may not have formally supported the invasion of Iraq, informally it did. In his ‘Canada’s secret war in Iraq’ Richard Sanders quotes the then US Ambassador to Canada ‘...ironically, Canadian naval vessels, aircraft and personnel......will supply more support to this war in Iraq indirectly.....than most of those 46 countries that

¹ <www.state.gov/documents/organization/96606.pdf>
are fully supporting our efforts there.’

In his essay Sanders lists that ‘indirect’ support.

**Elite studies**

The ripples from the great financial fuck-up will be with us for years. One of the striking themes has been the interest from some of the mainstream media in areas which previously they dismissed as cranky.

On April 24 2008 *The Economist* of all things, the absolute beating heart of the City and globalisation on this side of the Atlantic, ran a piece called ‘The global ruling class’. At one level this was just another ass-kissing piece about the big swinging dicks of the global-financial world. But with a spin. It included these sections.

‘It would be odd if the current integration of the world economy did not produce new global elites – business people and financiers who run global companies and global politicians who steer supra-national organisations such as the European Union (EU) and the International Monetary Fund……

David Rothkopf, a visiting scholar at the Carnegie Endowment for International Peace, argues that these elites constitute nothing less than a new global “ superclass”.

They have all the clubby characteristics of the old national ruling classes, but with the vital difference that they operate on the global stage, far from mere national electorates. They attend the same universities (Mr Rothkopf calculates that Harvard, Stanford and the University of Chicago are now the world’s top three

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2  <www.globalresearch.ca/index.php?context=va&aid=8110>
3  David Rothkopf has worked for Kissinger Associates and as the deputy under-secretary of commerce for international trade.
superclass producers). They are groomed in a handful of world-spanning institutions such as Goldman Sachs. They belong to the same clubs – the Council on Foreign Relations in New York is a particular favourite – and sit on each other’s boards of directors. Many of them shuttle between the public and private sectors. They meet at global events such as the World Economic Forum at Davos and the Trilateral Commission or – for the crème de la crème – the Bilderberg meetings or the Bohemian Grove seminars that take place every July in California.’

The financial analysts Bloomberg offered its columnist David Reilly’s comments on some of the detail of the great bank bailout in America in his ‘Secret Banking Cabal Emerges From AIG Shadows’.4

‘The idea of secret banking cabals that control the country and global economy are a given among conspiracy theorists who stockpile ammo, bottled water and peanut butter. After this week’s congressional hearing into the bailout of American International Group Inc., you have to wonder if those folks are crazy after all. Wednesday’s hearing described a secretive group deploying billions of dollars to favored banks, operating with little oversight by the public or elected officials.

We’re talking about the Federal Reserve Bank of New York, whose role as the most influential part of the federal-reserve system – apart from the matter of AIG’s bailout – deserves further congressional scrutiny.........

Later, when it became clear information would be disclosed, New York Fed legal group staffer, James Bergin, e-mailed colleagues saying: “I have to think this train is probably going to leave the station soon and we need to focus our efforts on explaining the story as best

4 <www.bloomberg.com/apps/news?pid=20601039&sid=aa1uE.W8RAuU>
we can. There were too many people involved in the deals – too many counterparties, too many lawyers and advisors, too many people from AIG – to keep a determined Congress from the information.”’

Reilly commented:

‘Think of the enormity of that statement. A staffer at a body with little public accountability and that exists to serve bankers is lamenting the inability to keep Congress in the dark.’

I’m not sure how enormous it seems: more like business as usual, I suspect.

Over at Huffington Post in January Janine Wedel wrote about her new book *Shadow Elite*; and, having described the interlocking networks at the top of the American and world political and financial world, concluded with this:

‘I’ve seen this kind of intertwining of roles and relationships before. They are exactly what you’d find in communist and post-communist societies. The blueprint the players used in Russia is now being followed by the interlocking handful of Wall Street/government policy deciders to wield increasing power and influence for their own benefit. In both cases, operators at the top challenge governments’ rules of accountability and businesses’ codes of competition, ultimately answering only to each other. In both cases, it’s hard to get more “efficient”, because inside information and power is confined to very few actors who trust each other. And, because only the players themselves have the information, they can brand it for everyone else’s consumption and stay largely out of the reach of government and public scrutiny, meaning you and me.

Today’s power brokers are still at the top of their game because they are said to “have the credentials”. No matter that they are the credentials of a shadowy
elite – and of failure.’  

The next day veteran writer/investigator Jack Blum also wrote about the Shadow Elite book:

‘Shadow Elite identifies players who perform overlapping, mutually influencing, and not fully revealed, roles across government, business, think tanks, and national borders in pursuit of their own policy agendas (“flexians,” she calls them, and “flex-nets” – such players who work together in a network) as an important key to understanding how influence is wielded and why policy decisions are made.

Profound changes in government and society have vastly increased the opportunities for agenda-bearing players wearing multiple hats (and often working in close-knit networks) to significantly influence public policy. Such activity is much less transparent to the public eye than when I first began my career. An amazing variety of corporate entities with strange and complex interrelationships today do much of the work of federal government, virtually substituting for it in some arenas. These entities and their sponsors are harder to identify, more insidious, and much more plentiful than the corporate fronts of yesteryear.’

Retinger and Bilderberg

An account of the origins of the Bilderberg Group, written in


6 ‘Shadow Elite: Are They Responsible For The Subprime Mortgage Crisis?’ <www.huffingtonpost.com/jack-blum/shadow-elite-are-they-res_b_423884.html>

Wedel was back again on January 21, ‘Shadow Elite: Do You Know Whose Agenda You’re Being Sold?’
1956 by one of its founders, Joseph Retinger, is now on-line. It is the version we knew already: Retinger and his chums (probably MI6) were anxious to improve relations between Western Europe and America.

‘In our view the improvement of relations between America and Europe ought not to be undertaken through any special publicity or propaganda, since it was of far greater consequence to us to have mutual understanding and goodwill among men occupying the highest positions in the life of each country than to try to influence the man in the street directly.’

Retinger describes the formation of the group, the thinking behind it, the early meetings and personnel. None of this is new but this is the horse’s mouth, as it were.

**JFK and withdrawal from Vietnam**

It has become taken for granted by many JFK researchers that JFK planned to withdraw US armed forces from Vietnam. (This was one of the central themes in Oliver Stone’s film *JFK*, for example.) On this thesis, JFK researcher, Robert Dorff, has pointed out that in an interview in April 1964 for the JFK library, Robert Kennedy was asked this: ‘Did your brother have a plan to withdraw from Vietnam?’ To which Robert replied, ‘No.’ Dorff wonders why researchers have ignored this.

Robert was trained as a lawyer and though the paper record shows that JFK was thinking of withdrawing, Robert’s legal mind may have drawn the distinction between thinking of something and ‘a plan’. Perhaps there was no literal plan. Or maybe it was just politics. The political perspective has no interest in the truth; indeed, barely ever considers it as a

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7 <http://home.teleport.com/~flyheart/bilderberg-group.htm>  
8 Also of interest will be a profile of Retinger by someone who knew him at the time: <http://home.teleport.com/~flyheart/retinger.htm>.
factor. The political perspective is interested in power; and by 1964 RFK (and the wider Kennedy clan) were already planning his presidential campaign. Anything he said, especially on the record, must be seen as a political statement, not an historical one. If he had thought it would have helped him, RFK would have asserted the opposite. But in 1964 the Vietnam war was widening and opposing it then was a political mistake.

Lee Harvey Oswald and the CIA

‘The JFK Case; the Office that Spied on its Own Spies’ by Bill Simpich is a very interesting and important article based on recent documents, which shows conclusively, from official paper, that LHO was working for the CIA. With some modest extensions, Simpich shows that LHO was part of operations which were trying (a) get defectors into the USSR and (b) detect ‘moles’ within the CIA. In other words, LHO was working for Angleton’s counter intelligence end of the Agency. This explains why so much effort was made to cover-up the CIA’s links with Oswald – for example the hanky-panky in Mexico City involving the Soviet embassy. It presumably also explains why Angleton was made the Agency’s official liaison with the Warren Commission: he could make sure that none of his section’s operations were exposed.

The military-industrial-intelligence-complex

For the most part the role of the military in the US society, and, in particular, its role – actual, historical and potential – against those who threaten its interests, is rarely mentioned by senior politicians. In November last year retired US Army Colonel Lawrence Wilkerson, who had been Chief of Staff to

Colin Powell when Powell was Secretary of State under the junior Bush, was interviewed on radio station KPFA in Berkeley. Wilkerson said that ‘the consequences for one our presidents’ who stood up to the military ‘were not good’. He said that JFK ‘stood up to a very, very aggressive military and we know what happened to John Kennedy.’ Asked if he meant that the US military killed JFK, Wilkerson said ‘there are consequences, whether they are direct consequences or indirect consequences, for standing up to corporate and military power in the United States of America.’

Wilkerson said:

‘...the Warren Commission was a complete whitewash. No question in my mind about it...I’ve studied the ballistics....I’ve studied the area where Kennedy’s assassin supposedly shot from....I’ve studied the grassy knoll...and there is absolutely no way the Warren Commission wasn’t a whitewash.’

Wilkerson is the most senior retired officer to raise his head above this particular parapet since the late L. Fletcher Prouty, also an (Air Force) colonel on retirement. Despite his status, despite the centrality of his role as the liaison between the USAF and the CIA, Prouty is never referred to by American historians of the post-war period. He is not cited by Campbell Craig and Fredrik Logevall, for example, in their recent America’s Cold War (reviewed in Books in this issue) even though, as the only military man of the Cold War period I can think of who has gone on the record about the activities of the American secret state, he supports the authors’ thesis that the Cold War was largely sustained by the military-industrial-complex for its own ends (careers, jobs, money).

One of the few mainstream liberal-left commentators to

10 http://journals.democraticunderground.com/deutsey/22
have cited Prouty’s evidence on the Cold War is Russ Baker. In his ‘What Obama is up against’, Baker gives a pretty decent summary of some of the more obvious difficulties presidents have had with the permanent intelligence establishment since Kennedy’s day. Similar territory is covered by former CIA analyst Ray McGovern in his discussion of Obama’s supine posture before the Agency and the experiences of some of his predecessors in the Oval Office. McGovern asks ‘Are Presidents afraid of the CIA?’ and concludes that the answer is essentially ‘Yes, they are; and with good reason’. All of which has considerable relevance when the American left contemplates why President Obama has been such a disappointment. Here’s Edward Herman:

‘Couldn’t Obama have changed course, betrayed the establishment instead of the public interest, and really altered the structure of national priorities? Couldn’t he have used his powerful platform to make the case for real change, mobilizing the masses, and with their support moving us in a new direction? Of course there is no evidence that he really wanted to do this, but I don’t believe he could have done it even if he had wanted to and was prepared to take heavy risks in the process. The institutional obstacles are too great. Not only the Republicans but a large fraction of the elected Democrats are in thrall to the financial and business community, MIC, and pro-Israel lobby, and they would have refused to go along with any severe cutbacks in the Pentagon budget, massive outlays for public works and subsidies-bailouts for ordinary citizens, or a single payer health care system. The business community would have gone on strike, with probably serious capital flight and layoffs. Cutbacks in military operations abroad would have resulted in hysteria in the media about Democratic

12 <www.truthout.org/11020910>
weakness and betrayal, possible disorder, and the possibility of a military coup to restore order. Even slow and careful moves along these lines would be furiously opposed and would likely precipitate a political crisis.’  

Harold Wilson’s resignation and the bugging of No. 10 Downing Street

Scott Newton has pointed out that the circumstances surrounding Harold Wilson’s resignation in 1976 were exhaustively detailed by Alan Watkins in his column, ‘Political Commentary’ in The Independent on 18 August 1996. Not only is there no mystery, there is not even the remotest hint of the beginning of mystery. Wilson began planning his resignation as soon as he took office for the second time in 1974. He was tired, a bit bored, and a bit afraid that his memory was going. His mother had suffered from what we now call Alzheimer’s and he knew what might be coming. The original perpetrators of the ‘Wilson resignation mystery’ were members of the anti-subversion lobby, and they used his surprise resignation as the basis of some disinformation about his (non-existent) links with the KGB.

Meanwhile the Daily Mail revealed the bit which the Cabinet Office, not MI5 (says the Mail) had insisted Christopher Andrew omit from his history of MI5:

‘MI5 used hidden electronic surveillance equipment to secretly monitor 10 Downing Street, the Cabinet and at least five Prime Ministers....for nearly 15 years, all Cabinet meetings, the offices of senior officials and all visitors to the Prime Minister – including foreign leaders

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14 ‘Obama and the Steady Drift to the Right’, Z Magazine, March 2010
15 <www.independent.co.uk/dayinapage/1996/August/18/>
– were being bugged.’ 16

This is interesting enough: so much for Wilson’s ‘paranoia’ about No. 10 being bugged! But almost as interesting is the comment in the piece that Wilson’s successor, James Callaghan, the person who, we are told, had the bugging stopped (or, perhaps, thinks he did) made a statement to the House of Commons apparently denying that No. 10 had ever been bugged. To wit:

‘The Prime Minister is satisfied that at no time has the Security Service or any other British intelligence or security agency, either of its own accord or at someone else’s request, undertaken electronic surveillance in No 10 Downing Street.’

Where to start with this? It could be that he is simply lying; but this is unlikely. The British state and its senior political servants are generally too canny to actually lie to the House of Commons. There are other possibilities. The first is that, even though the Mail report specifically states that MI5 did the bugging, the surveillance was done by a non-British organisation. It has been taken for granted for many years by British spook-watchers that the NSA and GCHQ have a reciprocal arrangement in which the British spy on potentially embarrassing targets for the Americans and vice versa, enabling denials of the Callaghan ilk to be made without actually lying.17 Thus if MI5 asked for the bugging to be done it may not have actually done it.

The second possibility is that while Callaghan may have said that he is ‘satisfied’ that X did not take place, this is in fact not a denial that it did take place.

And thirdly, in Callaghan’s statement ‘electronic

16 Jason Lewis and Tom Harper, ‘Revealed: How MI5 bugged 10 Downing Street, the Cabinet and at least five Prime Ministers for 15 Years’ <www.dailymail.co.uk/news/article-1266837/Revealed-How-MI5-bugged-10-Downing-Street-Cabinet-Prime-Ministers-15-YEARS.html>
17 Though where the evidence for this covert reciprocal arrangement is I don’t know.
surveillance’ means something other than bugging and the statement is not a lie.

Other questions which arise: how did the private company (one of James Goldsmith’s, I seem to remember) brought in to sweep No. 10 for Wilson, miss the bugs (if there were bugs)? And how did Callaghan know the bugging was taking place when the previous prime minister didn’t? Did he learn of it while home secretary and not tell Wilson? Was he told by the powers-that-be because they trusted him?

**MI5, torture, the ISC and the charade of accountability**

The House of Commons Intelligence and Security Committee (ISC) is the quintessential British political instrument, a notional accountability device for some of its secret servants. MPs, few with any knowledge of this field, are appointed to the committee by the prime minister. It sounds very grand in the official accounts:

‘The Intelligence and Security Committee (ISC) was established by the Intelligence Services Act 1994 to examine the policy, administration and expenditure of the Security Service, Secret Intelligence Service (SIS), and the Government Communications Headquarters (GCHQ). The Committee has developed its oversight remit, with the Government’s agreement, to include examination of intelligence-related elements of the Cabinet Office including: the Joint Intelligence Committee (JIC); the Assessments Staff; and the Intelligence, Security and Resilience Group. The Committee also takes evidence from the Defence Intelligence Staff (DIS), part of the Ministry of Defence (MOD), which assists the Committee in respect of work within the Committee’s
In practice they cannot do much, cannot compel testimony or the production of documents, and currently appear to have no investigative staff. What the ISC does do is write reports with material given to it by the various agencies. What the ISC really does is give the state a cover story: to any questions of accountability the answer is ‘We have it already – the ISC.’

ISC made the news earlier this year when MI5 was discovered to have not been telling it everything about its knowledge of the perpetrators of the 7/7 bombings. It was a piece of routine self-serving behaviour by MI5: it chose to admit not knowing much about the perps rather than admit that they knew quite a bit about them but hadn’t recognised them as an imminent threat. A great flurry of indignant comment was forthcoming from MI5, and on MI5’s behalf from the ISC’s chair, Kim Howells MP.

In a letter to the Guardian, John Morrison, who had been ISC’s investigator for five years, explained what was really what.

‘What many do not realise is that the ISC has no power to reach into the agencies and extract information. It receives carefully written submissions and takes oral evidence from ministers and senior agency staff. As the committee’s investigator, I had much greater access to junior staff, but no greater powers to obtain information than the committee itself. Nevertheless, on a number of occasions, I was able to uncover problems that the committee knew nothing about. However, since my contract was terminated in 2004, the committee has had

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18 [www.cabinetoffice.gov.uk/intelligence.aspx#reports]
no dedicated investigative capability – this despite the recommendation in the 2008 governance of Britain white paper that the post should be revived....the ISC depends entirely on the truthfulness and good faith of those who testify to it. Agency heads are allowed to withhold certain information; if they were to withhold information they should have revealed, the ISC might never know. I do not believe that happens, but the second and more likely problem is that the senior staff who appear before the committee may not know what is going on at lower levels.’ (emphasis added)

Morrison concluded:

‘What we need is a beefed-up intelligence and security committee, with a tough and senior chairman, experienced and sceptical members, an effective investigative capability and the resources it needs to do the job properly. I see no signs that any of this will come about, but until it does, the credibility of the ISC will continue to wane.’ 20

The row about MI5’s knowledge of the 7/7 bombers punctuated a much longer running row about MI5’s and ministers’ knowledge of and/or collusion with the American torture of British citizens or residents picked up in or near Afghanistan. The most interesting comment on this furore – which even provoked the head of MI5 to plead his organisation’s case to the media21 – came from former senior military intelligence officer Crispin Black.22

20  <www.guardian.co.uk/politics/2010/mar/01/control-of-secret-evidence>
21  See for example Gordon Rayner, ‘MI5 chief defends security services amid torture “cover-up” claims’, Daily Telegraph, 12 February 2010.
22  His Wiki entry tells us ‘....his last posting being a secondment to the Cabinet Office as an intelligence adviser to the Prime Minister, the Joint Intelligence Committee and COBRA (Cabinet Office Briefing Room A).’
'To pretend that the politicians were out of the loop on what was going on is implausible deniability if ever I have heard it. The idea that the British intelligence services were conducting the Bush-Blair “war on terror” without formal instructions about how to behave from their political masters is plain silly.

And even if our political leaders had wanted to do something different it would have been impossible. The British intelligence services are really wholly owned subsidiaries of their US counterparts – no more “independent” than our nuclear deterrent.

Once the White House decided to take a walk on the dark side we were along for the stroll as well.'

NATO’s voice

Sunny Hundal, from the blog liberalconspiracy.org, reported there in December on a NATO briefing for British bloggers. Among the subjects referred to by NATO, Hundal lists potential threats including energy security, cyber attacks, terrorism and protection for women in areas of war.

In the same neck of the woods, the very good site <antifascist-calling.blogspot.com/> on 28 March 2010 reported on the details of a document, leaked from within NATO describing the strategies to be used to persuade different sections of European opinion to continue supporting the war in Afghanistan. (Good luck with that one!) Hundal’s list of topics discussed by NATO spokespersons and this strategy paper are not that dissimilar.

26 <http://liberalconspiracy.org/2009/12/08/nato-hosts-first-ever-briefing-for-bloggers/> At that address he lists the bloggers who were invited.
As NuLab sinks beneath the waves

Here is former governor of Hong Kong and Conservative minister, Chris Patten, surveying the 13 years of NuLab:

’Sohere we are. What has it all been about? A devolved administration in Edinburgh, half of one in Cardiff, a hard-won settlement in Belfast, no advance in Brussels, a splurge of public spending, a mountain of debt, Brown’s very own “boom and bust”, the stuttering beginnings of reform to our education system, the mother and father of all scandals in the mother of parliaments.’ 27

And what has Patten missed out? You could make an enormously long list, I suspect; but one important thing he omitted is they were copying America.28 They copied American economic and social ideas. NuLab’s major policies were learned by Brown and Blair on their trips to America in the early 1990s. It was from the Clinton administration that they learned the value of letting the money men loose; they followed America into the housing debt-fuelled boom and bust of the new millennium which exploded after Clinton had gone but which had been initiated by his administration;29 and they copied the Clinton regime’s belief that immigration was the route to economic growth.

This last point got lost in the furore surrounding the revelations by former NuLab policy wonk/speechwriter, Andrew Neather. In his column in The Evening Standard Neather wrote of the mass migration into the UK of the current

28 ‘When Gordon Brown at last became Prime Minister two years ago, his first important move was a visit to Washington D.C., where he declared to a joint Congress-Senate session that “no power on earth” would ever come between the USA and Britain. He made manifest a degree of prostration hitherto unknown in the quite long history of Anglo-American accords.’ From Tom Nairn, ‘The English Postman’, <www.scottishleftreview.org/ii/index.php?option=com_ content&task =view&id=272&Itemid=1>
29 Discussed in this issue: see ‘The economic crisis’
millennium as a ‘deliberate policy of ministers’. More interestingly he added that the earlier drafts he saw ‘included a driving political purpose: that mass immigration was the way that the Government was going to make the UK truly multicultural .....that the policy was intended – even if this wasn’t its main purpose – to rub the Right’s nose in diversity and render their arguments out of date.’ 30 (emphases added)

Without a hint of self-awareness, Neather enthused about the economic benefits the migrants of the last decade have brought to people like him in London – cheap help of various kinds – and maybe there was some of this in the wonks’ vision of multicultural Britain. But the aim of making Britain ‘truly multicultural’ is not visible in the executive summary of the paper concerned; 31 and while it might be true that this was the aim of some of those writing the policy papers, higher up the political food chain the main motivation was Gordon Brown’s belief, learned on his trips to America during the first Clinton administration, that (a) there was no alternative to globalisation and (b) one way to generate economic growth (and taxes) in an open economy in which state direction of the economy was believed to be useless (or illegal), was by using the labour of immigrants (the leading edge of globalisation who would work for less than the indigenous population).

Globalisation theory says that the wages of the European and American worker should fall with competition from cheaper countries. In practice British governments haven’t had the courage and/or the votes to drive domestic wages and benefits down enough for the theory and many of the lower paid jobs in the economy have been done by

30 Andrew Neather, The Evening Standard 23 October 2009 <www.thisislondon.co.uk/standard/article-23760073-dont-listen-to-the-whingers---london-needs-immigrants.do>
31 Which was obtained via the FOI legislation after a long rearguard action by the government. It is available at the site of Migrationwatch, <http://news.migrationwatch.org.uk>
Increasing immigration is currently being promoted by Bill Clinton as the way out of recession for the American economy.32

**Blue Hairies**

The most unintentionally amusing British story recently was that in *The Observer* by a member of the Metropolitan Police’s Special Demonstration Squad describing how he ‘infiltrated UK’s violent activists’. The Met had ten of these undercover officers (called ‘the hairies’; aah, the canteen culture!) within the London left, all – apparently – bent on discovering the various groups’ demonstration plans. Infiltrating? All you have to do to ‘penetrate’ any group on the left is join and be willing to do the shit-work. The idea that you have to send people full time, under cover, with false IDs – the entire intelligence rigmarole – is just ludicrous.33

33  Tony Thompson ‘Undercover policeman reveals how he infiltrated UK’s violent activists’, *The Observer*, Sunday 14 March 2010
The economic crisis

Robin Ramsay

The economic crisis is so large a subject all that I can do is present snippets which I found interesting.

It’s the way he tells them

Rory Bremner:¹

‘One of the more ludicrous pieces of revisionism is the attempt to blame the regulators for not preventing the crisis. True, our FSA could have done more to see the bubble expanding, but the whole point about regulation under successive chancellors since the Big Bang in 1986 was that the City asked for lighter and lighter supervision – and boy, did it get it. It was part of the Faustian pact that got New Labour into power in the first place. (“What you in the City have done for financial services,” enthused Gordon Brown in 2002, “we as a government intend to do for the economy as a whole.” He got that right.)’²

City lobbying

How this has been achieved, and how the ongoing relationship between the City and government works, is

¹ For non British readers, Bremner is one of our leading comedians and impressionists. Unusually, he is politically literate and a lefty.
² ‘Bankers complain, but their party goes on’, Daily Telegraph 22 Jan 2010
suggested in an interesting study, *An Inside Job: A snapshot of political schmoozing by the City*, which describes in some detail the lobbying efforts by City firms and PR companies hired by City firms.³

Lobbying by the financial sector was also the subject of *Daily Telegraph* economics editor Edmund Conway’s piece on the Davos meeting, which included this:

‘....a recent paper by Atif Mian, Amir Sufi and Francesco Trebbi of the University of Chicago has shown that, on a series of measures designed to clean up after the financial crisis, those US politicians who received greater contributions from the financial services industry were statistically more likely to vote for legislation that transferred wealth from taxpayers to bankers.’⁴

All together now: *no shit, Sherlock!*

**Bank of England official says: ‘Too big to fail’ produces ‘the doom loop’**

‘These five strategies are the latest incarnation of efforts by the banking system to boost shareholder returns and, whether by accident or design, game the state. For the authorities, it poses a dilemma. Ex-ante, they may well say “never again”. But the ex-post costs of crisis mean such a statement lacks credibility. Knowing this, the rational response by market participants is to double their bets. This adds to the cost of future crises. And the larger these costs, the lower the credibility of “never again” announcements. This is a doom loop.’ (emphasis

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The uselessness of our political systems

In America....

‘It was sadly clear that the Financial Crisis Inquiry Committee has no clear idea what constitutes bank risk from their questions, or banking for that matter, and the CEOs are dancing rings around them.....It was almost embarrassing to watch this discourse, questions without content to back them, so lacking in probing value.’ 6

At least the Americans are having an inquiry. In this country:

‘Still no inquiry. Still no answers. A trillion pounds has been devoted over the past 18 months to protect Britain’s financial system from alleged Armageddon, with not a murmur of value for money. This stupefying sum is more than has ever been spent on any project by any government in British history.

We know where the money came from but we do not know if it was necessary, nor who now has it. We know only that, a year on, Britain is experiencing a worse recession than any comparable country. The lack of accountability, the sheer lack of curiosity from the political community, is amazing.’ 7

Greek Debt Crisis

‘Goldman Sachs helped the Greek government to mask the true extent of its deficit with the help of a derivatives deal that legally circumvented the EU Maastricht deficit rules. At some point the so-called cross currency swaps will mature, and swell the country’s already bloated deficit.’

All together now: you couldn’t make this stuff up!

The words on the ’Street’

‘But there is no question that politicians either believed that crazy “financial engineering” created a sound basis for sustainable growth or just loved what the financial system could do for them at election time.

And, as Sorkin relates, it is hard to escape the conclusion that the rhetoric regarding our supposedly free markets without government intervention just masks the reality – that there is a revolving door between Wall Street and Washington, and powerful people bend the rules to help each other out. In an illustration of Wall Street clubbiness, Sorkin documents a meeting in Moscow between Hank Paulson, secretary of the treasury (and former head of Goldman Sachs), and the board of Goldman Sachs. As the storm clouds gathered at the end of June 2008, Paulson spent an evening talking substance with the board – while agreeing not to record this “social” meeting in his official


10 Author of Too Big Too Fail, discussed later in this section.
calendar. We do not know the content of the conversation, but the appearance of this kind of exclusive interaction shows how little our top officials care about public perceptions of favoritism.

In saner times, this would constitute a major scandal. At moments of deep crisis, understanding what influences policymakers and having access to them can help a firm survive on advantageous terms. Goldman Sachs was saved, in large part, by suddenly being allowed to become a bank holding company on Sept. 21, 2008. Our most senior government officials determined that the United States must allow Goldman to keep its risky portfolio of assets, while offering it essentially unfettered access to cheap credit from the Federal Reserve. In rescuing a crippled investment bank, the Treasury created the world’s largest government-backed hedge fund.’

Oh! Our lovely British bankers

‘America’s top bankers quashed attempts by their British counterparts to persuade the industry to bring down salaries in response to public outrage after the world’s governments spent billions rescuing the system.

Chief executives from the world’s banks discussed the plans at a secret dinner held at Claridge’s, the London hotel, last October, at which several leading British bankers are said to have suggested that the sector should take greater responsibility for its part in the crash, and do more to reduce the vast bonuses paid to staff.

But the recommendations were met by stiff opposition from the US banks JP Morgan, Morgan Stanley and Goldman Sachs, according to one source:
“Some of the US bankers were furious about attempts to reduce pay throughout the industry, arguing that any such move smacked of socialism and would be fiercely resisted,” the source said on Friday. “It's not the way the Americans like to go about their business.”

This story might be true but might simply be PR on behalf of the British bankers.

Books on the crisis

There are now a large number of books about the crisis. I have tried three of them. Andrew Ross Sorkin’s 550 page Too Big To Fail (London: Allen Lane, 2009) is a blow by blow account of the events during the days when a total crash seemed possible. Yes, blow by blow – minute by minute in some instances – but also (oddly, really) rather dull and in need of a major edit. Sorkin’s style is to chuck in all manner of extraneous detail – who was wearing/eating/driving what; writerly colour – which I guess is meant to make a fairly dry text more palatable. In practice it just provides sections which I found myself skipping. A much bigger fault is a simple technical mistake. Sorkin is dealing with a very large number of actors in this story and he provides a ‘cast of characters’ at the beginning of the book. However, instead of making it a simple alphabetical list, he divides them up into the firms and institutions they worked for. The result is that if you come across a name you cannot remember and turn to the front of the book, you have eight pages of names to plough through. In the end, despite Sorkin’s efforts, in a sea of names I couldn’t keep track of, I gave up half way through.

Gillian Tett’s Fool’s Gold (London: Little Brown, 2009) is much better, and not just because it is 200 pages shorter. Tett is a Financial Times journalist who smelled a rat about the

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extraordinary growth in bank assets and profits in 2006 and began researching the subject. Tett tells the story of how the system got into the mess it did, tracing the crisis forwards from deregulation in the 1990s. Where Sorkin is not much more than a groupie at times, Tett has a slight critical edge. Tett focuses on the role played in the meltdown by a group of ‘financial innovators’, working for JP Morgan, looking for ways round the restrictions on the formation of bank credit set by the world’s financial regulators. But Morgan was not quite as greedy as some of the other banks, did not engage in quite the same risk-taking behaviour, and thus came out of the crisis smelling like roses. By showing the big events through the eyes of the Morgan group she anchors a lot of complex narrative round one viewpoint; and this makes it easier to follow. She has a nice clear, simple style. Of course she presents far too rosy a picture of JP Morgan: they may not have been sharks in the manner of the other banks but sharks they were nonetheless, as Matt Taibbi’s essay in Rolling Stone, ‘Looting Main Street’, discussed below, demonstrates.

The best of the three books is John Lanchester’s IOU (London: Simon and Schuster, 2009). Lanchester is neither banker nor financial journalist and his understanding of the crisis has been acquired by study and research; and he is thus able to communicate some of this complicated technical stuff to the lay reader. Lanchester also writes clearly and well and has the advantage of a serious critical edge: his familiarity with this material has not stifled his sense of outrage and incredulity at the things the bankers have been allowed to get away with.

Lanchester is very good but the best writing to date on these events is by Matt Taibbi in Rolling Stone. If he writes a book, that would be the one to get. In the meantime his essays in Rolling Stone are on-line. In one of those essays he portrays the Wall Street post-crash bailout by the US government in some of the terms of conmen and grifter
strategies. This is a quite brilliant idea which works wonderfully well. A more recent essay of his includes this section which conveys the man’s style (and bile):

’The question everyone should be asking, as one bailout recipient after another posts massive profits — Goldman reported $13.4 billion in profits last year, after paying out that $16.2 billion in bonuses and compensation — is this: In an economy as horrible as ours, with every factory town between New York and Los Angeles looking like those hollowed-out ghost ships we see on History Channel documentaries like Shipwrecks of the Great Lakes, where in the hell did Wall Street’s eye-popping profits come from, exactly? Did Goldman go from bailout city to $13.4 billion in the black because, as Blankfein suggests, its “performance” was just that awesome? A year and a half after they were minutes away from bankruptcy, how are these assholes not only back on their feet again, but hauling in bonuses at the same rate they were during the bubble? The answer to that question is basically twofold: They raped the taxpayer, and they raped their clients.’

Fraud Inc

While this issue was being prepared the US SEC announced a lawsuit against Goldman Sachs, essentially for fraud. It is an interesting symbolic step but it is not a criminal complaint, merely a civil one, and will take years to trundle through the courts. But the fact that this step had been taken has been the cue for sections of the financial media to begin describing

13 ‘Looting Main Street: How the nation’s biggest banks are ripping off American cities with the same predatory deals that brought down Greece’ *Rolling Stone*, issue 1105, April 15, 2010.
the fraudulent activities of Goldman Sachs and other financial institutions. Many other frauds have been identified and not pursued;\textsuperscript{14} and the outline of a huge rip-off by a company called Magnetar was just beginning in the US as I wrote this in April.\textsuperscript{15} Since when it has become clear that almost everybody was at it.

Is there the political will in the US to do something major? Until recently I would have just written, No, of course not: and not just because the financial speculators have spent tens of millions of dollars in the last year ‘lobbying’ (i.e. bribing) American politicians to prevent meaningful regulation\textsuperscript{16} and the Obama administration is riddled with bankers;\textsuperscript{17} but for the same reason that there is no such will in the UK:\textsuperscript{18} the political systems cannot see how US inc. or UK plc can survive without Wall Street and the City in something like their present forms. However, in late May the shape of the new regulations which are going through Congress became known and the answer appears to be that while some significant things have been proposed, the key change – outlawing all the financial gambling – has been flunked. We will see when the final bill appears in June or July but for the moment it looks as though the lobbying by Wall Street has paid off and the big gambling systems will continue. This

\textsuperscript{14} See Marian Wang, ‘Other Major Banks Did Deals Similar to Goldman’s’ <www.propublica.org/ion/blog/item/other-major-banks-did-deals-similar-to-goldmans> and <www.washingtonsblog.com/2010/04/goldman-sacked.html> for a list of already identified frauds that are not being acted on.

\textsuperscript{15} <www.propublica.org/feature/all-the-magnetar-trade-how-one-hedge-fund-helped-keep-the-housing-bubble>

\textsuperscript{16} See for example the discussion (text and video) by Johnson and Kwak, authors of 13 Bankers and the website <www.baselinescenario.com> at <www.pbs.org/moyers/journal/04162010/profile.html>

\textsuperscript{17} A list of Goldman Sachs personnel involved with the Obama administration is at <http://seminal.firedoglake.com/diary/46267>.

\textsuperscript{18} Despite the recent flurry of low-level activity by the British FSA. See, for example, Harry Wilson, ‘FSA charges seven over “£2.5m insider-trading ring”, Daily Telegraph, 31 March 2010.
comment is from the generally excellent Washington’s blog:
‘The Senate passed a financial “reform” bill today by a 59-39 vote which won’t fix any of the core problems in the financial system, and won’t prevent the next financial crisis.

The bill doesn’t include the Volcker Rule (it wasn’t even debated), doesn’t break up or even substantially rein in the too big to fails, doesn’t stop prop trading, and doesn’t force transparency in the derivatives market.’ 19

Gordon Brown said just before the election that he wanted a ‘new constitution for global banks’ (there is one already?); but that this would have to be done globally (i.e. not at all); and he didn’t ‘want a race to the bottom in banking where some countries set up as offshore havens.’ 20 What he meant was: I don’t want to see the UK lose its status as the extant offshore haven of choice. Peter Mandelson hinted at this in a speech in the US in March when he said:

‘Trying to apply sweeping rules about the structure, content and range of banking entities’ activities is too difficult to do. It’s the principles and practices of regulation you have to focus on, not the size and range of banks.’ 21

Basically, it was a housing bubble

In the midst of all this banking analysis the American writer Dean Baker said, hold on a minute, what really happened to the American economy is that a vast housing bubble, pumped up by the government and the Fed, has burst.

'For the vast majority of middle-class families, home equity is their financial asset. When the collapse of the bubble resulted in the disappearance of $8 trillion of housing bubble wealth ($110,000 per homeowner on average), tens of millions of homeowners had no choice but to sharply curtail their consumption.

The wealth that homeowners had taken for granted during the bubble years was gone. This meant that these homeowners could no longer borrow against home equity to support their level of consumption and that they would need to hugely increase their savings to rebuild the wealth they had lost. The rapid fall off in consumption, coupled with the collapse of housing construction, guaranteed the onset of a severe recession. There is no simple way to offset the loss of more than $1 trillion in annual demand in the economy – $450 billion in lost housing construction and between $600 billion and $800 billion in lost consumption.'

Baker also says:

‘Arguably, the Fed even fostered the bubble’s growth, seeing it as the only source of dynamism in an economy that was suffering from the aftershocks of the collapse of a $10 trillion stock bubble.’ 22

Now we’re getting to it. And the same thing happened here, as the UK followed America. Who says so? Governor of the Bank of England at the time, Eddie George, says so. I reprint here part of what I wrote in Lobster 53 (2007) on this subject.

**Steady Eddie blows the gaff**

We learn from the former Governor of the Bank of England, Lord Edward George, that, faced with the prospect of recession ‘at the beginning of the decade’, the Bank’s Monetary Policy Committee

(MPC) encouraged house prices and personal debt to rise. Speaking to the House of Commons Treasury Committee, George said:

‘In the environment of global economic weakness at the beginning of this decade......... external demand was declining and related to that business investment was declining. We only had two alternative ways of sustaining demand and keeping the economy moving forward: one was public spending and the other was consumption...... But we knew that we were having to stimulate consumer spending; we knew we had pushed it up to levels which couldn’t possibly be sustained into the medium and long term. But for the time being, if we had not done that the UK economy would have gone into recession just as had the United States. That pushed up house prices, it increased household debt.’

For the same reason – a shrunken manufacturing base – the UK and American governments turned to consumer debt, house price inflation (to ‘secure’ the debt), imports and their financial sectors to keep their economies rolling. The alternative to the Anglo-American borrow/gamble/deficit/import model of the past 20 years involves rebuilding the countries’ manufacturing and this is too complex a project for the political system as presently constructed. (And if it cannot handle this how is it going to handle the conversion to a low carbon economy?)

That the importance of manufacturing for Britain is now being written about again is a welcome change of tack. Here’s the Telegraph economics editor Edmund Conway:

‘One dangerous misconception perpetuated by financial lobbyists is that without the City, we are nothing. Financial engineering [sic], they argued, was something Britain was well placed to do, while mechanical engineering could be carried out far more cheaply by the Chinese, or with far greater quality by the Germans. While it is a compelling narrative, and fits nicely with the
British propensity for defeatism, it is balderdash.’ 23 But it is terribly late in the day for the change of view.

‘Manufacturing accounted for more than 20 per cent of the economy in 1997, when Labour came to power critical of the country having too narrow an industrial base. But by 2007, that share had declined to 12.4 per cent.’ 24

Ten years ago EEF (the Engineering Employers’ Federation as was) published a report predicting that without government support for manufacturing,

‘trade in goods would hit a deficit of almost £80bn by 2010. Ten years on and the deficit stood at £81.9bn in 2009, up from £29bn in 2000 and compared with a surplus of £1.3bn in 1980.’

There is now widespread agreement in this country that we have to rebuild manufacturing. 25 But how do you that in an open world economy, competing with countries such as China which pay their workforce a fraction of this country’s?

Chris Mullin was the MP for Sunderland South until this year. In his diary of his time with New Labour, A View from the Foothills, there is strikingly little about economics as he dolefully records factories closing in his constituency. In 2002 a Dewhirst plant making clothes for Marks and Spencer is threatened as M and S begin to shift their production overseas. Mullin notes ‘at this rate there won’t be a single manufacturing job left in Sunderland by the time we leave office.’ (p. 255) He has lunch with a local property developer who tells him that the death of manufacturing is inevitable

25 Gordon Brown has been referring to ‘modern manufacturing’ for several years, though precisely what that means is not clear.
'part of an historic cycle which politicians are powerless to reverse.....Peter, dynamic far-sighted businessman that he is, is optimistic that something will turn up.’ (p. 308)

But nothing has turned up, has it?

The only obvious way to do it is by the traditional methods: tariff barriers, import controls and state direction of investment and saving. But these are incompatible with the current international economic rules and the rules of the EU. In my view these changes will have to be made but there are years of economic decline ahead before they are seriously considered by any of our major political parties. Such ideas are just beginning to be heard in the USA on the left fringe of the Democratic Party and eventually they will appear here.26

26 See for example Ian Fletcher, ‘Thinking the Unthinkable: Could America Repeal NAFTA?’ truthout, Tuesday 20 April 2010, <www.truthout.org/thinking-unthinkable-could-america-repeal-nafta58717>
**SCADS**

The entire February 2010 issue of the *American Behavioural Scientist* was devoted to State Crimes Against Democracy (SCADS) – parapolitics to you and me; conspiracy theories to the major media. The individual papers (which used to be online but have since been removed) are nothing to get too excited about but the fact that a major American academic journal has done this is interesting. I’m not a fan of the acronym SCADS and doubt it will achieve wide acceptance any more than parapolitics did. But you never know. Here is the abstract of the lead essay of the collection, Lance deHaven-Smith’s ‘Beyond Conspiracy Theory: Patterns of High Crime in American Government’:

‘This article explores the conceptual, methodological, and practical implications of research on state crimes against democracy (SCADs). In contrast to conspiracy theories, which speculate about each suspicious event in isolation, the SCAD construct delineates a general category of criminality and calls for crimes that fit this category to be examined comparatively. Using this approach, an analysis of post–World War II SCADs and suspected SCADs highlights a number of commonalities in SCAD targets, timing, and policy consequences. SCADs often appear where presidential politics and foreign...
policy intersect. SCADs differ from earlier forms of political corruption in that they frequently involve political, military, and/or economic elites at the very highest levels of the social and political order. The article concludes by suggesting statutory and constitutional reforms to improve SCAD prevention and detection.’

**The CIA and opium again**
Professor Alfred McCoy, who first drew attention to the CIA’s role in the shipping of opium during the Vietnam war, has returned to subject of opium and the US state in his ‘Calling Afghanistan what it is: a drug war’.¹

**The pro-Israel lobby in Britain**
In November 2009 Channel 4’s Dispatches series broadcast ‘Inside Britain’s Israel Lobby’, a striking event in this country’s political (and television) history. The programme was accompanied by the on-line publication of a pamphlet, going over the same ground in much more detail.² This is very good indeed.

**Cell phones and cancer risk**
The impressive Christopher Ketcham has turned his attention to the health risks of mobile/cell phones.³ This will make for deeply uncomfortable reading if you use one of these devices frequently. As will the report from The International Agency for Research on Cancer which reported increased cancers among

¹ [www.salon.com/news/feature/2010/03/30/afghanistan_as_drug_war/index.html]
² [www.opendemocracy.net/ourkingdom/peter-oborne-james-jones/pro-israel-lobby-in-britain-full-text]
³ [www.gq.com/contributors/christopher-ketcham]
Some of Ketcham’s articles are at [www.christopherketcham.com].
Neo-liberalism

A useful shortish account of neo-liberalism, its history and rise, is in a review essay by William Davies, ‘The making of neo-liberalism’. Davies nicely explains a lot of complicated intellectual history but seems surprised to discover that the proponents of such ideas were funded by American corporations.

‘But this collapse of politics into economics also occurs over the course of the neo-liberal gestation period, in the way that a marginalised philosophy and political strategy were offered constant sustenance in the form of corporate donations.

This is where the conspiracy theorist’s (sic) view of neo-liberalism achieves maximum plausibility. At every stage of the development of American conservatism and neo-liberal thinking, an interested party was bank-rolling the project. The Volcker Fund supplied the funding for the Chicago School’s Free Market Study and paid for Hayek to travel from London and tour America. Conservative think tanks collected donations from corporations, to convert their anti-government instincts into credible research. Invisible Hands [one of the books under review] reports that, as early as 1958, twenty-six of the largest fifty American businesses were funding the free market American Enterprise Association...... What is shocking is the nakedness and directness with which the wealth of corporate America was channelled into the neo-liberal project from the 1930s onwards.’ (emphasis added) 5

5 <www.lwbooks.co.uk/journals/renewal/articles/Renewal%2017.4. Davies.Neo-liberalism.pdf>
This is shocking? What did the author think was happening?

**Bloody Sunday**

A new study of the events leading up the Bloody Sunday killings in Northern Ireland, ‘Bloody Sunday: Error or Design?’ by Niall Ó Dochartaigh, concludes:

‘...the killings were the outcome of a calculated confrontation carried out in the face of strong opposition from some elements within the security forces. At the heart of these events is a clearly planned confrontational initiative devised by one of the most senior military commanders in Northern Ireland. At the very least, a foreseeable consequence of the operation was the killing of civilians. If those involved in devising and implementing this confrontation calculated that they could act as they did with impunity, the Widgery tribunal proved their assumptions correct. The British Government may not have planned and approved a massacre in advance, but they sanctioned it in retrospect.’

The essay shows – no two ways about it, shows – that General Ford, Commander Land Forces in Northern Ireland, supported by Brigadier Frank Kitson and others, decided that they should stop pussyfooting about, sod the peace-keeping and instructions from the government, and shoot some people.

Why has this article not produced major ink since its publication? Is the article’s implication, that the responsibility for the thousands of deaths and the billions of pounds worth of destruction lies in part with the British Army and the politicians who failed to control it, too difficult for the major media to accept?

‘Bloody Sunday: Error or Design?’ is published in the
Psy-ops in Northern Ireland

Not unrelated to Bloody Sunday, in as much as the British state’s colonial psy-ops techniques, introduced into Northern Ireland after the shootings helped provoke a kind of insurgency, the BBC broadcast on 22 March a radio documentary, ‘The spin war in Northern Ireland’ about the British state’s psychological operations in Northern Ireland. This may still be available via iPlayer but if not a text, containing bits of the programme, was published on the BBC News website at <http://news.bbc.co.uk/1/hi/uk/8577087.stm>. It included this:

‘There have long been claims that elements in the Army and British government were behind a widespread propaganda campaign throughout the early 1970s - mostly aimed at undermining the IRA.’

Nearly 30 years after this story was first discussed, when we know a great deal about the operations and personnel, the BBC is still talking about ‘claims’. How much evidence will it take before this is simply reported as fact?

Bursting the Brussels Bubble

Corporate Europe Observatory has contributed to a new book (published by ALTER-EU), Bursting the Brussels Bubble – the battle to expose corporate lobbying at the heart of the EU, which was launched on 26 April.

It reveals how lobbyists from the world of big business have embedded themselves inside the European Union’s decision-making process, creating a political culture where the influence of business has become the norm.
The book also highlights how campaigners have sought to challenge this corporate capture and sets out a way forward to build a more democratic and accountable European Union.

Copies of the book can be ordered online or *downloaded free* as a pdf file at <www.spectrezine.org/bursting-brussels-bubble>

**Sibel Edmonds speaks**

Sibel Edmonds was a translator for the FBI and found herself listening to FBI wiretap recordings of a Turkish government operation to buy US politicians, diplomats and – ultimately – nuclear technology. She was banned from talking about what she heard until last year when her testimony in a court case enabled her to talk on the record based on that testimony. At that point an investigation by the major media at least as big as that of Watergate should have begun, with the deployment of the full panoply of state law offices and a special prosecutor. None of which happened. She did, however, give a long interview to the *American Conservative* and an article about her and her allegations appeared in *Hustler*. Here’s a sample, if atypical paragraph, from her interview:

‘The monitoring of the Turks picked up contacts with Feith, Wolfowitz, and Perle in the summer of 2001, *four months before 9/11*. They were discussing with the Turkish ambassador in Washington an arrangement whereby the U.S. would invade Iraq and divide the country. The UK would take the south, the rest would go to the U.S. They were negotiating what Turkey required in exchange for allowing an attack from Turkish soil. The Turks were very supportive, but wanted a three-part division of Iraq to include their own occupation of the

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Kurdish region. The three Defense Department officials said that would be more than they could agree to, but they continued daily communications to the ambassador and his defense attaché in an attempt to convince them to help.’ (emphasis added)

Asked about the fact that nothing has changed as regards this conspiracy with the arrival of Obama, Edmonds commented:

‘The other thing I noticed is how Chicago, with its culture of political corruption, is central to the new administration. When I saw that Obama’s choice of chief of staff was Rahm Emanuel, knowing his relationship with Mayor Richard Daley and with the Hastert crowd, [Hastert being part of the conspiracy] I knew we were not going to see positive changes. Changes possibly, but changes for the worse. It was no coincidence that the Turkish criminal entity’s operation centered on Chicago.’

The annual Turkish military coup plot story

OK, I’m being facetious, and the hundreds of thousands of victims of the Turkish paramilitary alliances deserve better, but it does sometimes feel like there is one of these stories every year; and I wonder if they aren’t being leaked by the military themselves to remind Turkish and (especially) Islamist Turkish citizens that they are still there. The Federation of American Scientists carried a twenty page report on Ergenekon, this latest expression of the so-called ‘deep state’.7

Respect

Katherine Gun (http://en.wikipedia.org/wiki/Katharine_Gun) was the GCHQ employee who, during the run-up to the

7  <www.fas.org/irp/world/turkey/ergenekon.pdf>
invasion of Iraq, leaked the fact that the Americans and Brits were planning to bug various countries’ delegations at the UN. A book about her and that incident has been published in America: Marcia and Thomas Mitchell, The Spy Who Tried To Stop A War: Katharine Gun And The Secret Plot To Sanction The Iraq Invasion (PoliPoint Press, Sausalito, CA. 2008). This is reviewed in issue 39 of New Zealand’s Peace Researcher at <www.converge.org.nz/abc/pr39-183b.htm>

Roderick Russell

Roderick Russell, whose experience at the hands of the Grosvenor people has been referred to in previous issues, continues with his struggle to get the mainstream media to take his claims seriously. On his Website he includes this section (the emphases are his):

The Guardian

In 2005 I went to The Guardian in Manchester, UK and met with their then Northern Correspondent. I showed him correspondence from UK-Cabinet Minister Hazel Blears (then responsible for MI5 and Special Branch) that proves that my complaints are being covered-up. He was appalled and told me that he would recommend to his Editor that an investigative journalist be put on the case. The Editor turned him down.

Threats for visiting The Guardian ~

On the way back from The Guardian’s Office my wife and I were threatened. A week later my eldest son (then in Birmingham, UK) received a series of very nasty telephone death threats, which he recorded. 24 hours later they smashed a vehicle into my house in Manchester. Meanwhile my documentation had disappeared from The Guardian’s secure office. A year later I filed copies of this same documentation with a Court in Manchester, and it disappeared
again.\textsuperscript{8}

Russell gives links on his site to the correspondence with Hazel Blears and you can read it for yourself. Russell interprets his experience at the \textit{Guardian} as a demonstration of the penetration of the media by the intelligence services. But as I wrote to his daughter, Amy, who nudged my elbow about this story:

‘Your dad’s piece, which he has already sent me, does not in fact show that the spooks have penetrated the \textit{Guardian}. That might be true, of course. But his experience doesn’t make this conclusion unavoidable. All manner of people trample into the \textit{Guardian} and show the journalists stories. I’ve done it. Few of those people get the outcome they desire. I certainly didn’t. The difficulty is that there are all kinds of reasons why a newspaper/editor/journalist didn’t use the info given them, of which that he or she is working for the intelligence services is the least likely.’

I have no doubt that Russell’s experiences are real but that does not mean I have to agree with his interpretation of them. In this case I don’t. He may be right but he hasn’t yet proved to me that the state is involved in this. But check it out for yourself.

\textsuperscript{8} Go to <http://zerzetzen.wikispaces.com/> This extract is from section 6.
An unmatched record of lawlessness and criminality

*The Crimes Of Empire: Rogue Superpower and World Domination*
Carl Boggs
Foreword by Peter McLaren

**John McFall**

‘This is a book about criminal behaviour.....a contempt of the law that runs deep inside the structural unconscious of U.S. society.’ The crimes in question are *The Crimes Of Empire*, enumerated in the U.S. historical record and piling up. Many of these, but far from all, of course, are documentable, verifiable and freely available in the public domain. The term ‘war crime’ is often hastily, sometimes emotionally used in a pejorative and rhetorical way to smear enemies and opponents, leading to a discounting or diminution of the historical meaning and import of the term. Such usage is *not* found in this study. The usage in this work relates to issues of international legality in the affairs among nations according to historical legal precedent. The focus of U.S. international war crimes and outlawry in *The Crimes Of Empire* is rooted not in random episodic events of recent notoriety such as Guantánamo Bay or Abu Ghraib jail – serious violations of international law as they are – or even the activities of a few deviant sadists there, or increasingly elsewhere; rather the criminality is located in the history of U.S. imperialism itself, particularly over the last 200 years with the formation of the modern republic, and the post W.W.II rise to superpower.

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Summer 2010
Systemic transgressions of international law

Such a focus would seem ‘crazed’ to most American readers since war crimes are something others – bad guys – do. Not so. An American, Professor Boggs, demonstrates in a tempered conceptual deconstruction and devastating empirical critique that American criminality and its multitude of transgressions in international law are in fact systemic. Taking on the established myths of American identity, documenting these crimes, and revealing the U.S.’s actual real life behaviour, in particular its foreign policy exceptionalism, an abundance of historical and present day evidence of war crimes is uncovered. The evidence is indeed so damning and conclusive ‘that no impartial observer could possibly ignore or refute it’. The author’s aim is to raise public interest in questions of American Empire and its flagrant criminality in the hope that the people living in the midst of empire may exercise their democratic political leverage as to its future course.

The third in a trilogy of US imperial power to be followed soon by a fourth book on nuclear politics, The Crimes Of Empire is a brilliant, authoritative and enlightened piece of anti-imperialist critique. A scholarly work of the highest political science the book’s bibliography and sources are invaluable for reference and further investigation. It takes its place among the work of other prominent antiwar critics such as Noam Chomsky, Howard Zinn, Michael Parenti, William Blum and Chalmers Johnson. Not a knee-jerk, peacenik abhorrence of all things war, but an independent, overarching critique of imperial logic, superpower morality and its many crimes, especially its rejectionist refusal to participate in an evolving international consensus. The result is ‘an unmatched record of lawlessness and criminality’. A primary concern of The Crimes Of Empire is an increasingly militarist U.S. behemoth, so out of balance with world opinion in its outlook and lawless international behaviour, that it represents a threat to civilisation, and ultimately the planet.

The Crimes Of Empire is a major step towards understanding the systemic nature of U.S. crime and outlawry as part of an enduring historical pattern within an anti-imperialist conceptual framework,
incorporating history, politics, culture (including psychology), and international relations. The primary focus of investigation relates to international law and the serial violation of it by the U.S. and detailed in the following seven chapters: international crimes against peace; warfare against civilians; war crimes by proxy; (use of) weapons of mass destruction (WMD) and illegal weapons; treaty violation; counterfeit war-crimes tribunals justice; torture and other atrocities. Typically, the characteristics endemic to an imperial order are legitimated domestically through ‘a fierce national exceptionalism, super patriotism, militarism, and racism’, and a circumscribed corporate media and political culture in ‘strict denial’. Nearly twenty years ago Gore Vidal could say on never being invited back for American Election night commentary that, ‘No First World country has ever managed to eliminate so entirely from its media all objectivity – much less dissent.’ Given the dramatic worsening of this state of affairs, The Crimes Of Empire is a much needed assessment and counter to the prevailing mythologies, and the ruling taboo within the narrow ideological and intellectual culture of mainstream American media and politics regarding enlightened criticism of U.S. foreign and military policy.

The book begins with the promise of a new international era of co-operation, an end to military aggression, human rights proliferation, civilised rules of battlefield engagement, national self-determination and sovereignty for nations following the barbarism of two world wars leading to a particular ‘moral Zeitgeist’ that transformed accepted norms of global behaviour. Briefly flourishing in the immediate 1945 aftermath, it soon disappeared as the fog of the Cold War set. (Note also these quantum developments in the speedy turn to global empire: the creation of the National Security State, 1947; Israel, 1948; and the Korean War, 1950). The crowning legal achievements formed in this new crucible, inter alia, were the U.N. Charter and Geneva Conventions – the primary legal sources used by Professor Boggs in evaluating the U.S.’s war crimes record. Much of the Zeitgeist remains embedded, however partial and inadequate, in international law. Despite these shortcomings the vast majority of nations would hold to these conventions, treaties and laws. However U.S. geopolitical goals
and its increasingly militarist behaviour positively militate against this.

The U.S. (with approximately 243 overseas interventions since Jefferson) ‘most consistently stands outside the enlightened *Zeitgeist*. The U.S.’s permanent war economy, National Security State, ‘ceaseless pursuit of global hegemony’, ‘corporate-driven globalization’, and the (manufactured) dangerously destabilising ‘war on terror’ (i.e. permanent war) drive the U.S. in its quest for Pax Amerikana. Such unilateral exceptionalism has led to a dangerously ‘lopsided global equation’ where naked superpower trumps all legality. Furthermore, at a critical and fast changing geopolitical juncture, the U.S. as a rogue state is once again redefining its global power, role and reach in order to dominate the world – approximately 1,000 (known) bases in some 170 countries.

**The characteristics of U.S. exceptionalism**

Within the overall historical imperial context the enduring characteristics of U.S. exceptionalism in militarism and warfare have taken the following trajectory: serial violation of international agreements; dubious moral claims as pretexts for intervention; ruinous ‘wanton destruction’ (U.N. Charter) of whole nations; an unparalleled level of criminality facilitated by vastly superior technology and economic wealth; a veritable conveyor belt of manufactured demonic enemies; the targeting of smaller poorly defended countries; the leading stockpiler and developer of WMD; no official recognition, reparation, or apologies of past crimes (no Americans have ever been prosecuted for war crimes, a few local episodes apart); and a political, media, academic, and cultural fortress across the public sphere that keeps the U.S. public in an ignorance firmly in ‘the ideological grip of national denial’.

On further historical investigation of the modern republic’s militarism and warfare, there emerges ‘an ongoing pattern’ of wholesale outlawry going back to the nineteenth century catalogue of Indian massacres – tens of millions slaughtered and whole languages and cultures obliterated. In the westward expansion an authoritarian
regimen ‘propelled by a mixture of colonialism, racism, capitalism, and militarism’, resulted in the comprehensive historical erasure of terrible crimes, the production of many myths romanticising the genocidal past, and the creation of a new modernising, civilising, and legitimating ideology of ‘messianic nationalism’ for a ‘God-given mission of building a new civilisation for the modern world.’ This was inculcated into the popular consciousness and ‘incorporated into the political culture, [and] shared especially by the upper circles of politicians, business elites, the military, and Christian institutions.....one of the most impressive propaganda achievements ever.’

This was facilitated by the fraudulent use and abuse of many treaties and numerous laws such as the Indian Removal Law and the Discovery Doctrine (if you ‘find’ the land you keep it) – all legitimated ideologically by ‘superior’ ethnocentric notions of being ‘civilised’ while Indians were godless ‘savages’ and so on. Military forts were set up in tribal lands (the West Bank today) as colonial commissioners issued multiple edicts that ‘the Indians must now conform to the white man’s ways’, and justified by Manifest Destiny – the nineteenth century, celebratory, American nationalist, master narrative of liberty and empire incorporating the earlier seventeenth century fundamentalist Pilgrim’s great Providential spiritual notion of the new world ‘City On The Hill’ as a beacon for God’s chosen people. (This is not to denigrate the many progressive, genuine and wholesome aspects of American culture and society rooted in the popular consciousness: individual freedom, democracy, libertarian principles, non-imperialistic patriots and non–Moral Majority type tolerant religious belief. Too often genuine popular ideals are cynically used by elites and twisted through mainstream discourses to a media-mislead and history-starved U.S. populace – perhaps nowhere more blatantly so than in the carefully chosen and grotesquely named, Operation Iraqi Freedom. Note the acronym if we change the last word to Liberation.)

The cost of the U.S.’s continued pursuit of global hegemony is a shamelessly unparalleled criminal ‘trail of broken treaties’ (over 400) from the late eighteenth century to today. Such outlawry covers the full
spectrum of international co-operation in human affairs – national sovereignty, the environment, human rights, trade and finance, WMD, security and intelligence, maritime, space, health. For a nation ‘conditioned to conquest and warfare’, the Bush-neocon, ‘war on terror’ years were not an aberration, rather a profoundly destabilising acceleration of the U.S.’s historic lawlessness.

That the U.S. ‘has arrogated to itself’ the sole ‘right’ to carry out military aggression in flagrant disregard of world opinion and the ‘contemporary moral Zeitgeist’ validates Noam Chomsky’s long-standing point that ‘Contempt for the rule of law is deeply rooted in U.S. practice and intellectual culture’. On the eve of the Iraq war Bush could say, ‘I don’t care what the international lawyers say, we are going to kick some ass.’ (I kill, therefore I am). This, Professor Boggs comments, was merely a reflection of a deep-seated national exceptionalism and shared political consensus. Congress even passed a law in 2002 allowing for invasion contradicting the U.N. Charter mandating Security Council approval. ‘Pre-emptive’ war ‘might be illegal but it was nonetheless legitimate’!

**Weapons of mass deception**

Further examples of war crimes discussed in the book include the pre-picking in the 1990s of Ahmed Chalabi to head the CIA invented Iraqi National Congress. Along with a mountain of other evidence that the Iraq war was planned years in advance, this amounts to ‘criminal intentions spanning three presidencies’. Worth deeper investigation is the Rendon Group, from the self-proclaimed ‘information warrior’, John Rendon. A CIA-contracted PR firm with business in 91 countries that had the contract to prepare the US public for war and manage public perceptions through it. In the lead up to the Iraq war we find that the news media itself functioned as a deliberate part of the war effort within a wider co-ordinated strategy. The *New York Times* – the ‘ideological paradigm for American media and political culture’ – is a case in point. Here, we discover, a litany of embedded journalists, an ‘award-winning reporter’, Pentagon operatives, propaganda,
disinformation, reports with ‘no factual grounding,...no foundation even in CIA and other intelligence data’. Naked geopolitical objectives are uncovered at every turn in a long litany of evidence pointing to systemic criminality to wage war beneath the usual verbiage of an evil external threat and ‘national security’.

In short, U.S. outlawry is being normalised amid abundant evidence of ‘a vast criminal enterprise’ – i.e. Nuremberg prosecutable ‘crimes against peace’! (Recall establishment patrician and fellow Skull and Bones man John Kerry’s candid incredulity at the Machiavellian Bush Gang when caught off camera but on mic in the 2004 Presidential Campaign: ‘These guys are the most crooked, you know, lying group I’ve ever seen.’ After no WMD, Iraq, unending war, the 9-11 Commission travesty etc., is it any wonder millions around the planet don’t buy the official 9-11 evil bogeyman in a bat cave with a laptop story from the same crowd?1

The American way of war

Contrary to both official and popular mythology, civilians and related targets have always been ‘integral’ to U.S. military strategy, not alien to the American character and way of war at all. The sheer numbers of civilian dead since 1945 from U.S. military operations – between 8–30 million depending on estimates – the tens of millions more maimed and displaced (2 million in Pakistan alone at present), point to a mass ‘collective denial’ of ‘epidemic’ proportions in the political culture. Professor Boggs takes us through the many violations pertaining to the Geneva Conventions and Nuremberg Charter using indiscriminate warfare.

To select just a few, we find that the practice of ‘aerial terrorism’ has been central to U.S. military strategy. Not until the final months of

W.W.II were the rules of warfare so ‘mercilessly transcended’ as dozens of German urban centres and 66 of the ‘subhuman’ Japanese defenceless cities were firebombed into incineration with, including the atom bombs, over a million dead. The practice was thoroughly embraced and expanded in Korea with as many as 4 million dead in ‘scorched-earth’ policies. In Vietnam, ‘8 million tons of bombs’ in wholesale ‘carpet bombing’ were dropped. Millions dead and often permanent environmental damage was done to health and livelihoods as ‘19 million gallons of toxic herbicides’, and indiscriminate use of napalm and Agent Orange were unleashed on Vietnam. The infamous Phoenix Program of assassination and terror with an estimated 70,000 Vietnamese deaths replete with sadistic torture chambers. Whole populations designated as ‘reds’ in ‘search and destroy’ and ‘kill ‘em all’ missions – ‘body counts’ a ghoulish index of battle success. ‘Counter-insurgency’ and guerilla warfare blur the line on who is the enemy, a ‘terrorist’, an ‘insurgent’ etc. leading to countless more civilian deaths. This was the specialisation of Obama’s choice, General Stanley McChrystal, between 2003 and 2008, when he directed the Pentagon’s Joint Special Operations (JSO) Command, which operates special teams in overseas assassinations.

A cultural illiteracy among soldiers is widespread.² The old ‘war is hell’ rationalisation has lead to untold crimes of obedience. The infamous My Lai Massacre – the tip of the iceberg – underneath, a pattern of atrocities and cover-ups. The military ‘code of silence’ and stonewalling were the standard institutional response to further investigation.

**Weapons of Manifest Destiny**

In weapons of mass destruction (WMD), the U.S. ‘remains by far the biggest champion’. WMD falls under the following treaties: Nuclear Non Proliferation Treaty (NPT), Anti-Ballistic Missile Treaty (ABMT), Chemical

² See [http://therealnews.com](http://therealnews.com) for a revealing interview with Josh Stieber, a former soldier in the company which attended the dead and wounded in the recent Wikileaks ‘light ‘em up’ video of the helicopter gunship massacre in Iraq 2007.
Weapons Convention (CWC), Biological Weapons Convention (BWC), Outer Space Treaty (OST), Comprehensive Test ban Treaty (CTBT) and relevant statutes in the Geneva Conventions. That a U.S. jury was told in 2006 to include ‘airplanes used as missiles’ as WMD highlights the arbitrariness surrounding definition of WMD. Professor Boggs identifies *five* distinctive types of WMD: nuclear, biological, chemical, high-order conventional, and sanctions – of which, only biological and chemical are explicitly outlawed. On all five counts, and in multiple instances, the U.S. is guilty of using and proliferating WMD. The U.S.’s exceptionalism extends to serial blocking, bribing, threatening, rejecting, obstructing, and voting against measures in the U.N. to control WMD – defending it’s sovereign ‘right’ to manufacture, use, and deploy WMD against universal criteria.

A characteristic feature of the US and WMD is that it is always at least one technological step ahead of its future targets. For example: the gun and canon versus the bow and arrow; the atom bomb versus conventional ordinance; sophisticated WMD versus peasant armies; and now soon, if not already, in the twenty-first century, to be in the world's face with 'first-strike' nuclear and next generation technowar from outerspace. In Iraq the U.S. is guilty of using WMD – depleted uranium (DU) tipped ordinance, white phosphorous (‘Willie Pete’), cluster bombs – in the *blitzkrieg* of Fallujah (the Iraqi Dresden). The city’s males aged between 15-45 were ordered not to leave the town for a week while it was raised to the ground and Manifestly Destinized into a toxic and cancerous DU dust bowl. One marine reflecting on Fallujah was quoted in the *LA Times*: ‘It’s too bad we destroyed everything, but at least we gave them a chance for a new start.’ The epidemic of grossly deformed babies, mothers afraid to have children, rocketing cancer rates, and the ruin to future generations of this genotoxic weapon is unconscionable. And in Afghanistan – the U.S.’s second longest war in the supposed Holy Grail quest for former CIA asset and clandestinely funded collaborator against the Soviets, Osama Bin Laden 3 – more technowar fantasies are realised by the

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3 Who has probably been dead since 2001. See Dr. David Ray Griffin, *Osama Bin Laden: Dead or Alive?* (Olive Branch Press, 2009)
Pentagon terror entrepreneurs as the U.S. plays empire on the cheap with thousands of civilians caught up in multiple predator drone atrocities from 30,000 feet, 4 operated by Playstation generation kids 10,000 miles away. (And in the case of their covert use in sovereign Pakistan, direct from Langley, Virginia.)

DU – used in the first Gulf War, the former Yugoslavia, Afghanistan and tested in bombing ranges the world over 5 – fits the war crime category of ‘wanton destruction’ under the Geneva Convention. Furthermore, ‘DU should fall under the rubric of the CWC’, though the U.S. can afford to wait till 2023 as their resistance to signing any binding treaty has kicked the issue into touch till then. Similar blocking tactics have also been employed for various biological weaponry relevant under the BWC – all regular hallmarks of U.S. behaviour at the U.N. The ‘power projection capability’ afforded by WMD ‘are now so strategically central to maintaining Empire, such weapons seem nowadays to represent a non-negotiable element of U.S. foreign and military policy.’ This pattern of behaviour extends to everything in international law, most egregiously in the delaying and gutting of the Genocide Accords until a ‘sovereignty’ clause was inserted for protection against possible prosecution of U.S. citizens in defiance of universal political discourses and legal codes.

From the liberal architects of technowar in Vietnam to the Bush Gang, the U.S. is guilty of genocide from the native Indians to Indochina to Iraq – the latter covered under the 1948 U.N. Genocide Convention. The Russell Tribunal in 1967 charged the U.S. with waging genocidal war in Vietnam.6 ‘Superpower immunity from legal action’, and not flaws in the Convention (despite minor technical shortcomings), have protected U.S. war planners from ever being brought to justice. More double standards prevail in the various recycled forms of ‘victors’ justice’, from the Balkans to Iraq and from Nuremberg to The Hague – so ad hoc, selective and ‘legally one-sided.

4 There are approximately 1,000 in operation now.
5 See the Australian documentary by David Bradbury and Peter Scott, Blowing In The Wind.
6 Member of that commission, Ralph Schoenman, has an excellent weekly radio show at <http://takingaimradio.com>
as to deny legitimacy’. And so on down the line.

**Subcontracted warfare**

Proxy warfare is one of the most sinister features and ‘the generally preferred method’ of U.S. foreign policy during the Cold War. This could be done largely out of the media’s gaze to achieve economic and geopolitical agendas in tandem with the interests of corrupt local elites – especially in the Americas. Illegal funneling of funds, weapons and drugs; covert operations and support in multiple forms to death squads, ruthless dictatorships and the orchestration of multiple coups d’état; networks of torture centres, secret body dumps and crematoria; the targetting of popular and civic oppositional movements; clearing indigenous peoples from their land – many buried in mass graves; punitive economic sanctions; training given to over '60,000 operatives' at the infamous School of the Americas (conveniently renamed - as is Blackwater) in methods of counterinsurgency, guerilla warfare and civic subversion amounting to a systemic catalogue of war crimes under international law.

Deserving of special attention is the ‘client-state outlawry’ of America’s Middle Eastern imperial outpost, Israel – ‘surely the most egregious case of U.S. war crimes by proxy’ and example of lawlessness in the post-war era. A veritable microcosm of the U.S. behemoth, Israel, a secret nuclear power, and funded (officially) an average of $3 billion annually by the U.S., has committed serial violations of the Geneva Conventions, the U.N. Charter, multiple U.N. resolutions, and is a *non*-signatory to many international treaties, most notably WMD and the Nuclear Non Proliferation Treaty (NPT).

Currently, the U.S. and its garrison state (or is it the tail wagging the dog on this one?) are hypocritically and shamelessly targeting Iran, a NPT signatory, for destruction. The U.S.’s greatest champion of the 'war on terror’, Israel is an increasingly dangerous and regionally destabilising outlaw in its own right, acting with military impunity in multiple instances. Its contemptuous greater Israel ambitions are likely to prove a source of future regional troubles and an ever
increasing public relations and strategic problem for Washington.

**Full Spectrum Dominance**

A general schema of the trajectory of U.S. imperial ambitions seems to closely correspond with their historical development, especially in economic and technological superiority and its canny relation to competing powers. The particular and exceptional tough messianic nationalist zeal during the ‘first foreign wars’ of Western expansion, which lead to the closing of the frontier in 1890, gave the U.S. its first and foremost prize – *land*. Soon after, U.S. imperialism took to the *seas* in the successful Spanish-American War for empire. Helped incalculably by the inter-imperial fratricide of European competitors during W.W.II, and their own fast developing technowar capabilities, much of it delivered from the *air*, the U.S. emerged as a real superpower post-W.W.II. The ‘final frontier’, it seems, is control of *space* and the Pentagon’s plan for ‘Full Spectrum Dominance’ of land, air, sea, and space.

Any hopes that Obama might reverse 200 years of American imperial logic and history is probably asking a bit much. That he might reverse the Bush Doctrine and its criminal agenda is *not*. His presidential style is far more genteel and urbane than the outright cowboy primitivism of Bush and the flagrant ‘bomb bomb bomb, bomb bomb Iran’ tendencies of the warhead, McCain. The following trends, however, seem to confirm Professor Boggs’ interim assessment that the ‘hope and change’ hysteria ultimately ‘lack[ed] empirical grounding.’ Obama’s record of troop escalation; retention of the Patriot Act and the whole Bush police state infrastructure; increased funding for National Missile Defence (NMD); authorising extra-judicial assassinations of U.S. citizens in foreign lands (almost everyone else is fair game of course); the ‘terrible precedent’ in granting legal immunity to the Bush torturers – over 100 uninvestigated post-9-11 detainee ‘deaths’ – on the grounds that they ‘carried out their duties in good

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7 Sing it to to the Beach Boys’ ‘Ba ba ba, Ba Barbara Ann’.

Summer 2010
faith upon legal advice’ (Obama’s words); i.e. Eichmann-was-only-following-orders style admonishment.

**Lipstick on the pig**

Although the new Obama administration represented a modest progressive departure from the Bush policies, the trend towards war with Iran points to the rabid neocon-AIPAC infiltration of the power structure. Washington, at least in terms of military and foreign policy, it appears, is still largely a neocon operation. Among his new Cabinet, the financial, defence, foreign, and Chief of Staff appointments in particular, are representative of more ‘continuity’. At a time when an end to the wider imperial and police state policies of Bush was never so needed, real popular desire for change has been *de facto* railroaded into the symbolic dead end of corporate identity politics. An accomplished hypnotist who makes people feel good, brand Obama successfully appealed to the mass inculcated infantilism present in the majority of the American public, and even much of the ‘postmodern liberal intelligentsia’. The slick Madison Avenue marketed left-cover facelift for the empire the camouflaged mailed fist within the brand-new velvet glove. The pop idol campaign and presidency proved, alas, only a placebo. Despite the attractive new shade, it seems ‘you can’t put lipstick on a pig’ after all. (Filled more with pageantry akin to royalty, the office of the presidency itself is increasingly a front man role and exercise in style over substance. Real power lies behind it, and *de facto*, elsewhere. After all, there is an empire out there to be run.)

The deeper you look at the U.S. a dangerous Jekyll and Hyde structure and character appears – a pathology akin to the criminal ‘structural unconscious’ addressed in the foreword to the book. For example: democracy at home – empire abroad; total military force – bankrupt moral force; free market economics – Keynesian warfare state; democracy – oligarchy; liberal-democratic illusion – postmodern corporatism; republic – empire; democracy for us – client puppet government for you; free enterprise – bailout; Wall Street – main street; civil rights – Patriot Act; concentrated state power – decreased
civil rights; gunslinger cowboy – constitutional lawyer; Born In The U.S.A. – *not* born in the USA; no WMD for you – plenty for us; we’re the good guys – you’re the bad guys; free fire zones abroad – free speech zones at home; peace loving – war making; and replete with crime, double standards and hypocrisy in the ‘too big to fail and too big to jail’ systemic world financial fraud, and so on. Its ideological cover is wearing increasingly thin. The U.S. is fast becoming an ideological phantom! And the Orwellian doublethink laden in U.S. ruling motifs are no less noxious despite the new shade of ‘lipstick on the pig’.

**Madness in high places**

*The Crimes Of Empire* is a necessary cognitive dissonance-inducing antidote for the vanquishing of the ever more dangerous ruling hegemonic and warped Weltanschauungskrieg ideology of the Pentagon phantom, whose putrescent spectre inhabits the political unconscious of the whole of a dangerously militarist and psuedo-nationalist U.S. society. It is given eternal life in a beholden ‘lap-dog’ media and walks rife in the bureaucratic ‘scientific bomb cult’ military-industrial-intelligence-community – a vast secret hydra of interlocking bureaucracies (with private connections) vastly over funded for the benefit of empire at the cannibalistic expense of the republic, and ultimately the world.

The U.S. Empire is an increasingly unstable western military and financial geopolitical amalgam of domination and control under U.S. hegemony of the majority of the planet and its resources for the unfettered free reign of corporate globalisation. A neo-liberal, neo-colonial, predatory finance, central bank warfare model, the diminishing returns of which, at least in the short-medium term, are becoming plainer for all the world to see. (Its unsustainable fiscal problems not withstanding, the U.S. appears to be heading for a collective nervous breakdown.)

It appears the U.S. National Security State in its widest economic, military, intelligence and corporate sense is *driving* this anti-democratic hegemonic agenda, and pursued largely without congressional or
public awareness. (Do any of our political class really know, or want to know what we are doing in Afghanistan?) The recent revelations regarding The Joint Unconventional Warfare Task Force Execute Order, signed on 30 September 2009, sanctioned a major expansion of clandestine military operations in both hostile and friendly countries. Popular Congressman, Ron Paul, has openly stated in recent months that there has been a CIA coup in America! Daniel Ellsberg, who says the coup began on 9-11, has said that Obama is deceiving the American public as Kennedy, LBJ, and Nixon did through Vietnam. The 2011 exit date is ‘false’ and ‘Vietnamistan’ lies ahead (as the leaked cables of November 2009 from Afghanistan Ambassador Eikenberry – another former general – show). General Stanley – ‘We have shot an amazing number of people, but to my knowledge, none has ever proven to be a threat’ – McChrystal’s surge is likely to be a costly failure. Ellsberg went on, ‘Ambassador Eikenberry’s cables read like a summary of the Pentagon Papers for Afghanistan!’ Such trends – and there are hundreds more – only reinforce Professor Boggs' prescient argument in his *Imperial Delusions* (2004) of an out of control and criminal ‘power structure....increasingly addicted to militarism and war’.

**In your face from outer space**

The official ‘war on terror’ and the concomitant, unofficial black-ops shadow programme – recall Rumsfeld’s press announcement of a $2.3 trillion black hole of ‘missing’ funds in the Pentagon’s accounts on, conveniently, September 10 2001 – is a cover for empire. The bonanza this entails for the proliferating mercenary private military contractors (PMCs) such as Blackwater – illegally operating in Iraq and elsewhere with *de facto* diplomatic immunity – is nothing short of a licence for wholesale international neo-piracy. It is sociopathic gangster capitalism gone global. (The new ‘no-bid contract’ prostitutes can kill freely for a living, while Mickey Mouse secretly drives a tank.) The many operations carried out on the basis of it are not only dangerous and destabilising,
but are *illegal* under both U.S. and international law.

Furthermore, a final and all encapsulating example of the dangerously Strangelovian U.S. character, its contemptuous outlawry and naked geopolitical ambition, is the objective to scrap, or ‘renegotiate’ the 1967 Outer Space Treaty (OST), which specified that space should be reserved for entirely peaceful uses. Ominously, a recent U.N. resolution (despite being) signed by 138 nations designed to short-circuit any further arms race in outer space, was not signed by the U.S. and Israel alone. The next generation Star Wars, National Missile Defense (NMD) programme (motto: ‘In your face from outer space’) is a ‘Trojan horse’ for the coming illegal weaponisation of space. This involves nuclear fuelled and armed satellites orbiting the earth as part of the wider strategic imperial aim of ‘Full Spectrum Dominance’. The ‘first-strike’ capacity in the programme is central to the Pentagon’s quest for ‘space hegemony’ – a sinister strategy for *earthly* domination.

U.S. outlawry has reached dangerously unprecedented levels. *The Crimes Of Empire* injects much needed discussion of this into the public discourse and extensively documents U.S. war crimes first and foremost from a legal point of view, which any unbiased reader can discern. The moral, political, and wider social implications contained in the analysis transcend a mere legal critique and the failure and systemic subversion of the fledgling post-war *Zeitgeist* by the U.S.’s über-outlawry is dissected brilliantly. As most Americans prefer ‘to look the other way’, the evidence points to the inevitable conclusion that the unparalleled criminality of the U.S. leads right to the top. This is a must read for those who wish to see the real democratic practice of international law and a new *Zeitgeist* united.

**Addendum**

The recently sacked (likely a neocon manoeuvre) ex-director of national intelligence, retired Admiral Dennis Blair, told Congress in February last year, that the world-wide economic crisis is the single greatest threat to the national security of the United States, trumping even global
terrorism and the proliferation of WMD. Here’s a thought for our unruly, yet often likeable cowboy cousins as we look from this side of the pond over to the 'City On The Hill’. As Robert Burns might say:

O, wad some Power the giftie gie us
To see oursels as others see us!
It wad frae monie a blunder free us,
An’ foolish notion...
...
The best laid plans.....o’ empire...

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Rosetta Stone and the code of national security

_The Strength of the Pack_
Douglas Valentine
Waterville (Oregon): TrineDay, 2009, $24.95 (USA)

Dr. T. P. Wilkinson

When I was a child the older daughter of my father’s best friend was reading a book called _The Secret Language_.¹ I remember searching for the book in the school library, but failing to find it, begged Susan to lend me her copy. At that age I was convinced the book must have been about codes and I wanted to know everything I could about what people really meant when they said things, things maybe I didn’t understand. In fact the book was not about codes and I returned the book to Susan, disappointed that there were nothing but a few slang words for things at the school described in the book.

When I was a bit older my father gave me a book I haven’t forgotten either. Before I read all his Ian Fleming and

Alistair McLean paperbacks, I read Stanley Lovell’s *Of Spies and Stratagems,*\(^2\) a humorous memoir by an OSS officer, telling more about the things ‘Wild Bill’ Donovan’s boys screwed up than about what they really did. For years it shaped my conception of secret services and spying in America or by Americans. Even after years of reading about US government covert action throughout the world, I had this vision of well-meaning incompetence on the part of soldiers and bureaucrats trying their best to preserve and protect the USA.

It was not until the death of Philip Agee, probably the dean if not the patron saint of critics of the American national security apparatus, in 2008, that I felt compelled to read his exposé *Inside the Company.* It was Agee’s memoir, followed by his book *On the Run* and the collection *Dirty Work,* which made me realise that to understand the CIA it was necessary to comprehend the secret language of national security of which it is the ultimate guardian. There is a code, if you will, an open code, at the core of the central processing unit of America’s empire. Agee was the first person to publish that code and like the Rosetta stone it has allowed the rest of us – at least those who are interested – to read the hieroglyphics in which US foreign and domestic policy is written.

Douglas Valentine, author of *The Phoenix Program* and *The Strength of the Wolf,* has published a third volume in what might be called a ‘Ring’ cycle to elaborate the language of America’s elite in its wars for the ‘Rhine gold’, a.k.a. ‘national security’. Using the methods of a therapist and chronicler, Valentine begins his books with the apparently naive and inquisitive eyes and ears of a youth asking his elders what they did in the war. He retains a respectful tone throughout what are essentially interviews and intervenes only to provide needed background for the reader or to occasionally compare the stories of various performers in the same scene. The author only appears when it is necessary to clarify something

\(^2\) Stanley P. Lovell, 1963.
either he or the reader is unlikely to understand or where confusion arises.

The Strength of the Pack, like its predecessor the Strength of the Wolf, takes its title from the Rudyard Kipling poem, ‘The Law of the Jungle’. Kipling describes how the wolf and the pack complement each other. The power of one is ultimately dependent on that of the other. There is no such thing as a truly lone wolf. In Wolf, Valentine records the story of the Federal Bureau of Narcotics and its origin in the internal security policies of the US government at the beginning of WWI. The demise of the FBN in 1968 coincided with an interregnum in which the so-called war on drugs was managed or mismanaged just like the war in Vietnam with which it was intricately connected. Richard Nixon’s attempt to recover US control in Southeast Asia and establish political hegemony at home coincided with creation of the Drug Enforcement Administration, an agency charged with continuing the US government’s pursuit of international narcotics trafficking and policing of the global drug trade. The Strength of the Pack is the story of how the legacy of Anslinger, the FBN’s boss, and the contradictions between publicly proclaimed policies of interdiction and the actual policies of the national security state, have created an apparatus based on hypocrisy and deceit which corrupts those who believe in genuine law enforcement and protects those who profit politically and economically from the clandestine control of the international drug markets.

As in The Strength of the Wolf, Valentine continues his story with what appears to be the plain facts: the US government determined that there was a need to control and/or prevent the trade in and consumption of narcotics and other drugs deemed dangerous. Laws were passed and agencies created to enforce those laws. Since the original agencies and the original laws seemed to be inadequate to the ostensible tasks of drug control and interdiction, new
means were sought and implemented. These in turn seem to fail as well. The ‘drug problem’ emerges as unsolvable. The reader for whom this narrative is an article of faith will finish the Strength of the Pack with the same sense of frustration found at any middle class dining table when the subject is the adequacy of the police, or just how much uniformed abuse of the poor is enough to keep those present safe in their homes and schools.

Yet at regular intervals Valentine’s interviews disrupt this complacency for the critical reader. The actors in the drama of drug law enforcement describe repeatedly their preoccupation with professional advancement, bureaucratic competition, personal rivalries and ultimately the manipulation of the drug trade. Valentine has no need to speculate about conspiracies. His respondents explain in their own words the combinations of bureaucratic scheming, confidential policy directives, PR posturing, and incestuous relations between pharmaceutical manufacturers, ambitious politicians, mercenary armies, domestic law enforcement, and ultimately the American power elite.

The cast of characters Valentine has interviewed in the Pack may initially overwhelm the reader. There are innumerable people in the books and they all have their significance. Some of them only become important in the course of time. I had to check frequently to follow some of the events and grasp which people were important for what reasons. This could discourage the reader. On the other hand it does reflect another aspect of Valentine's narrative: these are events shaped by people and not by nature or god. The actors have long and varied interactions in the life of the two organisations and these personalities emerged at critical phases in the history of both the FBN and DEA. It is necessary to concentrate on this fabric to grasp some of the ways in which the national security system consists of personnel overlaps and not necessarily explicit policies. That is an
overwhelming cognitive challenge for a reader who expects clear and simple drama with a few primary players on the stage. The reader has to have patience and concentration to get past what may appear as an incredible number of people whose stories are all told in varying detail.

The story is a sequel to *The Strength of the Wolf* but it is written in a way that is comprehensible even if one has not read *Wolf*. One of the pleasures of Valentine’s prose is that the interviews flow seamlessly creating one dramatic work of history. Although the book is carefully documented, its evidentiary approach relies on preponderance, redundancy and an emergent coherence as the participants themselves elucidate the same historical events.

The FBN and its ultimate successor, the Drug Enforcement Administration (DEA), emerged on the basis of fundamental assumptions about the nature of drugs and drug trafficking in the US. However, these assumptions were expressed in language peculiar to US political culture. Once drug law enforcement left the shores of North America it became more clearly an instrument of US foreign policy.

First, the focus of domestic drug law enforcement, as formulated by Anslinger’s FBN, was the policing of African-Americans and other racial or ethnic minorities – whereby there was no doubt that African-Americans were considered the primary target. Thus despite any and all attempts to treat addiction as a medical problem, Anslinger, the FBN and the DEA have fought successfully to criminalise addictions along race lines.

Second, enforcement strategy was ‘supply-driven’. That meant agents were trained and deployed to make cases – create situations for arrest, trial and conviction – against suppliers and dealers. The main tactic for making cases was to pose as an intermediary and induce deals. Of course this meant that agents had to create credibility by actively
participating in the market they were hired to suppress. Since the drug trade is lucrative there has always been the temptation if not the incentive for agents to personally profit from this standard case-making tactic. Hence even assuming the legitimacy of the drug enforcement objectives, the potential for corruption was endemic. What was well known at local level, namely that vice squads served to give politicians and police their cut of organised crime, acquired national scale. Federal drug enforcement officers in competing jurisdictions took their ‘cut’ whether in political-bureaucratic advantage (e.g. competition between US Customs, IRS, and FBI) or ‘in trade’ by siphoning off profits and confiscated drugs or simply accepting bribes.

Third, the ultimate bureaucratic conflict emerged once federal drug enforcement became international, based on the ‘supply-side’ strategy. One of the consequences of US entry into World War I was the expansion of the federal government’s domestic intelligence (policing) apparatus. While US Army Intelligence retained much of its authority to spy on political dissidents, the increasing industrialisation catalysed by the war mobilisation created a greater threat from organised labour. Private industry had been able to suppress unionisation with its own private police and detective agencies, like Pinkerton. The rapid expansion caused by the war effort made it expeditious for the federal government to absorb the cost and responsibility for political policing. The result was the creation of the FBI. The infamous J. Edgar Hoover exploited the emerging mass media to create a popular image of most wanted criminals and the need for G-men to capture or kill them. The twin threats of spectacular criminals and communist subversives fed the FBI director’s greed for power over what became a kind of federal secret police.

At almost the same time, Harry Anslinger, previously an officer in the Pennsylvania Railroad Police who married into the
Mellon dynasty, seized the threat of post-war population shifts and mobilisation among African-Americans to promote the early phase of America’s war on drugs. Then the code was drugs are a problem of African-Americans and on one hand make them dangerous to whites and, as the source of narcotic addiction, threaten white moral and racial health. Valentine points out that although Anslinger never had the same power as Hoover he was able to maintain his fiefdom in spite of Hoover’s jealous and vindictive designs on anyone competing with him for police power in the US. Together these two created the mainstays of US political policing – not only in the agencies they directed but also in their abilities as propagandists. They both shaped the way Americans see threats to their security. The FBI and FBN, along with the latter’s successor the DEA, have been instrumental in creating and maintaining the illusions that (a) the US is a democracy with no secret political police like in ‘Old Europe’ or outright dictatorships; (b) the police powers in the US are intended to preserve public health and safety, e.g. by the interdiction of production and traffic in harmful substances; and (c) that the greatest threats to the security of Americans are substances that corrupt private morals.

Without actually pointing a finger, Valentine’s sources indicate some unpleasant truths behind these illusions: whatever democratic virtues the US may be said to have, its primary federal law enforcement agencies were formed to suppress political opposition, e.g. from organised labour, war resisters, civil rights activists, et al. Valentine documents numerous occasions when decisions by drug enforcement agencies were required to take the interests of the major pharmaceutical corporations into account. By its very strategy and tactics the case-making against drug traffickers serves to promote the threat of drugs _per se_ more than to control or stop trade and consumption. To call drug law enforcement in the US selective is gross understatement since it has long
been an unspoken rule that rich, white neighbourhoods and offenders are off limits.

Finally and perhaps most devastating of all the truths Valentine documents, drug law enforcement – whether domestic or international – is subject to the control of the CIA, whose historic policy, not unlike that of the British East India Company over two centuries ago, has been to protect the manufacture and trade in narcotics for reasons of ‘national security’. Repeatedly Valentine recounts the stories of FBN and later DEA agents prevented from making cases against drug traffickers because of direct or indirect CIA intervention. Often the mere indication that a suspect or a known trafficker was working with the CIA was sufficient to stop further enforcement action. Although Valentine actually seems to avoid this conclusion, his preponderance of testimony together with the collateral evidence he provides forces one to ask the question is the CIA not in fact the primary broker of the international drug market? The reader who thinks that Valentine will feed the favourite conspiracy theory will be disappointed. Valentine does not end with a rousing plea to the jury to condemn the CIA as the great evil behind international drug trafficking. Yet those who recall the late Gary Webb’s reporting about the CIA’s role in pushing drugs into Los Angeles will find testimony in Valentine’s book that adds plausibility to Webb’s claims.3

When Allen Dulles, Harry Anslinger, and J. Edgar Hoover died, the government agencies each had left behind were powerful, entrenched bureaucratic institutions. These men were masters of public relations. Their aggressive personalities, all shaped by what might be called the particularly American Puritan hypocrisy, helped to create and sell the enduring myths that sustain the American vision of ‘national security’. This ‘national security’ relied on the suppression of anything deemed foreign, non-white, immoral,

or communist – whereby communist was rarely anything more than a catch-all term for anything nationally, racially or morally impure. Despite the legal restrictions that officially separated the CIA from domestic policing, the history of drug law enforcement as recounted by those engaged is incontrovertible testimony that these restrictions were conceptually problematic and practically a dead letter. At every turn, official action by drug enforcement officers was either compromised by cooperation with the CIA or disrupted by CIA intervention to preserve its ‘national security’ interests both in the drug trade itself and the underground channels through which intelligence, weapons, illicit funds, etc. could flow. DEA agents, like their predecessors in the FBN, did not last long if they insisted on sincere performance of what they thought were their statutory law enforcement duties.

In 1974 Agee wrote:

‘Reforms of the FBI and CIA, even removal of the President from office, cannot remove the problem. American capitalism, based as it is on exploitation of the poor, with its fundamental motivation in personal greed, simply cannot survive without force – without a secret police force. The argument is with capitalism and it is capitalism that must be opposed, with its CIA, FBI and other security agencies understood as logical, necessary manifestations of a ruling class’s determination to retain power and privilege.’

The ‘war on drugs’, like its brother, ‘the war on terror’, and older cousin, ‘the war against communism’, all use essentially the same secret language. As befitting secret armies and police that must operate in the shadows, their stealth is augmented by euphemism – the mendacious words and phrases that encourage us to trust or discourage close examination. *Spying*, that is the violation of others’ privacy, is called intelligence. *Action*, whether covert or ‘executive’,

conceals things that if done by a private person would be considered serious crimes. *Neutralising infrastructure*, whether it was ‘VC’ in Vietnam or ‘Taliban’ in Afghanistan is just another term for assassination.⁵ *Making cases*, the principal tactic of federal drug law enforcement, meant selectively feeding and maintaining the drug trade, within the propaganda priorities of the agency and with due regard for the ‘national security’ interests of the Company.

Of course it would be wrong to suppose that everything the DEA or its police relatives did was deleterious to public morals, health and safety – the ostensible purpose of US drug policy. There can be no doubt that criminal activity has been pursued and prosecuted by the DEA. Valentine is careful to give credit where it is due. He treats his subject seriously and those he interviewed with utmost respect. This is not a denunciation of hundreds of agents or an attack on their character. Instead Valentine gives us a critical look at an army – a secret army, not those hallowed by endless Hollywood films or TV series. Like any modern army it is also a bureaucracy subject to the same individual and collective illnesses of any large bureaucracy. But also like all armies raised by the US elite for its own protection, it is based on myths that remain largely unchallenged today. The US drug enforcement agencies have created their own version of ‘the good war’, except that whereas the original ‘good war’ was supposed to have ended in 1945, their version also promises another war without end.

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⁵ See Douglas Valentine, *The Phoenix Program*, 1992
In this two history professors, one British (Craig, Aberystwyth), the other American (Logevall, Cornell) examine the American end of the Cold War and conclude that it was almost but not quite entirely the result of, and carried out in the interests of, the American military-industrial-complex (m-i-c). They don’t quite say this but they’re close.

* On the Marshal Plan: ‘American officials were confident that Stalin would refuse the aid and force his client states to reject it as well’ (p. 90)

* On the Berlin blockade: ‘The ensuing crisis – the first real confrontation of the Cold War – was, once again, laid at the feet of the Soviet Union, even though it had been quietly triggered by American actions.’ (p. 93)

* On NSC 68: ‘NSC-68 provided a comprehensive strategy for dealing with a Soviet Union now in possession of the atomic bomb, and at the same time encouraged the Truman White House to reach for Keynesian solutions to the massive expenditures this strategy would require. It offered a recipe, one scholar has said, for the “permanent militarisation of U.S. policy.”’ (p. 114)

They quote Eisenhower’s famous farewell address in which he warned of the m-i-c on page 7 and they write:

‘Composed of the military establishment, the arms industry, and the congressional backers of these two institutions, this “complex” became a power within itself, a vested interest largely outside the perimeter of democratic control, and arguably the single greatest
factor in post-1941 economic life the United States.’ But this rhetoric is not matched by analysis of some of the historical events. The biggest threats to the m-i-c were the attempts by Presidents Eisenhower and Kennedy to reduce tension with the Soviet bloc and thus cut military expenditure. With this in mind Eisenhower planned a big pow-wow with Khruschev in Paris in 1960. What happened? The authors write:

‘.....against all odds, the worse scenario occurred: the U2 flight was shot down on the eve of the international summit.’ (p. 188)

‘Against all odds?’ They tell us that Eisenhower approved the U2 mission. Did he? He certainly took responsibility for it once it had been revealed by the Soviets; but according to Fletcher Prouty, who was then one of the men in charge of the U2 flights, Eisenhower expressly ordered the overflights to be halted in the run-up to the conference.

‘During the first six months of 1960, I was the focal-point officer assigned by the Chief of Staff of the U.S. Air Force to provide special Air Force support to certain clandestine CIA overflight operations. In April 1960, a member of the Chief’s Pentagon office staff was in Thailand overseeing a major series of long-range overflights into Tibet and far northwestern China. Later that spring, orders came down to stop those overflights. The given reason was that the President wanted nothing to interfere with the success of his forthcoming Paris summit conference. Orders were sent from my office to ground the overflights.

These same orders applied to the U-2 program. We all took our orders from the same authorities. The U-2's were supposed to have been grounded along with the
Six pages after their timid and/or evasive account of the U2 incident, Professors Craig and Logevall quote a long chunk from Eisenhower’s farewell address about the military industrial complex and write:

‘It was in the interests of this complex to deny, always and forever, that America had done all it could to make itself safe. He [Eisenhower] determined to confront it.’

(p. 195)

But they do not make a connection to the Paris peace conference wrecked by the U2 a year before.

The authors’ reluctance to look at the m-i-c in action continues through their account of the invasion of Cuba – they do not tell us that the CIA planned to force Kennedy into supporting the invasion when it foundered 7 – and into JFK’s assassination, where they do a version of the standard historians’ body swerve round the subject: ‘The almost-certain assassin, a troubled former marine named Lee Harvey Oswald...’ (p. 227).

Similarly they are carefully sceptical and non-committal about JFK and Vietnam:

’....over time [JFK] became increasingly sceptical about South Vietnam’s prospects and hinted that he would seek an end to the U.S. commitment.....a few authors have gone further and argued that JFK had quietly commenced a withdrawal from Vietnam.....the evidence for this claim is thin.’(p. 228)

I guess it depends on what you mean by ‘thin’; though it isn’t clear from the authors’ citations at this point how much of the

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7  This is discussed in James W. Douglass, JFK and the Unspeakable (New York: Orbis Books, 2008) pp. 14/15. This book was reviewed in Lobster 56 by Michael Carlson.
evidence they are aware of.

Through the book they face a recurring dilemma: they really believe that the Cold War was almost entirely about the m-i-c; but although they can state this, they cannot bring themselves to show it. To do so would be to step outside the acceptable parameters of their profession and place them in the same camp as people like William Blum who, as an independent researcher, is more able to look historical reality in the face. This they cannot contemplate, so they cop out, repeatedly. This results in a series of evasions of which this comical statement is the pick.

‘The United States in 1963 had security agreements with almost a hundred countries, on every continent but Antarctica. More than a million U.S. servicemen and women were deployed overseas, on close to two hundred bases. The Soviets’ reach was almost as great.’ (p. 215)

Ah yes, the global network of Soviet bases in 1963. Let’s list them: the satellite states created immediately after 1945 plus........none?

Inside the AARB Volume IV
Douglas P. Horne
privately printed, $25
ISBN 9780984314430 available from Amazon.com

Michael Carlson

As a comprehensive examination of just two aspects of the Kennedy assassination, Douglas Horne’s Inside The
Assassination Records Review Board, Volume IV (henceforth IA4) symbolises the ultimate difficulty of moving through the rabbit hole of minutiae, some five decades after the killing. This is the fourth volume of a projected five-volume series, pages 987-1378, or two chapters of the whole. Apparently the entire book runs 1880 pages, which is only two-thirds the length of Vincent Bugliosi’s apologia for the Warren Commission. But in his admirable effort to get at the absolute truth, Horne might as well have extended to the realms of Bugliosity. Because once you have cut through the prolix information, with every minor point of research, debate, opinion stated and repeated and footnoted, once you’ve realised that a good copy editor could have cut these 400 large pages considerably, and tightened the argument, you realise that the argument itself resolves into another cul de sac. Horne, who was a researcher into military records for the ARRB (remember the autopsy was a military event), has done research that is exhaustive, but despite providing us with much fact about what happened, he moves us no closer to any real understanding. The advantage the Bugliosis and Posners have is that they don’t need to do that, and the reviewers who praise their books in the mainstream media don’t really need to read them at all.

Basically, Horne deals with only two points, both crucially concerned with the manipulation of evidence. The first is the infamous Bethesda autopsy. The second is possible alteration of the Zapruder film itself. The latter, which is admittedly not his own area of expertise, has become a hot potato of charge and countercharge among researchers, and the further I delved beyond Horne’s book the more exhausted I became.

And even more frustratingly, Horne, who comes off as being scrupulously honest and open about arguments, accepts that his position (that the film is not ‘authentic’) is still the minority one, diametrically opposed to that of the ARRB’s expert, Roland Zavada. The arguments around the evidence are too technical for me to even begin to summarise here, and
they have been debated hotly before Horne even got to them.

What seems incontestable is Horne’s finding that the National Photo Intelligence Center in Washington received the Zapruder film from a CIA lab at Kodak in Rochester, and that the anonymous ‘Bill Smith’ who delivered it said it had been ‘developed’ there, which would mean it was Zapruder’s original film. Or, it occurred to me, perhaps some other original film created and altered while the ‘other’ Zapruder footage was being moved around Dallas. Or, it also occurred to me, that a CIA agent posing as a Secret Service agent acting as a delivery boy might not have known or cared about the difference between ‘developed’ and ‘printed’. After examining all these conundrums, however, suffice it to say that regardless of how and by whom the Zapruder film may or may not have been altered, what was left was still compelling enough evidence of a conspiracy. The real question then becomes whether, having done such a bad job of covering-up the ultimate evidence of the frontal shots, they might have been trying to cover up something else.

The more compelling section deals with the autopsy, and here Horne goes far beyond David Lifton’s original research in *Best Evidence* to prove there were two separate brain examinations, there were three copies of Doctor James Humes’ autopsy report, and, most importantly, that post mortem surgery was performed in Bethesda to change the nature of the appearance of the wounds. Horne breaks down the time line of the shell game played by Roy Kellerman and the Secret Service with the president’s body, and with the various testimonies of doctors Humes, J. Thornton Boswell, and Pierre Finck, particularly where Boswell actually contradicts the official autopsy findings. The conclusion is inescapable, these doctors were ordered to destroy or suppress evidence of a frontal shot.

The problem in both cases is that what has been proved
is ultimately a *post-facto* conspiracy, one designed to protect organisational failures, cover bureaucratic asses, hide complicity by agents or assets, or indeed even avoid what may have been presented to people like military doctors and secret service agents as the possibility of global nuclear war if the truth, or what may have been suggested as wild speculation, became public. But we knew all that a long time ago and although Horne marks out the turf, and puts paid to the Posner/Bugliosi argument once and for all, none of it gets us any closer to the places the orders originated, which would be where the evidence of the actual assassination conspiracy lies. The implications are clear, that the conspiracy must have reached deep into the government itself. And perhaps that is where my ultimate frustration lies, in that after nearly fifty years, we are counting the conspirators on the head of the pin, but only fiction writers have come close to sticking the pin into the donkey’s behind.

This was the argument being presented by James Douglass in *JFK and The Unspeakable*, which I reviewed here in *Lobster*, an effort to try to narrow what might be called suspects in the macro conspiracy. Work like Horne’s is admirable, because of his devotion to honesty and completeness. We could ask for it to be more concise, better written, easier to follow. But that’s not the real point, the reason why this book brought on such a feeling of frustration. We need clarity, and after five decades, we continue to dive deeper and deeper and the water gets muddier and darker, with the wreck at the bottom nowhere in sight.

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*He blogs at  http://irresistibletargets.blogspot.com/*.
This is a profoundly depressing book: not because its subject is boring or delivered in the leaden prose commonly beloved of academics; rather, the lowering of spirits arises from the fact that someone who won the Nobel Prize for Economics in 2001 and served as chief economist with the World Bank shows himself to be naïve to the point of imbecility.

Stiglitz’s naivety is not simply an *ad hoc* expression of a character trait. It is shaped and ordered by being imprisoned within an ideology which contains a large dollop of fantasy, a fact made wondrously ironic because a thread running through the book is the levying of the same charge by Stiglitz against those who worship at the altar of Milton Friedman: as in ‘Economics had moved – more than economists would like to think – from being a scientific discipline into becoming free market capitalism’s biggest cheerleader.’ (p. 238). Note the claim that economics was once a ‘scientific discipline’. More of that later.

Stiglitz’s ideological straitjacket is what might be called spendthrift internationalism. Like virtually every neo-Keynesian he seems to have forgotten that Keynes’ recipe for economic governance was a two part programme: the reduction of public debt during economic upturns and the spending of healthy amounts of public money during downturns, even if this means increasing public debt.

Stiglitz ignores the putting-money-aside-in-good-times
part of the equation and fails to raise, let alone answer this question: if the public debt swells to such heights that it seriously distorts and depresses the economy by suppressing demand through the need to service the debt, much of which will go to foreign bond holders, is the use of public money to maintain aggregate demand, even if it has to be borrowed, the best way forward? These sums can be immense, especially when interest rates return to more normal levels.Ironically, in view of his failure to substantively address the question of the dangers of massively increasing public debt, Stiglitz makes a point of emphasising that the $1.5 trillion of US government debt currently held by China costs the US $15 billion p.a. at 1% but would cost $75 billion at 5% (p. 190).

The man’s weakness for ideological capture is further displayed by an unquestioning acceptance of the man-made global warming religion, for example, when he writes of the US energy industry ‘....which poured greenhouse gases into the atmosphere, even with incontrovertible evidence that it was leading to climate change’ (p. 187); or puts his general case with ‘The biggest environmental challenge, is of course, that posed by climate change. Scarce environmental resources are treated as if they are free. All prices are distorted as a result, in some cases badly so.’ (p. 188)

Stiglitz’s solution to the present economic disaster is, God help us, global regulation: ‘If a new global reserve system, and, more broadly, new frameworks for governing the global economic system, can be created, that would be one of the few silver linings to this otherwise dismal cloud.’ (p. 211). A good idea of where he is coming from can be gleaned from his chapter and section headings which include A New Capitalist Order, Towards A New Society, Toward A New Multilateralism. (I wonder if Stiglitz is aware of how closely these echo in tone the fascist and Nazi slogans of the 1930s?)

What form would this Stiglitzian global regulation take?
He would require nation-states to effectively subcontract the economic management of their country to some as yet undefined world authority:

‘In a well-designed global reserve system countries with persistent surpluses would have their reserve currency allocation diminished, and this, in turn, would encourage them to maintain a better balance. A well-designed global reserve system could go further in stabilizing the global economy, for if more of the global reserve currency were issued when global growth was weak, it would encourage spending – with a concomitant increase in growth and employment.’ (p. 234).

But Stiglitz has much greater dreams of world control:

‘Achieving the new vision will require a new economic model – sustainability will require less emphasis on material goods for those who are over consuming and a shift in the direction of innovative activity. At the global level, too much of the world’s innovation has been directed at saving labour and too little at saving natural resources and protecting the environment – hardly surprising given that prices do not reflect the sacristy of natural resources. There has been so much success in saving labour that in much of the world there is the problem of persistent unemployment, But there has been so little success at saving natural resources that we are risking environmental collapse.’ (p. 192)

It is difficult to see how anyone who is not blinded utterly by a quasi-religious devotion to internationalism could believe such a thing. The history of international organisations which attempt to subsume the interests of nation states for a claimed general good is one of unbroken failure, from the League of Nations to the present day farces of the World Trade Organisation – which applies its regulations according to the strength of transgressors rather than as a matter of law –
and the UN, an organisation overwhelmingly comprised of authoritarian states which routinely flout in the most emphatic manner the moral principles on which the organisation was founded.

Most pertinently for the present, we have the example of the Eurozone countries twisting and turning as they are faced with the desperate prospect of a Euro member, Greece, going bankrupt, with the likes of Spain, Portugal and the Republic of Ireland forming a disorderly queue behind the Greeks to be next to the point of sovereign debt default.

Despite the fact that the Euro is in danger of collapsing, the richer members of the Eurozone are showing sustained reluctance to transfer money to the poorer ones to stabilise the currency or to emphatically underwrite their public debt. As I write (5 May) an agreement appears to have been finally cobbled together to prop-up Greece with a mixture of loans from the richer Eurozone states and the IMF; but it is far from certain either that the Greek people will allow the austerity measures which are a condition of the loans to be put into operation – a riot is currently happening in Athens – or that they will be any more than a temporary reprieve for Greece. If the rest of the so-called Eurozone PIGS (Portugal, Ireland, Greece and Spain) come calling with similar requests for help it is unlikely that they could be accommodated by either the EuroZone or the IMF.

This reluctance of Eurozone states to act outside their national interest should be salutary for the internationalist, because the European Union is by far the most advanced example in the world of a supranational political union formed without the use of overt force. Moreover, the Euro is the jewel in the federalist crown for the political elites of the major countries within the EU, elites who are constantly, overtly and covertly, pressing forward the agenda for a United States of Europe. If the Euro falls it will deliver a deadly blow to their
federalist dream. Yet even that will not persuade them to resolutely support Greece because of their fear of uproar and civil disorder from their national populations.

If the Eurozone states, with half a century of experience of the EU in its various incarnations, will not act as a single entity without regard to national interests, how much more fanciful is the idea of the establishment of a global regulatory system in a jurisdiction where there is no experience of an existing supranational union and vastly greater differences in wealth, culture and history than exist within the EU? It is so improbable that fanciful is much too polite a word, for the project touches the confines of lunacy.

It may be nonsense in terms of its practicality, but it is also dangerous nonsense, because even though it could never be a practical proposition, the effort to put it in place would result in gross losses of national sovereignty and that means, as those of us living in the European Union know only too well, an ever looser democratic grip of electorates on their political elites.

Stiglitz is also remarkably negligent when it comes to the practicality of regulating private enterprise, giving no indication that he has any meaningful grasp of the difficulties involved. Even at the domestic level, the experience of the past decade, starting with Enron, shows how poor even the governments of the most sophisticated economies are at preventing everything from mind-boggling recklessness to outright criminality. This is partly due to collusion between politicians and business in reducing legal restraints on what business may do, and partly the sheer difficulty of devising a system of regulation to deal with massive private concerns which frequently spread across their activities across the globe. To take just two examples. First, it is very difficult to find people willing and able to do the work to accept public sector salaries and operate within the constraints of public service – a
particular problem in the banking sector because of the vast remuneration paid to those in need of regulation and the complexity of the financial instruments used and other transactions such as currency speculation. Second, the use of audits conducted by private firms paid for by the company audited as a regulatory check is questionable in any circumstances because of the conflict of interest. It becomes meaningless in the case of very large companies, because only a handful of accountancy firms are large enough to deal with the audit and they not only receive fees for the audit but frequently sell other services such as management consultancy to the firms they are auditing. If it is immensely difficult to keep a grip on businesses operating in a national market, imagine how those problems would be multiplied if there was an attempt at a global regulatory system for banks and their ilk, a regulatory regime which would have to spread across a vast array of political systems, business practices and cultures.

The infuriating thing about Stiglitz is that he does not have the excuse of ignorance or incomprehension for his naivety. He frequently identifies problems but then ignores them, most plausibly because they do not fit with his ideology. For example, he acknowledges the pull of national interest and castigates at length the failure of the present global financial authorities such as the IMF and World Bank to either prevent the present crash or to have managed either sympathetically or efficiently the economies of those countries which sought help. In spite of these flirtations with reality he still has a childlike faith that another set of institutions can succeed, although pathetically he admits that ‘What the new system of global economic governance will look like may not be clear for years to come.’ (p. 212). In short, he is in the

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8 Those wishing to understand more of the practical difficulties can find chapter and verse in my article ‘Enron accounting and how to prevent it’ above.
NeverNeverLand of ‘Let my wishes come true.’

This refusal to accommodate himself to reality extends to market economics itself:

‘Adam Smith may not have been quite correct when he said that markets lead, as if by an invisible hand, to the well being of society. But no defender of Adam Smith would argue that the system of ersatz capitalism to which the United States has evolved is either efficient or fair, or is leading to the well-being of society.’ (p. 200).

What Stiglitz is complaining about here is both the amount of taxpayer subsidy, hidden and overt which American business receives, from agricultural subsidies to the present gigantic banking bailout, and the general ability of corporate America to reduce competition through political lobbying. The problem with his complaint is it does not address the question of what constitutes a free market and how the concept of a free market is aligned with politics.

A truly free market would be one in which there was no state intervention, the consequence of which would be monopoly or at least greatly reduced competition. The fact that anti-monopoly laws are the norm rather than the exception in advanced economies means that the markets in even supposedly market economies are not only state-regulated markets, but markets regulated in the most fundamental way to prevent the natural end of a free market. Labels matter. Call laissez faire economics not free market economics but state-regulated market economics or even anti-monopoly state-regulated market economics and it takes on a very different emotional connotation. Free is a feel good word; state-regulated generates at best a neutral emotional response and at worst is a feel bad word.

Stiglitz is strongly in favour of such state intervention: ‘Making markets work is.....one of the responsibilities of the state’ (p. 201); and he fingers the Left for taking the lead in
this area:

‘It is an irony that the “Left” has had to take an active role in trying to get markets to work in the way they should, for instance, through the passage and enforcement of anti-trust laws to ensure competition, through the passage and enforcement of disclosure laws to ensure that market participants are at least better informed; and through the passage and enforcement of laws on pollution, and financial sector regulation... to limit the consequences of externalities.’ (p. 201)

Moreover, he does not trust the market wholly even where it works efficiently: ‘Efficient markets can.....produce socially unacceptable outcomes.’ (p. 204)

Stiglitz cannot or does not want to see that state intervention compromises the very idea of a free market because it is a market designed not by Nature but men. Once it is allowed that it is legitimate for the state to intervene in the market, the pass has been sold on the concept of a free market, because intervention of any sort having happened, it is impossible to argue that any other sort of state intervention is in principle wrong, dangerous or inefficient. All that can be done is to argue on the detail, that this or that is contingently undesirable. The situation is akin to that between free expression and censorship, You either have free expression or a range of permitted opinion. One breach of free expression and any censorship is arguably permissible. It is also noteworthy that Stiglitz does not tackle the problem for free markets of other gross state interferences such as limited liability, patents and copyright or the less overt market distortions, particularly those in evidence in international trade, such as different tax regimes, legal systems and social legislation. (It is important to understand that laisser faire economics and international trade are not the same thing.
International trade draws upon any form of domestic economy, from the market-driven to the wholly state-owned).

An even more fundamental difficulty is the fact that Stiglitz starts from the position that capitalism/market economics can be objectively defined and has an objective reality. This mentality is epitomised by Stiglitz’s frequent references to economics as a science, an example of such claims I gave early in the review. This is a common practice amongst the social science academic fraternity and is born of the inferiority complex commonly found amongst them; for social scientists know in their heart of hearts that subjects like economics lack the predictive power of the natural sciences and are in their often speculative and subjective content more akin to the humanities than science.

Physics and chemistry allow a great deal of prediction because they are concerned largely with describing physical and chemical phenomena and events which are bound by natural laws. Other sciences like biology and geology, are less successful with prediction, but nonetheless they concern themselves with objectively verifiable facts such as the physical structure of organisms and the sequence of rock strata. They can also meaningfully predict in areas such as genetic inheritance. The social sciences have much less predictive power than biology and geology. Psychology in areas such as IQ testing and the creation of experiments come closest to the natural sciences in method, but even here the vast amount of dispute over the results of such testing and experimentation suggests that the subject is far from certain in the way that the natural sciences are certain.

But most of social science is even less certain than those narrow aspects of psychology for it deals with observations of human behaviour which by their nature are in some degree tainted with subjectivity however hard the researchers try to remove them. For example, how can class, or if you prefer
socio-economic status, be objectively decided? The income of people can be measured as can their educational accomplishment; but class is far more than that because it embraces not only cultural difference in terms of interests, but the different social relationships classes generate. For example, traditionally the poor have formed a much more interdependent relationship with one another than have the better off amongst their own class.

Social scientists over the past half century have attempted to disguise this unfortunate lack of predictive ability and permanence of observed phenomena by introducing ever more complex mathematics and statistics into social sciences to lend it a specious similarity to sciences such as physics and chemistry. It also had the effect of making social science ever more opaque to the lay public. This opacity meant in the case of economics that objections to economic theory, especially the dominant theory of the day, could be readily evaded where those objections came from those outside the academic fraternity.

In the case of economics there is precious little similarity with the natural sciences, for its predictive power is very weak and much of its theory is based on supposition rather than hard fact. Even the most basic ‘laws’ of economics, those of supply and demand, are not scientific laws in the sense that Newton’s laws of motion or Boyle’s Law are laws, for there are a significant number of instances where the higher the price of something the more will be sold (extraordinary demand curves).

Such demand arises in three situations. The first is where the person wishes to pay a certain amount for

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9 The deliberate use of mathematics to make work inaccessible to most is not a new phenomenon. Newton confided to Edmund Halley that he had made the mathematics of the third volume of his Principia more difficult than need be to make it impossible for those he called ‘the smatters’, i.e. those with some mathematics but not a profound knowledge, to challenge his work.
something because they either wish to give someone a present which will reassure the recipient by its value that they are valued by the giver or to acquire something expensive for themselves which will impress others. The second is where something is being offered at such a low price that the prospective buyer doubts its quality or provenance. This is particularly true of food and drink. The third is brand loyalty. A person may be able to buy something of equal quality at a lower price – for example, supermarkets’ own brand goods – but prefers to pay more for a brand of which they have grown fond.

There is also a great deal of irrationality (as economists define irrationality, i.e. making spending decisions which are not the most materially beneficial or even harmful) in the way people make economic decisions. For example, people smoke, drink, take drugs and overeat despite knowing they are spending money on that which has deleterious effects on their health. They bet even when they know it is very long odds that they will win. People also commonly fail to invest money saved in the most profitable way, not least because they lack the expertise to make any meaningful judgement themselves of what would be the best bet.

The point about such behaviour is that human beings are not desiccated calculating machines. People drink, take drugs, smoke and overeat because it gives them pleasure or to satisfy an addiction, which in a sense is pleasure or at least an easing of pain. They bet despite astronomical odds against winning because they are buying that precious human asset, hope. They may fail to make sound investments because they are not willing to devote the time to learn about investments because they are either intellectually lazy or prefer to use their time in other ways. Such qualities cannot be readily quantified and probably not meaningfully quantified at all. All this uncertainty gives weight to the old joke about ask three economists for an economic prediction and you get four
opinions.

Does all this uncertainty mean economics has no value, that it can predict nothing of consequence? It is a moot point. The problem is not that economic predictions never come true, but that there is no certain way of deciding which predictions will come true either in terms of when something will happen or its exact effect. Government forecasts are routinely seriously wrong and no economic forecaster or economic model is consistently reliable.

The problem of deciding which forecast is most likely to be correct is further complicated by the facts that economics is tightly tied to politics and that academic economists will be subject to the natural social pressure of going along with the herd even if they do not want to. There is also the strong tendency within humanity towards ideological capture, especially those ideologies which promise a ready and comprehensive way of guiding people to make decisions. *Laissez faire* economic theory is a prime example of such an ideology, for it both removes from its adherents any need to go through the laborious and demanding job of assessing situations pragmatically and provides, at least in what might be called its vulgar form, a simple rule to apply in any circumstance: namely, the market is God and will provide. There is a further problem with *laissez faire*: its consequences, whether intended or not, tend in practice to promote the interests of the haves over the have nots. Hence, there is also a base motive to promote it.

Stiglitz wants to have his economic theory cake and eat it, too. He recognises the fundamental problems raised by both *laissez faire* economics and globalisation. Yet when push comes to shove Stiglitz still supports both. He wants to control economic activity for the purpose of maintaining what he wrongly imagines to be the operation of the free market, whilst advocating a good deal of state involvement in the
economy beyond merely regulating the banks: for example, his draconian view of what needs to be done to satisfy the global warming agenda and his desire to see large transfers of wealth from the first world to the developing world. Yet despite this authoritarian caste of mind, he still fancies himself to be a pro-markets man.

One last example of Stiglitz’s divorce from reality. He is still banging the tired old comparative advantage drum, the idea that countries (or areas within countries) should concentrate their economic efforts on that which they can produced most competitively. (In the early days of *laissez faire* economics as a dominant ideology in Britain, from the 1840s onwards, the likes of Cobden, Bright and Ricardo argued that Germany, then un-unified, should forget about industrialising and concentrate on agriculture.) The idea epitomises the detachment of *laissez faire* from reality, for it ignores small matters such as national security through self-sufficiency in vital goods and services and the danger of structural unemployment arising from sudden drops in demand – caused by war, blockade, natural disaster, economic depression, the rise of new international competitors or the obsolescence of a product – for the narrow range of products offered by the country narrowing its economy on the comparative advantage principle. Stiglitz puts forward an adaptation of the classic idea:

‘A country’s comparative advantage can change: what matters is dynamic comparative advantage. The East Asian countries realised this. Forty years ago, Korea’s comparative advantage was not in producing chips or cars, but in rice. Its government decided to invest in education and technology to transform its comparative advantage and to increase the standard of living of its people.’ (pp. 195/6)

This is pure baloney. South Korea has not concentrated on
what they did best but has gone through the dramatic process of industrialisation. That is a one off step change not merely an economic event which be repeated. Once industrialised, all a country can do economically, short of de-industrialising, is make changes in the detail of its economy, a very different process to that of moving from a pre-industrial to an industrial society. Moreover, the idea that it is efficient either in terms of economic progress or social utility for a country to constantly have to re-invent its economy would, I suspect, strike most people as absurd. Human beings need a degree of stability in their lives.

Stiglitz fancies himself to be a rational man applying a scientific discipline. In reality he is simply a man with a deep need for certainty and security. This makes him a sucker for ideological capture, and once captured he comfortably ignores facts which conflict with the ideology and takes past failure to implement the ideology as evidence not of the impracticality of the creed, but as a signal that the ideological ends were not sought fiercely enough and, consequently, must be pursued with ever greater vigour and ruthlessness until the ends are obtained.

This book is worth reading for one reason and one reason only: as a primer on the modern internationalist mentality of those who increasingly control our lives. At that level it is a truly frightening read, for these are people with real power and influence who exhibit a toddler-level capacity for ignoring reality as they dwell in a world of dangerous dreams; dreams based on the globalist ideal of the free movement of goods and people, which are utterly at odds with the tribal instincts of humanity and consequently doomed to traumatic failure.
At 242 pages, this is a dense little book, bristling with legal and financial terminology, global economics and national statistics. Inside it you will encounter some names that may be familiar to you and a lot more that surely aren’t.

The bulk of the book is about the so-called BRIC countries – Brazil, Russia, India and China – where deregulation and the drive towards ‘western-style’ capitalism have bred incredible figures. Armstrong is particularly good on the way in which the oligarchs arose from the chaos of Yeltsin’s ‘reforms’, and on some of the monstrous characters that it produced. (One of the book’s more memorable anecdotes concerns a US banker who in a meeting with one of these gangsters unadvisedly used the phrase ‘You are going to have to bite the bullet’.) The Putin period is covered in some detail, including the murder of Alexander Litvinenko and the rise of Roman Abramovich. (A theory is briefly recounted that Abramovich bought Chelsea FC ‘to protect himself against assassination’, although quite why Abramovich feared assassination, and how his purchase was meant to have protected him, remain unclear). There is also plenty on organised crime, in particular the wave of tax evasion, fraud and murders that accompanied the ‘Aluminum Wars’. So closely packed with mega miscreants is this section that it reads like a sort of X-Factor for Bond villains.
But it’s not all skulduggery. There are also any number of bits about billionaire lifestyles, especially décor. This reviewer particularly relished the fact that gold bathroom fittings are sneered at nowadays and are being supplanted by platinum (so easy to mistake for chrome until you get close). All this information will probably be out of date by the time you read it, though: as Armstrong says, the billionaires like to remain one step ahead of popular taste and by the time a priced-down version of billionaire chic arrives in high street stores, the big money has already moved on. This should mean we have only a short time to wait until ‘affordable’ colour-changing fibre-optic carpets (currently very ‘in’) become available, although if platinum taps hit Homebase any time soon, the billionaires will have to up their game sharply. Mind you, even with this trend it will probably be a while before any of us mere mortals are shopping for helicopters and submarines, as many of the book’s inhabitants do (and the submarines are no mere submersibles, but floating hotels capable of remaining submerged for a fortnight).

It’s in the last few chapters of the book that Armstrong turns his gaze towards Britain and begins to dig around in the connections between politics and money. He is particularly hot on taxation law and political donations, and reserves a special venom for the private equity companies that are running riot across Britain:

‘Still, at least the private equity industry is just a shadowy group of super-rich individuals, with uncomfortably close ties to democratically-elected politicians, who tear British companies apart and rip out cash while avoiding any long-term investment or job creation and have no legal responsibility to give out any information on their activities or pay any significant level of tax for the right to do so. It could be worse. They could be Philip Green.’
The appalling Mr Green then gets an entire chapter to himself.

In the final chapter, Armstrong sets out the origins of the super-rich and finds their roots in (surprise!) the economics of the 1980s and 1990s. He goes on to suggest that the super-rich might pose a genuine threat to democracy. With several of the billionaires depicted in the book having personal fortunes larger than some small countries, this is clearly a credible idea; although the extent to which bankers parasitise national governments leads one to wonder whether the super-rich really have any desire to run countries. Perhaps it’s not really their line of business. Then again, perhaps one day one of them will need a new hobby. In the meantime, suggests Armstrong, we must do all we can to make our voices heard by government, in order to avoid being shafted by the super-rich as they perform their complex financial evolutions that generally involve buying cheap, asset-stripping and moving on. But given that the bulk of his book consists of telling us exactly how and why governments have such hard-ons for billionaires, this advice seems a little.....shall we say, ‘limp’.

Gripes? The book has no index at all, which is a real nuisance as it is so dense with information that finding any particular item is quite taxing on the memory. There are some characters who get walk-on parts when they warranted further coverage: Rupert Murdoch, for example, whose transnational lifestyle and prodigious tax evasion could easily have been fitted in. Instead, he appears in a two-line cameo, lunching with Boris Berezovsky. The Hinduja affair is mentioned in passing, but not worked into the chapter on Indian billionaires, which is a shame as the full story of the Bofors arms deal and the Hinduja passports affair could surely have been integral to Armstrong’s narrative. Finally, the information is simply not sourced in enough detail for this reviewer’s liking: 77 references cover the entire book.

All in all though, this is a cracking though depressing
Garrick Alder is a journalist. His book on the death of Diana, Princess of Wales will be published by Picnic Publishing.

What went wrong, Gordon Brown?
How the dream job turned sour
Edited by Colin Hughes

The End of the Party:
The Rise and Fall of New Labour
Andrew Rawnsley

Ghost Dancers
David John Douglass
Hastings: Christie Books, 2010, £12.95

The Silent State:
Secrets, Surveillance and the Myth of British Democracy
Heather Brooke

Broonland:
The Last Days of Gordon Brown
Christopher Harvie
London/New York: Verso, 2010, £8.99 (UK)

Tom Easton

It’s too early to say much about the Lib-Con government, but this collection tells us a lot about the regime that preceded it.
and, thus, partly why Nick Clegg and David Cameron are now sitting in No 10. Between them they also indicate why The Guardian and The Observer, home to the authors of two of the books under review, are now in similar dire straits to the New Labour project they adopted so enthusiastically long before it received its baptismal name under Tony Blair’s leadership in 1994.

Guardian associate editor Colin Hughes not only fell for New Labour – in 1990 he jointly authored with Patrick Wintour Labour Rebuilt: The New Model Party – but for one of its leading lights, Marjorie Mowlam. He left his wife and family for the sainted Mo who duly dumped him, but left him still admiring her political mates. Gordon Brown was not one of them, apparently, and the collection of Guardian and Observer pieces Hughes has assembled on his premiership records a fall from grace summed up by its title.

That descent is spectacular – from the ‘new dawn’ greeted by Lord Hattersley in June 2007 to ‘the clunking fist thumps its last tub’ by Martin Kettle just over two years later. In between we get Polly Toynbee earnestly frothing about her hero turned horror-show and then back again, and something similar from Jackie Ashley – ‘he may be disappointing but Brown isn’t a disaster’. Michael White and Simon Hoggart offer their usual sketch-writer smart-ass vacuity. Wintour conscientiously harvests the Lord Mandelson line that has so well rewarded him for a quarter of a century, and there are articles of disappointment and disillusion from the Guardian leader-writers’ office populated by ex-Communists like Kettle and Tories like Julian Glover.

Is there anything of substance in the Hughes collection? Two names lay claim to some thoughtful analysis: Larry Elliott and Andy Beckett. Elliott has been a consistent critic of neo-liberal orthodoxy on the business pages for the lifetime of New Labour. Beckett, who caught up with the British American
Project in *The Guardian* seven years after *Lobster* revealed its existence, has at least some historical perspective. That pair apart, this volume is only worth having as a reminder of how silly scribblers can be while remaining the cosseted gatekeepers of received political wisdom.

Rawnsley – he of Rugby, Cambridge and the bright red socks – lays claim to being a bit better than that. But when he describes Wintour as 'Prince among Political Editors' (his capitals) in his 800 pages on the last nine years of New Labour, he really gives the game away. While he sources more in this book than in his weekly *Observer* column, there's still too much referenced as 'Blair inner circle' and 'interviews, senior officers' to accept this as anything like a historical record. What it does manage to do is confirm the New Labour clique as a poisonous, lying and untrustworthy gang of political pygmies. One smear is revealed, the source finally admits to it and promises never to repeat it – and then does just that, reports Rawnsley on the following page. This is the story of Mandelson, Alastair Campbell, Charlie Whelan, Ed Balls and their acolytes throughout the New Labour years. And then they wonder why they are disliked and distrusted, even by members of their own party?

There are details here, if true, to fill in the broader picture of smearing by New Labour. Rawnsley, for example, tells us this about Sarah Brown and the spin doctors, Damian McBride and Charlie Whelan:

'The demure public image was the front of a woman with a steely mind who was fiercely protective of her husband and family. She formed a strong, and to some at No 10 surprising, alliance with Damian McBride and Charlie Whelan based on their mutual interest in defending her husband. Sarah took charge of who came to lunches and dinners at Chequers. She rewarded McBride by telling him he could throw a Chequers lunch with guests of his

10  <www.guardian.co.uk/world/2004/nov/06/usa.politics1>
choice – which he did.’

How did the obnoxious McBride last as a senior adviser as long as he did? ‘He survived,’ Rawnsley now tells us, ‘because he was protected by powerful allies. One of them was the Prime Minister’s wife.’ Not as nice as she looks, apparently, that sweet PR professional who married Gordon Brown.

The End of the Party benefits from an index and that may prove its main value: checking names, connections and events against other sources. What it doesn’t offer is any serious appraisal of what New Labour was about, of what this mixture of recorded interview, newspaper clipping and hearsay point to beyond the project’s tacky track record. The leisurely pace of weekly political column writing should grant the reader more perspective and understanding than this. But Rawnsley’s grand-sounding pronouncements from the Whitehall confessional amount to little more than White and Hoggart writ large – extended Guardian sketch writing – exactly the kind of easy, open-goal journalism in which Rawnsley made his name.

While Oxbridge’s best were swapping varsity verbiage, Dave Douglass was digging coal in Durham and then Doncaster where in 1979 he was elected National Union of Mineworkers’ delegate for Hatfield Colliery. His latest account of work, life and politics (Ghost Dancers is the final part of a trilogy) is a fine antidote to the dispiriting tales by Westminster village scribes.

While New Labour types were cultivating their careers, he was trying to keep the pits open. As the political neophytes were busy using media megaphones to vilify old Balliol rivals, Douglass was seeking to build solidarity in the tough world of NUM politics, largely keeping from public view his disagreements with Mick McGahey and Arthur Scargill and others while facing the venom of Margaret Thatcher and the
power of the state.\textsuperscript{11} This is an insider’s view of the 1984/85 miners’ strike, the subsequent closures and the working of the NUM. But it is also the story of a full life, one not only dedicated to union politics and then providing practical advice and support to struggling ex-miners, their families and their destroyed communities, but also to wider issues of Ireland, Palestine and human rights, all combined with a love of literature, travel, arts and music. Here’s a short sample:

‘End of October. The madness of Big George (Brown) continues. Ancient rights to freely gather fallen wood and dead trees from forests are abolished; from now on, it will be yet another offence. The relentless war on all forms of free, unregulated behaviour continues. Soon nothing will remain which is truly free and doesn’t require the consent and approval of the government and law. One predicts gathering nuts, berries and conkers must be next.’

Many of Douglass’s concerns are shared by Heather Brooke, the freedom of information campaigner whose efforts led to last year’s revelations of parliamentary expense abuse.\textsuperscript{12} The one-time US crime reporter has been a key figure in helping clear some of the secrecy in which the British state surrounds itself and her latest book points to how much more needs to be done. An inspiration to all who seek light thrown upon murky places, neither is she easy on journalists who uncritically, and usually unattributably and irresponsibly, regurgitate the PR line.

This is full circle back to Wintour, White and Rawnsley and the way they endorsed the New Labour approach for two decades and consigned alternative voices to oblivion. But those other views exist if you look a little wider than Parliament Square, and Christopher Harvie is one of the best.

\textsuperscript{11} See his review, for example, of Paul Routledge’s biography of Scargill at <www.minersadvice.co.uk/reviews_latereview.htm>.
\textsuperscript{12} <http://heatherbrooke.org/>
His *Broonland* is a tour de force, looking at the Britain the former prime minister left as his New Labour monument.

Harvie, an academic who is now the Scottish Nationalist MSP for Mid-Scotland and Fife, brings insight most full-time political commentators lack. He knew Brown in student days, he knows Scotland, he understands economics, and he has lived and taught abroad. He also writes well:

‘What ended in the slump of 2008-9 was a decade of increasingly frenzied profit-taking in a metropolitan financial sector run out of control. The Conservative political elite had migrated to it as dealers, executives and corporate lawyers, and no longer supported the elite plus middle-class “public servant” consensus Schumpeter had praised in *Capitalism, Socialism and Democracy* (1942). It could expand the numbers involved, square its own interests, and exit into relative security.

‘Mastering the system involved privileging the already privileged, as the Farepak episode showed, confirming its inegalitarianism and long-term untenability. In 2008 as much as during the stagflation of 1975 the financial oligarchs were hated, and Chancellor Darling would get some praise from the old Left for trying to make them pay. But rescue forces were no longer apparent in British politics, where Brown’s party was morally discredited. Financial concentration continued, skulking from the anomic forces of militarisation and ethnic hatred which appealed to the dispossessed.’

Harvie gets nearest of these Brown writers to serious perception. He well understands the US dimension to New Labour, with both Brown and Balls apparently learning their light-touch regulation from Larry Summers, one of those in the Clinton years keenest to abolish Glass-Steagall. He pays less
attention to Israel among the offshore lobbies, but explains well the general vulnerability of these largely post-manufacturing islands to pressures and influences – some of them extending beyond his well-considered ‘illegalism’ to the plainly criminal.

His is an important piece of work and thus should be read by those on the Left who seek solid ground on which to build for the future. With the misery and distress to come – from which The Guardian and Observer will not be exempt – the need for such practical hope will be urgent indeed.

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**It’s democracy, Jim, but not as we want it……**

*Our Fight for Democracy: A History of Democracy in the United Kingdom*

John Strafford

Beaconsfield: John Strafford, 2009

536 pp., notes, bibliography.

**Anthony Frewin**

The trouble with John Strafford is that he goes just too far with democracy. I imagine that sentiment has been aired many times in the Palace of Westminster and, after a pause, it would be followed by: *If he had his way everything would be democratic!* Well, perish the thought. As any *fule kno* you can have too much democracy. It’s something that has to be contained. Right? Strafford has written a detailed and immensely readable history that begins with the Romans and the Anglo-Saxons and continues the story down to the present, with later sections examining contemporary local government, the House of Lords, the European Union, even
the monarchy and quangos, and other bodies.

Strafford is not an academic and this has stood him in
good stead. So, rather than a dry as dust ‘pol sci’ approach
bogged down in constitutional minutiae he confronts the
subject directly with a straight-on approach that doesn’t
assume there was some historical dialectic that made
democracy inevitable. Indeed, as he notes in an introductory
chapter, ‘Riot and revolution are the mother and father of
democracy’ and ‘Our history shows that nearly all the
advances towards democracy were accompanied by violence.’
Whereas the view subtly promoted today to the uneducated
and to the Third World when we’re exporting democracy is
that some sort of epiphany wakened the royalty and
aristocracy of Merry England to the benefits of this system of
government and, hey presto, there it was in full flower (the
‘Mother of All Parliaments’ nonsense that conveniently forgets,
for instance, the ancient Greeks and Romans.)

Strafford recounts the major milestones in Britain’s
evolution of democracy such as the Magna Carta, The Great
Reform Act, votes for women and so on, and always seems to
come up with something new. It’s a critical history and
eschews the congratulatory ‘how wonderful!’ approach of
many writers on the subject. Let’s now examine a couple of
chapters that discuss specific areas.

First, the City of London. It was not reformed by the
Municipal Reform Act of 1835 and, further, the business vote
was abolished in 1969 in all other United Kingdom local
authority elections except for the City. A special place indeed.
In 2002 16,000 new business voters were created. Strafford
writes:

‘The principal justification put forward for the non-resident
vote is that approximately 450,00 non-residents constitute the
city’s day-time population and use most of its services, far
outnumbering the City’s residents, who are only about 9,200.’
In a private Act of Parliament in 2002 reforming the voting system for electing Members to the Corporation of London, the number of non-resident voters was doubled to 32,000. Now, it’s not even as if these non-resident voters can vote directly. No, they appoint a voter within their company and the number of voters elected depends on the size of the company. Strafford continues:

‘Wealth should not be allowed to buy votes. This is why the business vote was abolished elsewhere and is why the business vote should be abolished in the City of London.’

He argues that the non-residents should be disenfranchised and only the residents allowed to vote; and if the objection is that the electorate is too small ‘then the City should be amalgamated with a neighbouring borough or split up.’

There’s a lengthy and damning analysis of the European Union (pp. 384-96) and Strafford quotes approvingly from Paul Foot’s book *The Vote: How it was Won, and How it was Undermined* (2005):

'The bureaucrats who put together the Treaty of Rome in 1956 as the foundation of a European Union were at best uninterested and at worse downright hostile to extending democracy. The affairs of the new Union were blithely put in charge of an appointed Commission, with a huge supporting bureaucracy far out of reach of any electorate. When a European Parliament was grudgingly conceded much later, the powers of its elected members were crudely subordinated to those of the unelected Commission. The MEP’s power and authority went down almost as fast as their salaries and expenses went up. The European Parliament is still in effect, subservient to the unelected Commission. One result of this undemocratic structure was an almost continual Eurocorruption on a scale far more revolting ever than anything that took place in the member states.’

Strafford wittily recalls that the EU doesn’t meet the
democratic criteria that it demands of its members. He outlines major proposals for its reform and one gets the impression he knows there’ll probably have to be blood on the streets before this happens.

A recent news item highlighted the absence of democratic accountability in Brussels and here too for that matter. I’m talking about ‘our Cath’ or, as she is more formally known, Baroness Ashton of Upholland (somewhere in Lancashire). Our Cath was recently appointed the EU’s first High Representative for Foreign Affairs and Security Policy (is there a Low Representative?) on an annual salary package of £328,000 that makes her the highest paid female politician in the world and £68,000 better off than Obama, who makes a mere £260,000. So, whither our Cath? What’s her story? She was the chair of the Hertfordshire Health Authority from 1998 to 2001 and also on the board of the National Council for One Parent Families. In 1999 she was made a Labour peer by the Revd. Blair who had been introduced to her by her husband Peter Kellner, the former chairman and now president of YouGov.13 In June 2001 she became Parliamentary Under-Secretary of State in the Department for Education and Skills and in September 2004 Parliamentary Under-Secretary in the Department for Constitutional Affairs. This was followed by becoming a Privy Councillor in 2006 and Parliamentary Under-Secretary of State at the new Ministry of Justice in May 2007. In June 2007 Gordon Brown appointed her to the Cabinet as Leader of the House of Lords and Lord President of the Council. In October 2008 she replaced Peter Mandelson as the

13 Coincidentally Kellner published something titled *Democracy: 1000 Years in Pursuit of British Liberty* (Edinburgh: Mainstream, 2009). This appears to cover some of the same ground as Strafford though it is absent from his bibliography, possibly because it was published too late for inclusion. Kellner’s blurb, either written by him or presumably approved by him, states ‘Democracy is Britain’s gift to the world’ which rather put me off and, anyway, I’ve always found him a dull and ponderous commentator.
UK’s European Commissioner in Brussels and then just over a year later the High Representative gig arrived.

A pretty meteoric rise; but at no time was she ever elected by the public for anything. She wasn’t even elected High Representative by the MEPs. It was a stitchup by EU leaders in camera.¹⁴

Strafford sees this trend of appointing ‘outsiders’ to government as very worrying and anti-democratic, as indeed it is, and it’s one that is on the increase. Take Gordon Brown. He has ennobled some ten ‘outsiders’ and made them ministers. These include three businessmen, a surgeon, a former head of the Royal Navy, and a sometime diplomat. All are at the heart of government, none were elected, and they are not answerable to the House of Commons. What’s the House’s reaction to this? The Public Administration Committee, rather than say the practice should be abolished, feebly suggests the appointees should be given ‘proper scrutiny’!

So, that’s democracy for you.

But the story of Cathy Ashton illustrates something else, too: the rise of political mediocrity, the ascent of the Yes-man and Yes-woman beholden to political patronage.¹⁵

At the end of the book Strafford lists some 69 suggestions for More Democracy. Here’s a selection:

1: Power should be devolved from central government and the higher levels of local government to the lowest practical level.

¹⁴ I thought I may have been missing something about the Baroness. Had she written any papers, dissertations, articles, books even, on matters of public policy? I looked in vain.

¹⁵ It’s also seeing the rise of the moron, too. H. L. Mencken wrote in the 1920s that the American political system was such that a moron would eventually end up in the White House. Well, one did, the Revd. Blair’s partner-in-prayer, George W. Bush. It was hard to think that anyone could make Warren Gamaliel Harding look smart, but Dubya sure did. And it was he who said on first meeting his political rival John McCain in 2000 that ‘I think we agree, the past is over.’ A deep thought indeed from this Texan.
2: For all electoral purposes the City of London should be amalgamated with the City of Westminster.
3: The Regional Development Agencies should be abolished and their functions transferred to local Councils.
10: The oath of allegiance should either be abolished or it should be changed to 'I swear that I will bear true allegiance to the people, Parliament and democracy according to law.'
14: The whole House of Commons should elect Select Committee chairmen by secret ballot, thus ending de facto appointment of chairmen by the party whips.
18: The people should directly elect the Prime Minister. He could be removed by majorities in both Houses of Parliament or by referendum.
25: Our entire legal system should be disentangled from the nonsense that justice is dispensed in the name of the Queen. It should be dispensed in the name of the people.
28: The people should directly elect the House of Lords.
31: The European Council of Ministers should meet in public.
32: The European Scrutiny Committee of the House of Commons should meet in public.
39: Both the Labour Party and the Conservative Party should reform themselves to become democratic bodies answerable to their membership so that members can change the Constitution of their party on the basis of One Member One Vote.
46: Party Political Broadcasts (PPBs) should be abolished.
59: Within one month of the monarch’s death a ballot should be held of all the people to endorse the successor. Should such endorsement not be given a ballot should be held on the successor’s eldest child becoming monarch. Should endorsement once again not be forthcoming the monarchy would be abolished.

Some pretty radical proposals here.
Now, where would we find John Strafford? In some leafy lefty commune in the West Country? Some metropolitan think tank deemed too subversive by the major political parties? Holding the Dave Spart Chair in Radical Studies at some provincial university? No, we would find him in the Conservative Party where he has been a member since 1964. He founded and runs the Campaign for Conservative Democracy (http://www.copov.org.uk/- worth a visit). And, by the way, we would also have found him, and his wife, on the ‘Stop the War’ march in London on 15 February 2003 holding a banner, CONSERVATIVES AGAINST THE WAR, the only such banner on the whole march.16

This is a book rich in detail, analysis and comment. I can think of no better critical introduction to the subject.

Copies can be ordered directly from John Strafford at 15 North Drive, Beaconsfield, Bucks HP9 1TZ. Cheques should be made out to J. Strafford Holdings Ltd for £22.49 (includes £2.50 for shipping).

Radicalism for dummies?

Edward Vallance
A Radical History of Britain
639 pp. Illustrations, notes, bibliographies, index.

Anthony Frewin

This is certainly a radical history of Britain, certainly for one

16 Strafford notes in his Preface that several years later our Lord Falconer, Lord Chancellor at the time of the Iraq invasion, told him ‘that whatever the size of the march the Government would not have changed its mind.’ Which is what we all suspected anyway. Tony Blair, Dubya’s political catamite, knew what was expected of him and was determined to deliver it.
that proclaims itself to be a study of the ‘Visionaries, rebels and revolutionaries — the men and women who fought for our freedom’ (OK, I know that’s not the book’s subtitle and is only on the front cover, but presumably Vallance gave it the nod). Yes, radical, because there is nary a mention of the last armed revolutionary uprising in this country. I’m referring to that in the Kentish countryside in 1838 when the charismatic Cornishman John Tom, who styled himself ‘Sir William Courtenay’, led a band of farm labourers into battle with soldiers of the 45th Regiment of Foot that left many dead and wounded. You’d think that would get in, wouldn’t you? Somehow it doesn’t. I’m not an historian but I wonder what else Vallance has left out?

One of the problems with this study is that the author keeps to a narrow furrow that has been ploughed oft times before. So, all the major subjects are covered – the Magna Carta, the Peasants’ Revolt, the Civil War, the Levellers, Tom Paine, Chartism and so on; but one keeps wishing he had been a little more curious and cast his net wider. There is a comprehensive history of British radicalism waiting to be written and it would require someone of the stature of an E. P. Thompson to do it, and there aren’t many of those on the ground.

Coming back to Sir William Courtenay. Vallance devotes a chapter to the Luddites but the reader will look in vain for its agrarian counterpart, Captain Swing (they’ll have to go elsewhere.) Why one and not the other? Have I missed something in the text that gives the reason for this exclusion?

Vallance writes in an introductory chapter that ‘the book focuses predominantly on those events, groups and individuals that have loomed largest in this narrative of British dissent.’ Loomed largest to whom, where? And what narrative? Whose narrative? Is he implying that there is a

narrative that stands alone and beyond any interpretation of history? Or by ‘this narrative’ does he mean the narrative of the book now before us in which case what he is saying is that he concentrates on what he is concentrating on? This is sloppy, imprecise writing not befitting an historian.

Lest the reader think the Courtenay business was some provincial affair without consequence it should be noted that the national press carried full accounts. Further, there were many heated exchanges in the House of Commons regarding the uprising including calls for the resignation of the Home Secretary in Lord Melbourne’s Whig administration, Lord John Russell; and, indeed, Select Committees examined the matter and reports were published and recommendations implemented. It was front page stuff nationally, and the memory of him is still strong in Kent. However, this isn’t the first time Courtenay has fallen through the interstices of history.\(^1\)

Vallance has produced a competent study and a readable one at that but ultimately on the spectrum of historical writing it leans in the direction of Antonia Fraser and Arthur Bryant rather than E. P. Thompson and Christopher Hill (I’m not defining this spectrum on political grounds, but rather their accomplishments as historians).

A serious failing of the book is his ‘tweezers’ approach to the subject, his failure really to engage in what he is writing about. One of the reasons for this may be that the idea for the book wasn’t his own, but was suggested by an editor at the publishers. And, further, Vallance comments in the acknowledgements that ‘This book has also taken me a very long way out of my historical comfort zone, seventeenth-century Britain.’ Why go there then? Could one imagine, say,\(^2\)
E. P. Thompson, working like that?

'Eddie, babe. A history of the English working class? There’s a niche in the market for it and big bucks are beckoning!'

'I’m writing already!'

The World That Never Was.
A True Story of Dreamers, Schemers, Anarchists and Secret Agents
Alex Butterworth
Hbk. xii, 482 pp. Illus, notes, bibliography, index. RRP £25.00
ISBN 978-0-224-07807-8

Richard Alexander

As the subtitle suggests, this is a book with many stories, plots and subplots, all interwoven into a highly readable and entertaining (and occasionally thoughtful) text. It covers the period from the Paris Commune to the First World War and geographically stretches from Moscow to Chicago. Butterworth has clearly done a lot of legwork researching in various archives, as well as reading a wide range of texts, and has brought them together in this formidable book.

Some of the main characters will be well-known to those familiar with the history of the anarchist movement: Kropotkin, Malatesta, Goldman, Michel, Reclus and others. They are placed within the wider revolutionary movement that includes the likes of Morris, Lenin, Kravchinsky (Stepniak), at a time when the revolutionary movement was in deadly struggle with capital and the state, and its paid protectors. There is, inevitably, plenty of attention paid to the likes of Ravachol, Henry, Vaillant and other propaganda-by-deed dynamiters, stabbers, shooters and expropriators.
It is the anti-revolutionary forces that will be less familiar; the Okhrana chief Peter Rachkovsky, in particular being central to this tale, with infiltration of revolutionary groups; his recruiting of revolutionaries and turning them into informers; the use of his star agent Abraham Hekkelman (aka Landesen, Arkady Harting) to foment violent acts as a pretext for state repression and manipulation of interstate relationships; not to forget his use of forgeries to incite anti-semitism as a deliberate way of splitting the working class and turning it against itself. Supporting roles are played by the likes of Inspector William Melville of the English Special Branch and connections with the Russian Ohkrana.

To further complicate matters there are individuals such as Marquis Henri de Rochefort-Lucay, someone well-connected to the anarchist movement but equally willing to support the dictatorial ambitions of General Georges Boulanger and to foster anti-semitism, and the freelance hoaxer ‘Leo Taxil’ (aka Gabriel Jogan-Pages), the author of an infamous anti-masonic diatribe, and other notable journalistic coups.

Yet another layer to the story, told in strict chronological order (apart from a prologue that introduces several key players totally out of sequence, leaving the reader puzzled why they have been included), is the cultural background to these stories. These range from the novels of the likes of Jules Verne, the paintings of the postimpressionists such as Paul Signac, Paul Seurat and Camille Pissarro, and editor Felix Feneon, among others.

Inevitably the story has to be selective, so there’s no consideration of the bomb that exploded at the San Francisco Preparedness Day parade on Saturday, July 22 1916, which resulted in the finding of two labour leaders Billings and Mooney guilty of the outrage (only to be pardoned many years later when the state admitted there was no evidence of their
participation in the act) – an outcome that echoed that of the Chicago martyrs (apart from the fact that some were executed before they were pardoned.\cite{19}) The extensive bibliography and chapter source essays show plenty of research went into the text but also some pretty obvious gaps: for example key autobiographical works by Emma Goldman, Alexander Berkman and Peter Kropotkin are missing.

This will be a welcome addition to the literature of the period. Even those who have read widely will welcome Butterworth’s skill at pulling all the threads together in a single volume. Alongside students of political history another constituency will be the readers of the Boris Akunin ‘Erast Fandorin’ series of novels. By coincidence, I was reading his \textit{The State Counsellor}, and the Combat Group in the novel appears modelled on the Socialist Revolutionary Party combat unit, which is mentioned in the Butterworth book. And the themes of agent provocateurs, politicians manipulating revolutionaries for their own ends, and the underground world inhabited by the revolutionaries themselves, complete with sympathetic business men and chemists, not to mention highborn ladies with veiled faces, are common to both books.

Overall I can recommend this. It’s not perfect, but anyone wanting an introduction to the period and the political activities of both revolutionaries and anti-revolutionaries will find this a well-researched and thoughtful book.

\textit{The Green Zone}

\textit{The Environmental Costs of Militarism}

Barry Sanders

Edinburgh and Oakland CA: AK Press

Pbk. 2009, £12.00 (UK), $14.95 (US), $18.00 CAN

\cite{19} On which see <http://en.wikipedia.org/wiki/Haymarket_affair>.
Richard Alexander

This book claims that the U.S. military constitute one of the greatest sources of pollution, environmental degradation, harm to people and animals and usage of non-renewable fossil fuels on the planet. Sanders makes a valiant attempt to put the numbers to such unquantified amounts such as how much petrol, diesel and oil the military consume in a year; how much depleted uranium it has scattered over Iraq (and how many people will die or be injured as a result.) Not to forget the human cost of the war in Iraq, on which the occupying forces have deliberately avoided collecting statistics. He even tries to come up with figures for the amount of carbon dioxide and other greenhouse gases for which the U.S. military are responsible. In some respects the actual figures arrived at are not the issue. (We can all tell that whatever the actual amounts it is far too much.)

The US of A is, of course, not the only military force on the planet; others may have more people involved, be even less fuel-efficient and produce more pollution; but it is where Barry Sanders lives and correctly he deals with the issue at hand, over which he hopes the readership of his text can have some control. I would guess that in numerical terms one could apply a multiplier of 5 or 6 to the figures in here to quantify the global cost of militarism.

Sanders makes the point that the problem won’t be solved by making biodegradable bullets or using renewable fuels for aircraft carriers. Militarism (the choice of enforcing decisions by military means coupled with production and political objectives in part determined by military objectives) itself is the problem, and one that can only be solved by the demilitarisation of the planet. And at the back of militarism is the nation state and international capital in whose interests the military act.
That said this book remains an overblown pamphlet, a text that, in the heyday of radical bookshops and a clientele who frequented them, would have been published in a 48 page pamphlet for 50p. Nowadays it can be posted on the internet where it can be accessed for free, but to get it out to the general public it has been padded out to a respectable length (184 pages) to make it into a paperback book that can be sold in general bookshops and priced accordingly.

Also noticed

Smoke down our lungs and smoke up our asses

_The Cigarette Century: The Rise, Fall, and Deadly Persistence of the Product That Defined America._

Allan M Brandt

Allan M Brandt is, amongst other things, a Professor of the History of Medicine at Harvard and is thus well qualified to chart the epidemiological story of cigarette smoking and health issues. However, the book is a lot more than that. It’s also a compelling study of the culture of cigarette smoking, the rise of the tobacco industry within a capitalist economy (his analysis would be a credit to any Marxist historian), a documentation of advertising and marketing and its rise within a consumer economy, the politics of tobacco, and the legal trials of Big Tobacco versus The Law.

It’s an exhilarating book about a sordid and duplicitous
industry that believes everything and everybody is fair game for subverting. Now, this may not be news to anyone aside from the Revd Blair,20 but to read the cumulative and ongoing evidence here is a sobering experience. Big Tobacco is Big Money and the industry soon learnt that there was no problem that couldn’t be solved by throwing greenbacks at it.

Brandt is a very engaging writer and his lucid prose is a joy to read even when he’s discussing highly detailed analyses of what constitutes medical statistical proof or the minutiae of complex legal arguments. He’s also a wizard at the telling phrase with a sucker punch: ‘By the late 1980s, the tobacco companies recognised that second-hand smoke posed a potentially life-threatening risk—to the industry.’

Aside from his merits as an historian I’d also describe Brandt as a mensch. Here are his last words at the end of the book:

‘...it is equally critical that this past not be purchased and subverted by the interests of the [tobacco] industry. At one time, I worried that serving as an expert witness might be perceived as compromising the integrity and persuasiveness of this book. I have put this concern to rest. Historians are hardly exempt from the common duty to contribute to public life and civil society. It seems to me now, after the hopes and disappointments of the courtroom battle, that we have a role to play in determining the future of the tobacco pandemic. If we occasionally cross the boundary between analysis and advocacy, so be it. The stakes are high, and there is much work yet to do.’

Anthony Frewin

20 Remember this? ‘Tony Blair personally ordered an exemption for motor racing from a tobacco sponsorship ban after Labour received a secret £1m donation from Bernie Ecclestone, the Formula One boss’ (The Times, 12 October 2008). That million was or would be ultimately forthcoming from Big Tobacco. Just another of Blair’s great ideas, along with regenerating inner-cities by building big casinos.

Summer 2010
I hadn’t read Hedges before and his Wiki entry told me, inter alia, that in 2002, Hedges was part of the team of reporters at The New York Times awarded the Pulitzer Prize for the paper’s coverage of global terrorism. He also received in 2002 the Amnesty International Global Award for Human Rights Journalism.

He has written a study of contemporary American society, in sorrow and anger – this is a protracted cry of rage, really – which concludes that really bad things are just around the corner. Yes, he lines up the usual suspects: TV, corporate power, the military-industrial complex, the failure of journalism and the corruption of politicians. But he finds new angles on most of it.

Having lived through the post-WW2 American expansion and absorbed large chunks of its cultural broadcasting (jazz, blues, pop, literature), for me this prospect is depressing and cheering: depressing because it is going to be dreadful; and cheering because the whole ghastly murderous, deluded fiasco is is going down the tubes.

This is powerful, gripping stuff. Highly recommended. Here’s a recent paragraph from an article Hedges wrote (and similar paragraphs are on many pages here) which conveys his conclusion and tone better than I could.

‘There are no constraints left to halt America’s slide into a totalitarian capitalism. Electoral politics are a sham. The media have been debased and defanged by corporate owners. The working class has been impoverished and is now being plunged into profound despair. The legal system has been corrupted to serve corporate interests. Popular institutions, from labor
unions to political parties, have been destroyed or emasculated by corporate power. And any form of protest, no matter how tepid, is blocked by an internal security apparatus that is starting to rival that of the East German secret police. The mounting anger and hatred, coursing through the bloodstream of the body politic, make violence and counter-violence inevitable. Brace yourself. The American empire is over. And the descent is going to be horrifying.’21

Robin Ramsay

Unperson
A life destroyed
Dennis Lehane

This is not Dennis Lehane the American crime writer of that name. This is Denis (one ‘n’) Lehane, the co-author with Martin Dillon of the 1973 Penguin Special Political Murder in Northern Ireland. Lehane was a journalist and this book is his account of what befell him when he declined to be recruited by the CIA. Although mostly an account of how a life can turn to shit if the spooks start playing with it, this is of significance because of the names that Lehane names.

Lehane was awarded a Harkness Fellowship to go and study in the USA and discovered that the Harkness scheme is a front for an intelligence recruitment operation. Bright young things (though not so young in Lehane’s case) go the States where the CIA can give them a look over and recruit the best. When Lehane declined to be recruited he became a man – worse, a journalist – who knew something he shouldn’t and the Agency and its various allies in the US and here set about discrediting him. Lehane attempted for almost 20 years to get

21 <www.truthdig.com/report/item/calling_all_rebels_20100308/>
his version of reality taken seriously by a thick slice of great and the good in UK public life, without success. When it comes to it most people put career and reputation ahead of something as relatively trifling as the truth.

This is an important addition to the collection of stories of innocent individuals who are trashed by the state simply to save it from embarrassment. (CF Malcolm Kennedy’s story in this issue.)

Robin Ramsay

22 At <http://en.wikipedia.org/wiki/Harkness_Fellowship> there is list of some of the Harkness Fellows. Make of that list what you will!