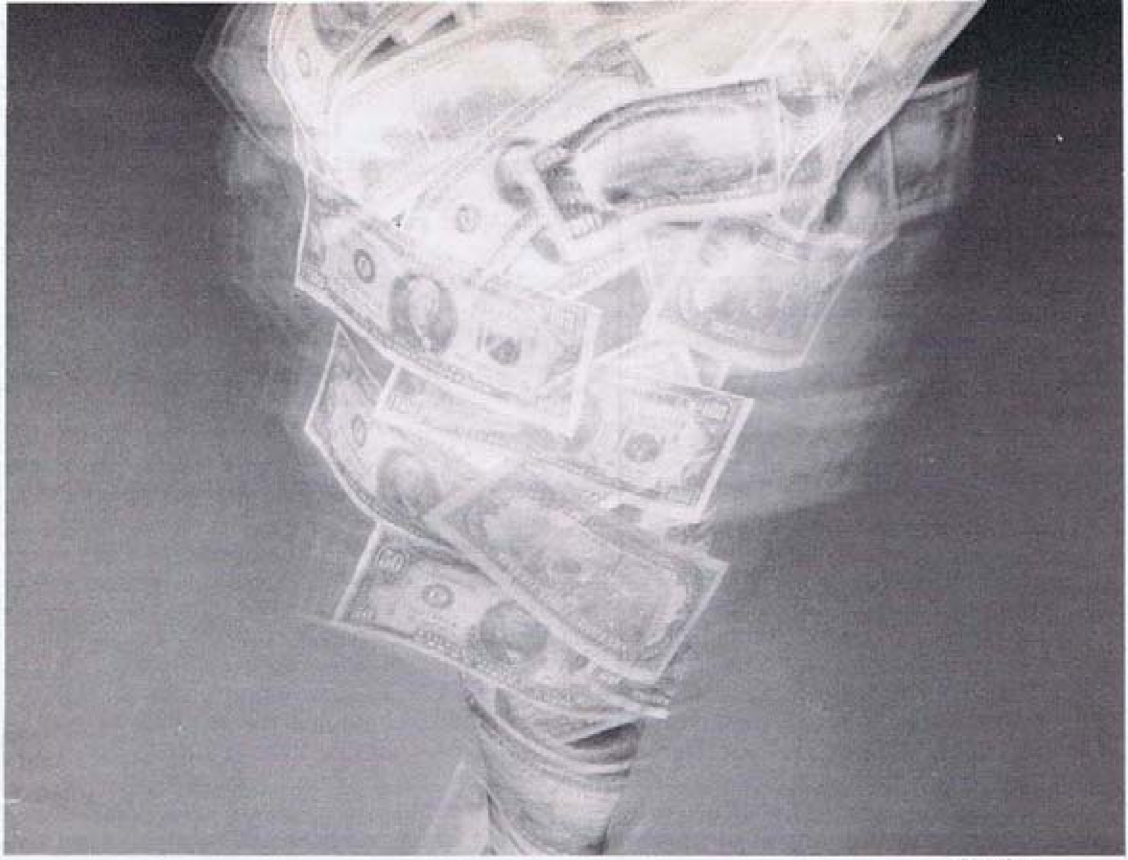

Camerique

THE VERY BIG BANKERS
PART TWO

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■ IN PART ONE of this article we introduced the arcane and seldom-discussed field of investment banking, and described some of the activities in which investment bankers engage. After outlining their historical background we examined the important investment houses of Morgan Stanley and Kuhn, Loeb. We noted with special care that such investment bankers have not been advocates of *laissez-faire* capitalism but have actively sought government-protected markets. Especially for themselves.

The price of deregulation is greater competition. This would be traumatic in a field which has traditionally had little price competition. The securities industry has for years been heavily regulated by a maze of rules from the Securities and Exchange Commission. The dominant houses in the field like it that way, because the regulations serve to protect their oligopoly from interlopers who might give customers more attractive alternatives. As *Fortune* magazine admits, "Like other businessmen who have faced the specter of deregulation (and lower profits), many investment bankers are claiming that a freer market for new offerings will hurt not just them, but everybody."

Of course, if we had a truly free market, that might put an end to the hegemony of the old clique of investment banking firms. And while some relatively mild deregulation of the securities and underwriting field may occur under the Reagan Administration, do not look for more than symbolic gestures. These bankers constitute a very powerful interest group, and "cut-throat competition" would upset their applecart.

Let us now return to the Establishment-connected investment bankers. This time to the firms of Lazard Frères; Brown Brothers Harriman; Salomon Brothers; Dillon, Read; and, Goldman, Sachs.

Lazard Frères

More than a century old, Lazard Frères & Company of New York has long been an important nexus in the web of Establishment power with links to the Rothschilds of Europe, the J.P. Morgan power complex in America, and the Rhodes-Milner Round Table conspirators of Britain. Partners of Lazard Frères have long held directorships in major corporations in the United States, Britain, France, and other countries. The firm influences foreign and domestic policies of a number of governments, and major partners are heavily involved in supporting the cause of a New World Order and in encouraging strategic trade with Communist governments.

Although Lazard's assiduously strives to keep its powerful wheelings and dealings secret from the public, it is known that the firm's transactions involve an international network which includes several important Swiss banks. In this country, Lazard's has been a powerful manipulator behind such megacorps as R.C.A., I.T.T., Warner-Lambert, and Engelhard Corporation.

Lazard Brothers of London — the British franchise of the Lazard operation — has, since the First World War, been in control of the enterprises of the Cowdray family, whose $200 million empire has included ownership of London's *Financial Times* and a fifty percent interest in the *Economist*. At one time no fewer than five British peers sat on the board of Lazard Brothers, the dominant force among these being Lord Kindersley, who also sat on the board of the Bank of England.

Although considered by most to be a French company, Lazard Frères was not founded in France but in the United States, and it started out not as a bank but as a dry-goods business. Three brothers — Alexandre, Simon, and Lazare Lazard — who had emigrated from France, set up shop in New Orleans and opened for business there in 1848 with nine thousand dollars in capital (three thousand from each brother). However, in less than a year, the fledgling firm was wiped out in a fire which destroyed a large portion of the city. Undaunted by this ill fortune, the Lazards packed up and moved to San Francisco. The Lazard brothers prospered greatly during the Gold Rush, selling to swarms of prospectors and settlers everything

Elite investment bankers move their partners in and out of government at top levels and profit enormously from manipulation and inside information. These Establishment-connected conspirators actually name our key Cabinet Secretaries, our Federal Reserve Board, and the presidents of the major U.S. universities.

from gold pans to woolen work clothes. Business was so good that they soon sent for a cousin, Alexandre Weill, to come to America as their bookkeeper and financial consultant.

Weill's financial experience and European connections rapidly made him the main force behind the Lazard enterprise. Under his leadership, it didn't take the firm long to figure out that the big money to be made in San Francisco was not in provisioning miners, but in dealing in the yellow metal itself. The Lazards quickly shifted their operations from woolens to gold ingots, and began to move into the foreign-exchange markets as a major participant. Facilitating the financing of the flow of goods from international trade required businessmen, like Weill and the Lazards, who could readily arrange contracts in other languages and who had important commercial connections in Europe.

By 1852 the Lazard brothers had opened up a branch operation in Paris, Lazard Frères et Cie. With the establishment of a London arm in 1877, and the opening of a New York office by Alexandre Weill three years later, the Lazard bankers became the largest U.S. shippers of gold to and from Europe, and soon assumed the leadership role in trading commercial bills. The San Francisco parent branch was sold to a group of California businessmen in 1908 and later became the Crocker National Bank, one of the largest banking chains in the state.

It was Alexandre Weill who eventually brought in Eugene Meyer, another Frenchman, to work at Lazard's on Wall Street. Eugene had immigrated as a youth with his father Gunther, who was U.S. representative of Lazard Frères of Paris. Determined to follow in his father's footsteps, young Eugene studied international banking at Hamburg, Paris, Berlin, and London before returning to America to join the Wall Street firm. He subsequently became a partner with Establishment *Insider* Bernard Baruch in Alaskan mining ventures. And it was Baruch who arranged to bring Eugene Meyer to Washington, D.C., to head a division of the War Industries Board. Baruch and Meyer held virtually dictatorial control over America's wartime industries during World War I, and placed billions of dollars in war-production contracts with Establishment friends and associates.

President Woodrow Wilson, at the urging of Baruch and top White House *Insider* Edward Mandell House, put Meyer in charge of the War Finance Corporation to oversee the selling of America's war debt.

This was like putting Gerry Studds in charge of a boys' camp. Meyer's dealings in that capacity were shady, to say the least. According to Congressman Louis McFadden, then Chairman of the House Banking Committee:

"I call your attention to House Report No. 1635, 68th Congress, 2nd Session, which reveals that at least twenty-four million dollars in bonds were duplicated. Ten billion dollars' worth of bonds were surreptitiously destroyed. Our Committee on Banking and Currency found the records of the War Finance Corporation under Eugene Meyer extremely faulty. While the books were being brought before our committee by the people who were the custodians of them and taken back to the Treasury at night, the committee discovered that alterations were being made in the permanent records."

Using money made from his World War I manipulations, Eugene Meyer bought the *Washington Post* in 1933 in order to support the corporate socialism of F.D.R.'s New Deal. Eugene also wanted to squelch investigations into how Meyer and his partners had helped maneuver the United States into the war as a preliminary to helping themselves to government contracts. Significantly, Meyer's first move as owner of the *Post* was to fire the paper's editor for refusing editorially to back U.S. recognition and support of the Soviet Union.*

Eugene Meyer, who held important political positions in every U.S. Administration from Wilson to Truman, was also chairman of the Federal Reserve Board and the first president of the World Bank — key Establishment institutions for looting and economic control.

Moreover, this same Eugene Meyer was directly involved in the creation of the Reconstruction Finance Corporation under the Hoover Administration. The R.F.C. lent more than $13 billion to "stimulate" commerce, industry, and agriculture during the Great Depression, serving as a key element in F.D.R.'s corporate-state adventures. The Reconstruction Finance Corporation Act, which created the federal agency, was authored by none other than Eugene Meyer, who was made chairman of the R.F.C. when the Act was passed. Using his powerful position as keeper of that money tree, Meyer helped finance *Insider*-controlled firms and war industries during World War II. He was of course a member of the Council on Foreign Relations, the elitist gang which has for years controlled U.S. foreign policy.

By the 1920s, Alexandre Weill's son, David David-Weill, became yet another important agent of Lazard Frères. Although raised in the United States, David-Weill devoted himself primarily to operations in France. As a director of the Banque de France, he sat at the pinnacle of the French banking establishment. Along with André Lazard — the last of the Lazards at the bank — he ran the Paris company of the Lazard complex. In 1925 David David-Weill asked a young stock-market trader by the name of André Meyer to join the company. This Meyer would rise to become the firm's most powerful boss.

As an aggressive securities trader for the banking firm of Baur & Sons in Paris, young André had earned a substantial amount of money by speculating in the inflation-ravaged French currency during

*Eugene's editorial slant is carried on by the present publisher of the *Washington Post*, Katharine Meyer Graham, his daughter.

World War I.* The trading skills and business connections accumulated by Meyer during this period brought him to the attention of Lazard Frères. By 1927 he was a full partner of Lazard Frères et Cie. Proving himself to be a successful deal maker as well as a canny securities trader, the young Frenchman rose quickly in the field of investment banking.

André Meyer had married Bella Lehman of the influential banking family by the time he left France in 1940 to escape the impending Nazi occupation. He immigrated with his family to the United States, and by January 1944 Meyer had replaced Frank Altschul† as the leader of Lazard Frères on 120 Broad Street, in New York City. Until his death in 1979, Meyer was the boss at Lazard's.

When André Meyer took charge of Lazard Frères, he made sweeping changes almost immediately. By 1945 all the old Lazard partners were gone, and by 1948 Meyer had closed Lazard's Boston, Philadelphia, and Chicago offices. He disliked the branch offices because he thought they were inefficient and because they were largely in the retail stock-brokerage business, which meant that they dealt with the general public. André wanted Lazard Frères to be what the French firm was: a very private, very elite house whose customers were corporations, central banks, financial institutions, and a select group of powerful individuals in politics and business.

In addition to jettisoning the lesser branches, Meyer further reduced overhead for the firm by moving it from 120 Broad Street to more cramped quarters on the twelfth and thirteenth floors of 44 Wall Street. It was only much later, in 1969, that the miserly André Meyer moved the Lazard offices uptown to the high-rise building at One Rockefeller Plaza and into the space previously occupied by General Dynamics.

The canny Meyer built the powerful Lazard Frères into an even greater financial megalith. His strategy involved crafting an elitist image for the firm and for himself. As writer Cary Reich observes in *Financier*, his recently published biography of André Meyer: "Deliberately, Meyer created an aura of mystery for himself, and of a certain snobbishness for his firm; the less accessible they were, he correctly reasoned, the more the world would

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*The French Government had run up enormous Budget deficits during the war. To finance that war it had borrowed tremendous sums of money from the public, from the Allies, and from the international bankers. It also resorted to currency inflation as a hidden tax. The result was rampant price inflation in which the French wholesale price index more than quadrupled between 1913 and 1918, while the nation's foreign debt mushroomed to the back-breaking level of 43 billion francs. With both the national government and the war contractors utterly dependent on them for financing, the international bankers found business booming. Considerable money was made trading all the government obligations, I.O.U.s, and corporate paper.

†Frank Altschul, a member in good standing of the "Our Crowd" elite of German-Jewish banking, ran Lazard Frères of New York until he was forced to retire on December 31, 1943. His father, Charles, had been with the Lazards in the old San Francisco enterprise, moving to New York in 1901 to work in the office at 120 Broad Street. The Altschuls soon became connected by marriage with the Lehmans. Frank Altschul's sister Edith married Herbert Lehman, who would become governor of New York, while Frank himself married Herbert Lehman's niece, Helen Lehman Goodhart. After graduating from Yale in 1908, Frank had joined Lazard Frères, taking his father's place as a partner in 1916 when the latter retired. Altschul rose to be one of Wall Street's most important banking *Insiders*, serving on the governing board of the New York Stock Exchange and becoming a director of Chase National, the Rockefeller family bank. Frank Altschul was also, of course, a member of the powerful and secretive Council on Foreign Relations.

seek them out and prize their advice. He built a firm that was of, by, and for the elite. The general public's business was no more welcome at Lazard than it was at J.P. Morgan & Company."

Indeed, the owl-faced Frenchman was a natural conspirator who had a formidable passion for secrecy. Reich tells us: "André Meyer took secretiveness — within certain limits, not an undesirable trait in a banker — to grand, almost pathological, extremes. He arranged his personal financial affairs in such a byzantine, convoluted way that no one (with the possible exception of his son, in whom he confided) could piece together the full extent of his activities. One Lazard partner might know about his involvement in oil drilling, another in real estate, but none saw the complete picture. Nearly all his business was transacted in person or over the telephone; he was careful not to leave a trail of memos and documents behind that would, after his death, reveal the secrets he had guarded so zealously in his lifetime."

But all of this calculation, self-discipline, and discretion also served to conceal the more unsavory aspects of Meyer's personality. Those who knew him best admit that he was continually beset by paranoia, hypochondria, and a tendency toward uncontrollable rages. Wealth and powerful personal connections were of first importance to Meyer, as they symbolized his success and served as a gauge of his personal worth. He had nothing but contempt for those without money and influence, shunning them disdainfully. Biographer Cary Reich sums up André Meyer this way:

"He was greedy, vindictive, domineering, and often quite sadistic. His constant browbeating and temper tantrums made life unbearable for his business associates and his family. No matter how wealthy he became — and he became *very* wealthy — he could not stop plotting and scheming to build an even bigger fortune. He would allow nothing and no one to get in his way . . . ."

For those with immense wealth and power, however, André Meyer took great pains, through cynical calculation, to make a favorable impression. On the thirty-third floor of New York's Carlyle Hotel, in his two-bedroom suite crammed with rare Louis XIV furniture and decorated with an impressive collection of original Monets, Picassos, and Chagalls, the lord of Lazard's received a perpetual stream of visiting dignitaries from all over the world.

Undoubtedly the world's most prolific corporate marriage broker, André Meyer became the Big Man in Wall Street investment banking. In 1968, *Fortune* called him "the most important investment banker in the Western world." His nervous energy and powerful personality brought him into contact with world leaders and extremely profitable business deals. He was by now an integral part of the Establishment, pushing the right buttons and playing ball with the mandarins. Again quoting writer Cary Reich:

"As senior partner of the very private firm of Lazard Frères, André Meyer spun a web of wealth and influence over two continents. Having built a personal fortune reckoned in the hundreds of millions of dollars, he was revered as a twentieth-century Midas, a man with an awesome gift for financial success. His advice on everything from personal investments to politics was eagerly sought by the great and the near-great, who came trooping to the Carlyle like supplicants to a shrine. He was a friend, confidant, and escort of Jackie Kennedy, and a valued advisor to the rest of the Kennedy family. Lyndon Johnson would often seek his counsel, as would French president Georges Pompidou. He could count among his intimates numerous other statesmen, politicians, and tycoons, including David Rockefeller, RCA chief David Sarnoff, CBS chairman William Paley, and Fiat king Giovanni Agnelli."

Meyer's friendships and associations among the mighty indicate his importance. He once told the *New Yorker* how close a friend he was of David Rockefeller, saying: "There's nothing on earth I wouldn't do for David." During their thirty-year association, André and David joined in many business ventures. Among these were the financing of L'Enfant Plaza in Washington and the Embarcadero Center in San Francisco. They also worked together to establish "development banks" in Iran and the Ivory Coast in order to lubricate trade deals, ultimately underwritten by American taxpayers through such institutions as the World Bank and the International Monetary Fund. They formed a syndicate together to obtain mineral concessions from Tanzania by making deals with the Marxist Government there. Along with William Paley, John Hay Whitney (of the old Yankee banking family), and David's brother Nelson, they purchased radical Gertrude Stein's art collection. Rockefeller remarked of André, "Mr. Meyer is the most remarkable man on Wall Street, a real genius," and David made Lazard Frères the prime investment house for Chase Manhattan.

In addition to the prominent names already mentioned above, André Meyer's close associates and cronies also included Jacob Javits, the Leftwing Senator from New York; Charles Percy, the Leftwing Senator from Illinois; Jean Monnet, the primary architect of the European Common Market; Katharine Graham of the *Washington Post* and *Newsweek*; and, Jane Engelhard, wife of the flamboyant heir to the huge precious-metals empire.*

All these and many other cultivated friendships were immeasurably useful to Meyer. Some directly added to his own personal wealth or to the business success of Lazard; others, while not bringing him any direct business, provided something equally precious: the kind of inside information and advance knowledge that produce lucrative business deals and personal leverage. Says Katharine Graham, who often chatted with Meyer over coffee at his Carlyle apartment, "The thing about André was that he was a tremendously gifted high-level gossip. He tended to be very interested in people: who is doing what to whom; is he good or isn't he good? I mean, he would *grill* me about that kind of thing."

Here was the quintessential investment banker, a little man with a squeaky French accent and an overpowering drive to dominate the affairs of those around him; a born conspirator with a persistent ability to amass great sums of wealth in relatively short periods. Ever suspicious that somebody might not be totally loyal to him, might be holding

*Charles Engelhard, chairman of Engelhard Industries — the world's largest refiner and fabricator of gold and silver — was reportedly the inspiration for Goldfinger, Ian Fleming's James Bond nemesis. Amused by this, Engelhard for a time referred to a stewardess on his company airplane as Pussy Galore, another Fleming character. It was André Meyer, along with fellow Wall Streeter Ferdinand Eberstadt, who conceived the idea of forging a global alliance composed of Engelhard Industries, Philipp Brothers (an international metals-trading company), Minerals & Chemicals Corporation, and Harry Oppenheimer's Anglo-American mining empire.

back some piece of information, might betray him in some way, this neurotic Godfather of Wall Street attempted to keep tabs on everyone of importance through his vast information-gathering network and sources of gossip.

André Meyer's son, Philippe, resisted his father's demands that he go into high finance, and became a physicist instead. So Meyer found another young protégé to follow in his footsteps as heir to the Lazard leadership. His name is Felix Rohatyn. By 1973, *Business Week* magazine was touting Felix, then forty-four, as a major comer in the financial world, calling him "remarkable" and "dynamic," and featuring his picture on the cover.

As a leading partner in Lazard Frères, Rohatyn had established a track record as a demon negotiator, a master at corporate mergers, and a behind-the-scenes manipulator in the classic tradition of international banking. But he did not rise to this exalted position by the route of an Horatio Alger.

Born in 1928 into a prosperous Polish-Jewish banking family residing in Vienna, young Felix had come to New York with his family in 1942. He went to Manhattan high school, where he learned English, and then entered Middlebury College in Vermont because (as he now says) "I liked to ski." Rohatyn's luck changed dramatically after his mother divorced his father and married Henry Plessner, a partner in the Paris branch of Lazard Frères. Thanks to Plessner's influence, Felix landed a summer job at the New York office of Lazard Frères while still attending college. There he came in contact with André Meyer and, despite the great difference in their ages, they became very close, with Meyer treating Rohatyn as an "adopted son." Looking back on those early days at Lazard, Rohatyn now recalls:

"I genuinely liked André. I could talk to him. And I think I understood him. I think we looked at the world in many similar ways; I mean, André used to say, 'Well, if I weren't so rich, I'd be a socialist,' and I suppose I feel that way. We both always felt like outsiders in that respect; we were both refugees, we were both Jewish, and we both felt outside the American Establishment and power structure."

Today, as a member of the Council on Foreign Relations and an active participant in forging public policy, it would be difficult for Felix Rohatyn to deny that he is now a member of that Establishment power structure. Although Rohatyn was the closest thing to André Meyer's alter ego, he is far more oriented toward publicity and politics than was his mentor.

It is noteworthy that Felix Rohatyn took as his wife the daughter of Clarence K. Strait, president of the Federal Union from 1939 and an executive member of the Atlantic Union Committee. They are now separated. A leading "Liberal" Democrat, Rohatyn early became a friend of Dorothy Schiff, of the international banking family of Kuhn, Loeb, who was long owner of the *New York Post*, a major organ of the Left. He was a political fundraiser for such statists as Senators Edmund Muskie and Charles Percy.

Rohatyn earned the appellation "Felix the Fixer" in the corporate world when he made a big splash by serving as the negotiator for I.T.T. in the early 1970s when that megacorp was under attack by the Antitrust Division of the Justice Department. Using his connections and negotiating abilities, Felix got the government to drop the antitrust suits through an out-of-court settlement favorable to I.T.T., quickly followed by a $400,000 contribution from I.T.T. to the Republican Party for its 1972 National Convention.

Mr. Rohatyn made even bigger news when he engineered the "bailout" of the bankrupt City of New York. The capital of Welfare Statism, the Big Apple was full of worms and rotten to the core. Enormous Welfare spending had contributed to megadeficits, and growing financial woes began to threaten those (including some of the big bankers) who held New York debt securities.

In 1975 Felix set up the Municipal Assistance Corporation (known as "Big M.A.C."), and promptly assumed the role of chairman. This was not a private corporation, but an arm of the State of New York. A partial default was engineered by the Wizard of Lazard. It was not *called* a default, of course, but euphemistically referred to as a "stretchout" from short-term debt into long-term municipal bonds. The credit and prestige of the state government of New York was placed behind the collapsing credit of New York City. As organizer and chairman of Big M.A.C., Rohatyn managed to get the reluctant Ford Administration to pour in the needed infusion of federal tax funds to save the whole precarious package.*

The scheme is working for the time being — but eventually both the city and state will reap the whirlwind. By then, Felix the Cat will be involved with still grander bailout problems.

Indeed, Rohatyn is now being built up as the leading national corporate spokesman — a sort of Big Businessman-As-Philosopher — who embraces the partnership between Big Business and Big Government with passion and eloquence. As economist Murray Rothbard has remarked, "His [*apparent*] success there [*in the New York City bailout*] seems to have completed the flowering of Felix as an economic philosopher on a grand national scale. For if some federal aid could save the bankers, municipal officials, and bondholders of New York, why couldn't still more federal aid produce more such good deeds? Rohatyn had discovered the soul-satisfying humanitarian expansiveness of post-New Deal liberalism."

Felix Rohatyn is the Corporate Socialist *par excellence*. Why use private capital when you can manipulate government and have the American taxpayers pick up the tab?

Not surprisingly, Rohatyn was also a devout supporter of the Chrysler bailout. These days he is going around pushing for a new "national industrial policy" as the next stage of collectivizing and cartelizing America. After the Chrysler bailout, according to Mr. Rohatyn, it would be unjust discrimination for the government to refuse to bail out any large corporation in trouble.

As the means for accomplishing these bailouts, and the alleged revitalization of America's economy and urban areas, Felix has called for a massive "new domestic Marshall Plan" to operate chiefly through a "National Industrial Development

*In March of 1979, New York's M.A.C. announced as its financial consultant — for an annual fee of a quarter of a million dollars — the investment banking firm of Lazard Frères. No other firms had been considered for the selection. At this point, New York's populist Mayor Koch stepped in and denounced the choice as a "moral conflict of interest" — whereupon Lazard withdrew in a huff of indignation, loftily professing to be unable to comprehend why such an altruistic act of public service should subject the firm to "needless abuse."

Bank" — a modern, souped-up version of the old Hoover-F.D.R. Reconstruction Finance Corporation which was run by Eugene Meyer, that earlier Lazard partner and manipulator. As we have noted, the old R.F.C. used tax money for massive handouts to shaky corporations and their banking creditors, particularly the Establishment firms of New York investment banking. The new agency would do the same thing, but on a vaster scale. As is usual with socialist schemes, this one would — under the guise of "developing industry" and "revitalizing" U.S. cities — be used by special-interest partisans to feather their own nests at taxpayer expense.

That National Industrial Development Bank would be a crucially important step toward general socialism in America. And, of course, socialism is the royal road to monopoly power for the politically adept super-rich. Would-be monopolists desire *control* above all else — and control is the name of the game under socialism. Which is why Rohatyn and his banking *Insiders* are pushing this.

The new R.F.C. would be staffed by "professionals," Felix Rohatyn says, and run according to "an overall plan." It would be federally funded to the tune of $5 billion (plus another $10 billion in guaranteed U.S. bonds of the kind Felix and his cronies are all too familiar with, and would be free to make any form of investment in any corporation it chose: equity, preferred stock, loans, loan guarantees — more business for the investment banking fraternity. The new R.F.C. must also, says Rohatyn, have enough power "to do unpleasant but necessary things, such as changing the board of a company it invests in, and replacing management."

But, as is so often the case with such banking operators, Felix Rohatyn's vision of control goes beyond this to global collectivism. That was revealed in a couple of think pieces he had published in the *New York Review Of Books* for December 4, 1980, and March 5, 1981. These articles launched him as a leading spokesman for the Establishment's manifest program of more government and less freedom. There he echoed the familiar line that the crises our nation faces are so great that nothing less than a global solution will suffice. Meanwhile, a vast network of taxes and subsidies will have to be adopted by the U.S. Government to revitalize America. He emphasizes that economic stimulation must function through government subsidies rather than via tax credits or tax cuts because the former method leaves full control in the hands of the government. He would arrest inflation by a "temporary" wage-price freeze followed by something called a "tough incomes policy." In ordinary English, this means he wants tightly to control wages while allowing prices to increase — a perfect illustration of the "humanitarian" values of the Left.

Rohatyn admits that his plan for collectivizing America will be met with "cries of elitism" and "big-business bailout," but he feels such resistance can and will be overcome when things get bad enough. He knows that only a major crisis can put his socialistic program into effect. Just as the created Depression of the 1930s was used to justify the imposition of New Deal collectivism, Felix expects a coming crisis to scare the American people into accepting substantially more of the same. "When a crisis of sufficient magnitude creates the possibility for fundamental change," Rohatyn gloats, "it will carry with it enough of a popular majority for action so that a president with a real vision of the future will be able to put his program through."

As we leave Felix Rohatyn he is anxiously searching the horizon for another Hitler, Mussolini, or Stalin. We can be sure that when the next Man on a White Horse — the purported humanitarian supported by a guillotine — does emerge on the American scene, Felix of Lazard Frères will be at his right hand.

Other important partners of Lazard Frères have included C.R. Smith, former Secretary of Commerce; Peter A. Lewis, former assistant director of the U.S. Bureau of the Budget; David B. Dillard, of the Washington-based International Finance Corporation; Eugene R. Black Jr., son of the former president of the World Bank; and, Eugene Black Sr., who was also special consultant to the Secretary-General of the United Nations and served as a director for important corporations including the New York Times Inc. The senior Black was also a member of the board of the Atlantic Council (which promotes World Government), as well as having been a trustee of the Ford Foundation, a director of Chase Manhattan Bank, a trustee of the Brookings Institution, and a member of the Establishment's secretive Pilgrim Society. You recognize the pattern.

Brown Brothers Harriman

Very much a major fixture of the Establishment *Insiders* of big banking is the firm of Brown Brothers Harriman, heart of the Harriman financial empire which played a crucial role in building up the economy of the Soviet Union. Its headquarters are at 59 Wall Street in New York City, but Brown Brothers Harriman also has offices in Boston (40 Water Street) and Philadelphia (1531 Walnut Street), and operations in Chicago, St. Louis, Los Angeles, Dallas, and on Grand Cayman.

Established in 1818, the investment banking firm of Brown Brothers merged with Harriman Brothers & Company in 1931. The latter was an international banking firm set up by W. Averell Harriman and his brother, Roland, direct heirs of the great railroad and shipping empire of their father, E.H. Harriman.

Both of the Harriman brothers had gone to Yale, where they were tapped as members of Skull And Bones, Averell in 1913 and Roland in 1917. Skull And Bones is an undergraduate secret society at Yale whose members each year induct fifteen of their classmates deemed likeliest to succeed. This secret fraternity is a key recruiting organization for what we may call the Yankee *Insiders*, a network of pull and connections composed of descendants of America's most successful early settlers and the sons of newer wealth judged worthy to enter the fold. Although Skull And Bones evidently has German origins, it also seems to be the American counterpart of a similar group active at All Souls College at Oxford.

By virtue of their father's immense wealth, the Harriman brothers were members of the "W.A.S.P. Establishment," being reared as American aristocrats, playing polo and croquet with the Morgans, Whitneys, Vanderbilts, and Rockefellers. Averell Harriman's first wife was Marie Norton Whitney. Today, at the age of ninety-two, he is still both a member in good standing of the Council on Foreign Relations and a powerful Establishment *Insider*. This can be seen in the fact that it was W. Averell Harriman who was the first American to go to Moscow and talk privately with Yuri Andropov following the death of Brezhnev. You can be sure the former head of the K.G.B. is well aware of who pulls the strings in the American Establishment.

In his recently published book, *An Introduction To The Order*, researcher Antony Sutton writes that the membership of the Harriman brothers in Skull And Bones is a "good example of how old-line families in The Order absorbed new-wealth families, although as history has unfolded it may be that Harriman and his fellow investment bankers have dominated the direction of The Order in the past few decades."

This would seem to make the locus of Establishment control the international bankers themselves. If so, Brown Brothers is an excellent example of how the game is played. Its partners include not only members of the C.F.R., but also a surprising number of members of Skull And Bones (The Order). And this was true of Brown Brothers even before it merged with the Harriman enterprise. Commenting further on the relationship between Brown Brothers Harriman and the Yale group, Tony Sutton observes:

"By the 1970s the relatively unknown private international banking firm of Brown Brothers Harriman, with assets of about one-half billion dollars, had taken in so many of 'the Brotherhood' that out of 26 individual partners, *no fewer than 9 were members of The Order*. We don't know of any greater concentration of members.

"And to make it more interesting, Prescott Bush, father of Vice President George Bush (both in The Order), was a partner of Brown Brothers Harriman for over forty years."

Still an unincorporated partnership, Brown Brothers Harriman is one of the most secret of firms in a business community which is known for its low profile. Antony Sutton points out that, "Finally, because Brown Brothers Harriman is a private banking firm, it has relatively no government supervision and does not publish an annual report. In other words, we know NOTHING about its operations — at least we know nothing from Brown Brothers Harriman sources."

Be that as it may, we do know a good deal about the record of the man who has had the most impact on the firm's policy. Averell Harriman's ties with Soviet Communism go all the way back to the 1920s, when W.A. Harriman & Company granted loans to Bolshevik leader V.I. Lenin which helped to consolidate Communist power over Russia during those early precarious years. In 1928, Harriman's investment banking firm organized Western engineering efforts which built heavy industry for the Soviet Union. Moreover, the firm furnished securities for all the Soviet purchases in the United States and collected all the commissions as the middleman.

As a little sweetener the Soviet Government offered a concession for the development of manganese mining and Harriman seized it. The Russian Revolution had brought production to a standstill, the economy was in utter disarray, and the Communists desperately needed capital from the West if they were to avoid sinking into a well-deserved oblivion. Harriman was their first really big Western partner. Joseph Finder explains the situation as follows in his excellent new book *Red Carpet*:

"In 1924 Harriman heard that the world's largest deposit of manganese ore was being offered for rent by the Soviet government. The field, in

Chiatura, near Tiflis, Georgia, had before the Revolution supplied half the world's output of manganese, a vital ingredient in the manufacture of steel. The Chiatura field was estimated to contain at least a billion dollars' worth of ore, enough to supply the world for the next half-century.

"Harriman immediately dispatched an associate, J. Speed Elliott, to work out a deal with the Russians. Because of the Harriman name, negotiations went quickly. On January 19, 1925, Speed reported triumphantly from Moscow, 'Everything looks good here so far.' At a cost of $3,450,000, Harriman bought the rights to mine the Chiatura field for twenty years and to export its manganese ore. This would be the biggest American venture yet granted in Soviet Russia."

Averell entered politics under Franklin D. Roosevelt, heading up F.D.R.'s National Recovery Administration from 1934 to 1935. He later served in the Commerce Department and the Office of Production Management, helping in the effort to cartelize American industry. With the outbreak of World War II, Harriman was appointed Special Presidential Envoy to Britain (1941-1943), and then became Ambassador to the Soviet Union until 1947. Always an advocate of the Soviets, he had also been a member of the first Lend-Lease mission to Moscow in 1942, stating at the time that U.S. policy was "to give and give, with no expectation of return, with no thought of a *quid pro quo*." That policy was responsible for sending some $11 *billion* in American goods and technology to the Soviet police state. Harriman's spirit of giving (other peoples' money and lives) to the Reds was carried over in full force at the Yalta Conference in 1945, at which he played a key role in the betrayal of all central Europe to Soviet imperialism.

After the war, Averell Harriman served briefly as Ambassador to Britain, then as Secretary of Commerce. In 1955 he became governor of New York, helping to expand its Welfare system. He served as a director of the Council on Foreign Relations from 1950 to 1955. And in 1962 Harriman accepted the position of Assistant Secretary of State for Far Eastern Affairs, forced Laos to accept a Coalition Government with the Communists, and was the main architect of the disastrous nuclear test-ban treaty with the Soviets.

Averell Harriman and his second wife continue to be very active in raising large sums of money for radical Democrat candidates and Far Left causes.

Salomon Brothers

The largest investment banking firm in the nation is Salomon Brothers. Its aggressive drive for new business in recent years has hooked such choice clients as Atlantic Richfield, I.B.M., and Chase Manhattan Bank (which, until the late 1970s, used Lazard Frères as its investment banker). The firm's growth over the past five years has been impressive, though not without woes. Since late 1978, when John H. Gutfreund (C.F.R.) succeeded William R. Salomon (C.F.R.) as managing partner of the company, the firm has increased its staff by fifty percent to twenty-five hundred. By 1982 Salomon Brothers maintained an average daily net inventory of $6.9 billion in securities, and managed or co-managed $26.4 billion in corporate underwritings.

For seventy-one years, this firm was a privately owned partnership. Then in the summer of 1981 it became a subsidiary of Phibro-

Salomon, Inc., when it merged with Phibro Corporation, a publicly owned commodities firm with revenues of $24 billion a year and one of the world's biggest traders in raw materials. The name (pronounced *Fy-bro*) is a contraction of Philipp Brothers, which has sixty offices in forty-five different countries and deals in one hundred fifty raw commodities — everything from molybdenum to oil. Phibro's oil-trading activities during the 1970s reaped huge gains from the global "energy crisis" which had been created by international manipulations and by government controls at the urging and pressure of the Establishment think tanks and lobbies.

The Phibro-Salomon merger was constructed in such a way that it let the sixty-two Salomon partners, already being paid fabulous salaries, pocket millions of dollars each — and all tax-free since they had paid income taxes every year on their profits before adding to the capital fund of the partnership. When the Salomon partnership was dissolved, each partner signed over his ownership to Phibro and committed to an employment contract.

In compensation for this, they received $250 million in debentures convertible into Phibro stock, *plus* over $300 million of capital assets which had been locked up in the Salomon Brothers partnership. While junior partners did not take out as much as senior partners, the average payoff amounted to nearly five million dollars. Top executives, of course, got considerably more.

For example, it is estimated that Gutfreund (pronounced *Goodfriend*) wound up with some $40 million. A fellow could get rich in this business! As one elated partner exclaimed about the deal at the time: "Any time someone wants to stick me in a room and give me millions of dollars, *please* don't throw me out into the briar patch." The fact that this tremendous feat of business marriage was consummated all in one weekend, and in secret, indicates the skilled control of the Big Boys.

Many ambitious men come to Wall Street to become millionaires. Let us briefly consider some of the operators who have prospered as partners in Salomon Brothers.

John Gutfreund, as chief executive of the Salomon Brothers subsidiary and co-chairman of the Phibro-Salomon combination, is known as a hard-nosed manager and for his no-nonsense, bottom-line approach on the trading floor. William Salomon, when he retired from leadership in 1978, believed that he had left the old partnership in trust to his protégé Gutfreund, whom he had helped to climb the rungs of the Salomon ladder. Salomon was deliberately not told anything about the merger until after it was a fact, and friends say he was enraged at Gutfreund's callousness in neither consulting him on the deal nor even informing him of the merger until after its completion.

Gutfreund lives in a fancy Manhattan duplex in River House, where Henry Kissinger also lives, and is another political Leftist. In fact, he was a major supporter of George McGovern's 1972 bid for the White House and also helped to bankroll both of the Presidential campaigns of Jimmy Carter.

Another top executive with Salomon Brothers is interest-rate oracle Henry Kaufman (C.F.R.). Readers will recall that we discussed Kaufman's role in the stock and bond market surge of the late summer of 1982 in our October 1982 article in this journal. As chief economist for Salomon Brothers, Henry Kaufman had been played up in the financial press as *the* forecaster of interest-rate swings. *Business Week*, for example, said that Kaufman "has been so accurate with his predictions that he can move prices with his words." Given the mercurial psychology of the stock and bond markets, that was no exaggeration.

For months he had been predicting that interest rates would remain high. Suddenly, however, Kaufman staged a dramatic about-face by announcing that long-term interest rates were on their way down — way down. The markets went crazy. This was the signal for which they had desperately hoped. As *Newsweek* for August 30, 1982, reported: "The day Kaufman spoke, the Dow Jones industrial average surged a record 39 points, and on the stock exchanges, a record-shattering trading frenzy continued throughout the week. The bond market catapulted to new highs, sending long-term rates plunging 115 points in a single morning."

The Federal Reserve had already begun to drop its discount rate — the rate of interest it charges banks for borrowed reserves — no fewer than three times in less than a month, the third time having been on August fifteen. But it was Kaufman's authoritative call which triggered the "Kaufman Rally" in the bond and stock markets. Again quoting *Newsweek*, "Almost from the moment Kaufman's memo hit the wires on Tuesday [*August seventeenth*], the market went wild."

The people for whom this rally was engineered were the principal beneficiaries — they were the big banks, which were major bond holders. This especially included the investment banking houses, such as Salomon Brothers.

Of course, what was a surprise to almost everyone else was anticipated by the Big Boys who knew all about Fed policies, and by the *Insiders* at Salomon who knew what Kaufman planned to announce and when. We may never know just how much money Salomon Brothers and its friends raked in by positioning themselves on the long side of the stock and bond markets just prior to Henry's sudden "change of heart." It is known that Salomon Brothers went "long" on three thousand futures contracts on Treasury bonds an hour or so *before* Kaufman made his surprising statement. Then it bought another thousand T-Bond futures about an hour after the Kaufman prediction. On those three thousand contracts alone, Salomon Brothers made an estimated $21 million in less than one week after the intitial rally. It made much more, of course, as the markets continued to rise thereafter. The scheme had been delicately planned, and *Insider* Henry Kaufman's careful buildup as a market guru was a crucial part of that plan.

This all-too-brief account of the incident illustrates how Wall Street money manipulators can make huge sums using inside information known in advance of the general public.

Dillon, Read & Company

Like Brown Brothers Harriman, the firm of Dillon, Read traditionally has been closely associated with the J.P. Morgan power complex; however, it also has links to the Rothschilds. An officer in Dillon, Read is August Belmont, grandson of the August Belmont who was sent to the United States from Europe in 1840 as the Rothschild agent in America.

For a number of years, Dillon, Read & Company was headed by C. Douglas Dillon, who has been variously chairman of the board of the "Liberal" Brookings Institution, a director of the Chase Manhattan Bank, a trustee of the Rockefeller Foundation, and a director of the C.F.R. This is the same C. Douglas Dillon who, as Secretary of the Treasury in the Kennedy Administration, arranged to put an end to America's silver certificates, our last redeemable money receipts.

During the Nixon Administration, a member of the Council on Foreign Relations named Peter Flanigan served in government in a number of roles, including Assistant to the President. He was on loan from Dillon, Read, of which he was vice president.

Agents of Dillon, Read have been involved in several important Establishment scenarios and scams. For example, among the assistants to Bernard Baruch in Woodrow Wilson's War Industries Board was Clarence Dillon of Dillon, Read & Company. In the 1920s and 1930s, two influential names connected with Dillon, Read were James Forrestal and Ferdinand Eberstadt. Forrestal rose to be Secretary of Defense, turned on the New World Order boys, and was probably assassinated. Eberstadt was an aggressive Wall Streeter who later become a close associate of André Meyer of Lazard Frères.

As Antony Sutton pointed out in his book *Wall Street And The Rise Of Hitler*, both the Dawes and the Young plans for German reparations payments following World War I were formulated by Wall Street *Insiders* — temporarily wearing the hats of statesmen — and consequent loans produced a rain of profits for the international bankers. Dillon, Read & Company was one of three Wall Street banking houses which handled the reparation loans that were used to create the German cartel system, including the I.G. Farben and Vereinigte Stahlwerke, which together produced ninety-five percent of the explosives for the Nazi side during World War II. But none dare call it treason.

Today the dominant force at Dillon, Read is Nicholas F. Brady, its 53-year-old managing director. Brady attended both Yale and Harvard, being a classmate of George Bush while at Yale. There is little doubt that he has a Skull And Bones rattling in his closet. The scion of a wealthy Irish-American family, Brady served in the U.S. Senate for six months in 1982 following the resignation of New Jersey Senator Harrison Williams. During that time, Senator Brady was a member of the President's commission studying the MX missile issue. Owner of a 4,300-acre estate in Somerset, New Jersey, he is one Wall Street banker on whom to keep an eye. He is, of course, a member of the C.F.R.

Goldman, Sachs & Company

With the earnings from a retail business in Philadelphia, and after returning from a trip to his native Germany, Marcus Goldman moved to New York in 1869 and set up M. Goldman, Banker & Broker. For several years, the company dealt mainly with note discounting, later branching out into the handling of letters of credit and bills of exchange. Under the leadership of Marcus's son, Henry Goldman, and with the aid of Samuel Sachs and his three sons, the firm became Goldman, Sachs & Company and went heavily into investment banking during the first decade of this century.

Goldman, Sachs is today consistently rated at or very near the top of the heap for its financial services to the megacorps, particularly for its corporate financing operations. Like the hired gunslingers of the TV Westerns, certain investment bankers are often used by corporate principals in serious business duels and clashes. Along with Morgan Stanley and Lazard Frères, Goldman, Sachs has built a considerable reputation in such corporate showdowns. It has advised dozens of target firms in recent years, successfully warding off unfriendly acquisition attempts. Among those that made financial headlines were the 1977 raid by Anderson, Clayton & Company on Gerber (baby food) Products, which was successfully repelled, and Mead Corporation's successful resistance to a bid by Occidental Petroleum in 1978.

Under the aggressive management of John C. Whitehead (C.F.R.), the firm's co-chairman, Goldman has put together one of the most enviable client lists on Wall Street. Its customers include companies, municipalities, states, and foreign governments. Among these are (or have been) Allied Chemical, Ford Motor Company, Wells Fargo, the State of California, Mellon National Corporation, Sears, United Technologies Corporation, the Kingdom of Norway, the Republic of Finland, Manufacturers Hanover Bank, and many, many other impressive entities. Goldman, Sachs has clout, especially in view of the fact that its computer banks store details on thousands of corporations and their acquisition needs and wants. This is one powerful corporate cupid.

Until his death in 1969, the big man at Goldman, Sachs & Company was the notorious Sidney Weinberg, a witty and fast-talking dynamo whose first job with Goldman was assistant to the janitor. Weinberg rose to become one of the most powerful men on Wall Street and an advisor to heads of state. A leader in the corporate elite, at one point he actually served as a director of thirty-one major corporations!

Though a key *Insider* in recruiting business support for F.D.R.'s "New Deal," Weinberg raised $6 million before the 1952 Republican Convention to stop Conservative leader Robert Taft from getting the nomination and delivered it instead to Dwight Eisenhower.

Another *Insider* partner of Goldman, Sachs was the infamous Henry Fowler, who became one of the worst Secretaries of the Treasury in American history by wrecking what remained of the authority of gold as a restriction on worldwide inflation. He was also, not surprisingly, a member of the conspiratorial Council on Foreign Relations.

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THE INVESTMENT banking houses that we have been discussing constitute a secretive organizational structure at the core of the "Liberal" Establishment. They profit by manipulating government, and they are very free with whatever funds it takes to assure their power to continue doing that. Their partners are to be found moving in and out of government at or near the highest levels, sit in the board rooms of the nation's largest corporations, and are among the directors of the major "Liberal" foundations and think tanks. Their commitments are not national but international and through such elitist fronts as the Council on Foreign Relations they virtually name our key Cabinet Secretaries, our Federal Reserve Board, and the presidents of our major universities. If you want to know how the world is run, you could not do better than to study this small and elite club of investment bankers. ■ ■

CRACKER BARREL

■ There are more than 40,000 characters in Chinese script.