

Does America have a hidden oligarchy?
Is U.S. foreign policy run by a closed shop?
What is the Council on Foreign Relations?

It began in 1921 as a front organization for J. P. Morgan and Company. By World War II it had acquired unrivaled influence on American foreign policy. Hundreds of U.S. government administrators and diplomats have been drawn from its ranks — regardless of which party has occupied the White House. But what does the Council on Foreign Relations stand for? Why do the major media avoid discussing it? What has been its impact on America's past — and what is it planning for the future? These questions and more are answered by James Perloff in *The Shadows of Power*.

An eye-opening account of a private group that has helped shift American foreign policy away from America's best interests. Highly recommended.

David B. Funderburk
Former U.S. Ambassador to Romania

Policies linked to the organization described in this book have helped visit a number of tragedies on the free world. There may be more forthcoming. James Perloff has cut through a litany of myths to bring out the facts. To not read this book is to live dangerously.

Philip Crane
United States Congressman

If we want to avoid the disaster of one-world government, if we wish to preserve our priceless national sovereignty and live through all time as free men, then it is imperative that the American people read *The Shadows of Power*.

Meldrim Thomson, Jr.
Governor of New Hampshire (1973-1979)

There have been many books purporting to explain the "real" reasons for what happened to us in Vietnam. Unfortunately, most of these have been part of the same old smokescreen from the actual architect of the war, the American Establishment. Our veterans deserve more than memorials — they deserve the truth. Here at last is a book where they can find it.

Andrew Gatsis
Brigadier General, U.S. Army (Ret.)

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THE SHADOWS OF POWER

THE SHADOWS OF POWER

The Council on Foreign Relations
And The American Decline

by James Perloff

Western
Islands

Chapter 5

A Global War With Global Ends

In September 1939, Hitler's troops invaded Poland. Britain and France declared war on Germany; World War II had begun.

Less than two weeks later, Hamilton Fish Armstrong, editor of *Foreign Affairs*, and Walter Mallory, the CFR's executive director, met in Washington with Assistant Secretary of State George Messersmith. They proposed that the Council help the State Department formulate its wartime policy and postwar planning. The CFR would conduct study groups in coordination with State, making recommendations to the Department and President. Messersmith (a Council member himself) and his superiors agreed.¹ The CFR thus succeeded, temporarily at least, in making itself an adjunct of the United States government. This undertaking became known as the War and Peace Studies Project; it worked in secret and was underwritten by the Rockefeller Foundation. It held 362 meetings and prepared 682 papers for FDR and the State Department. Consultation, however, soon became encroachment. Harley Notter, assistant chief of the division of special research in the State Department, wrote a letter of resignation to his superior (a CFR member), explaining that his dissatisfaction stemmed from

relations with the Council on Foreign Relations. I have consistently opposed every move tending to give it increasing control of the research of this Division, and, though you have also consistently stated that such a policy was far from your objectives, the actual facts already visibly show that Departmental control is fast losing ground.²

While the Council was digging a niche in our government, FDR, like Woodrow Wilson, was basing his reelection campaign on pledges to stay out of war. In a speech on October 30, 1940, he declared, "I have said this before, but I shall say it again and again and again: Your boys are not going to be sent into any foreign wars."³

But Roosevelt was planning just the opposite. It is noteworthy that when the *Lusitania* went down, Winston Churchill was head of the British admiralty, and FDR — his distant cousin — Assistant Secretary of the U.S. Navy. This conjured up a haunting sense of *déjà vu* twenty-five years later, as the two men, now heads of state, conferred. In 1940, at the American embassy in London, a code clerk named Tyler Kent discovered secret dispatches between Churchill and FDR, revealing the latter's intention to bring the U.S. into the war. Kent tried to smuggle some of the documents out of the embassy, hoping to alert the American people, but he was caught and confined to a British prison for the duration of the war.⁴

The President's closest advisor was Harry Hopkins, who lived in the White House and enjoyed a relationship with him that some have likened to the House-Wilson kinship. According to Winston Churchill in *The Grand Alliance*, Hopkins visited him in January 1941 and said, "The President is determined that we shall win the war together. Make no mistake about it. He has sent me here to tell you that at all costs and by all means he will carry you through, no matter what happens to him. . . ." William Stevenson noted in *A Man Called Intrepid* that American-British military staff talks began that same month under "utmost secrecy," which, he clarified, "meant preventing disclosure to the American public."⁵ Even Robert Sherwood, the President's friendly biographer, once said: "If the isolationists had known the full extent of the secret alliance between the United States and Britain, their demands for the President's impeachment would have rumbled like thunder through the land."⁷

CFR members were interested in exploiting the Second World War — as they had the first — as a justification for world government. This, of course, later became reality in the crude form of the United Nations, which was predominantly their creation. However, to involve America in such a body would first require involving it in the war itself. *Foreign Affairs* preached rearmament; in 1940, a group

of Council members wrote an appeal that ran in newspapers across the nation asserting that "the United States should immediately declare that a state of war exists between this country and Germany."⁸ The globalists hoped to use the Axis threat to force the U.S. and England into a permanent Atlantic alliance — an intermediate step toward world government. Ads in *Foreign Affairs* pushed Clarence Streit's book *Union Now*, while the journal's contributors hailed the same objective. In the last issue before Pearl Harbor, the lead article typically maintained:

[H]ope for the world's future — the only hope — lies in the continued collaboration of the oceanic Commonwealth of Free Nations.

To the overwhelming majority of Englishmen, and to very many thousands of Americans, this recognition by both nations of their common needs and common responsibilities is the great good that is coming out of the war, just as for their fathers (and the thought is a warning) the League of Nations was the offset that could be made against the misery of the last war.⁹

However, a 1940 Gallup poll found eighty-three percent of Americans against participation in the European conflict. The U.S. wasn't about to go to war — unless there was an incident even more insufferable than the *Lusitania* affair.

While there is no denying the belligerence and atrocities of the Axis powers, it is certainly true that FDR dealt them incitements to attack. Despite our neutrality, and without Congressional approval, he shipped fifty destroyers to Great Britain. This idea originated with the Century Group, an ad hoc organization formed by CFR members.¹⁰ Roosevelt also sent hundreds of millions of ammunition rounds to Britain; ordered our ships to sail directly into the war zone; and closed all German consulates. The U.S. occupied Iceland and depth-charged U-boats. But the Germans avoided retaliation, knowing that America's entry into the war would turn the tide against them, as it had in 1917.

Provocation was also given Japan. Henry Stimson, War Secretary and a patriarch of the CFR, wrote in his diary after meeting with the President: "We face the delicate question of the diplomatic fenc-

ing to be done so as to be sure Japan is put into the wrong and makes the first bad move — overt move."¹¹ After a subsequent meeting, he recorded: "The question was how we should maneuver them [the Japanese] into the position of firing the first shot . . ."¹² The Council's War and Peace Studies Project sent a memorandum to Roosevelt recommending a trade embargo against Japan, which he eventually enacted.¹³ In addition, Japan's assets in America were frozen, and the Panama Canal closed to its shipping. On November 26, 1941 — just eleven days before Pearl Harbor — the U.S. government sent an ultimatum to the Japanese demanding, as prerequisites to resumed trade, that they withdraw all their troops from China and Indochina, and in effect abrogate their treaty with Germany and Italy. For Tokyo, that proved to be the final slap in the face.

Double Infamy at Pearl Harbor

Over the years, a number of books have documented that Franklin D. Roosevelt had foreknowledge of the surprise attack on Pearl Harbor. Of these, the most recent and authoritative is *Infamy: Pearl Harbor and Its Aftermath* (1982) by Pulitzer-Prize winner John Toland.

The author of *The Shadows of Power* summarized at length the details of this matter in the December 8, 1986 issue of *The New American*. We review them here briefly.

American military intelligence had cracked the radio code Tokyo used to communicate with its embassies. As a result, Japanese diplomatic messages in 1941 were known to Washington, often on a same-day basis. The decoded intercepts revealed that spies in Hawaii were informing Tokyo of the precise locations of the U.S. warships docked in Pearl Harbor; collectively, the messages suggested an assault would come on or about December 7. These intercepts were routinely sent to the President and to Army Chief of Staff General George Marshall. In addition, separate warnings about the attack — with varying specificity as to its time — were transmitted to these two men by or through various officials, including Joseph Grew, our ambassador to Japan; FBI Director J. Edgar Hoover; Senator Guy Gillette, who was acting on a tip from the Korean underground; Congressman Martin Dies; Brigadier General Elliot Thorpe, the U.S. military ob-

server in Java; Colonel F. G. L. Weijerman, the Dutch military attaché in Washington; and other sources. Captain Johan Ranneft, the Dutch naval attaché in Washington, recorded that U.S. naval intelligence officers told him on December 6 that Japanese carriers were only 400 miles northwest of Honolulu.¹⁴

Despite all of this, no alert was passed on to our commanders in Hawaii, Admiral Husband Kimmel and General Walter C. Short. Kimmel's predecessor, Admiral Richardson, had been removed by FDR after protesting the President's order to base the Pacific Fleet in Pearl Harbor, where it was quite vulnerable to attack. Roosevelt and Marshall stripped the island of most of its air defenses shortly before the raid, and allotted it only one third of the surveillance planes needed to reliably detect approaching forces. Perhaps to preserve his station in history, Marshall sent a warning to Hawaii that arrived a few hours after the attack, which left over two thousand Americans dead, and eighteen naval vessels sunk or heavily damaged.

FDR appointed a commission to investigate what had happened. Heading it was Supreme Court justice Owen Roberts, an internationalist friendly with Roosevelt. Two of the other four members were in the CFR. The Roberts Commission absolved Washington of blame, declaring that Pearl Harbor had been caught off guard due to "dereliction of duty" by commanders Kimmel and Short. The two officers long sought court-martials so they might have a fair hearing. This was finally mandated by Congress in 1944. At the court-martials, attorneys for the defendants dug up some of Washington's secrets. The Roberts verdict was overturned: Kimmel was exonerated; Short received a small reprimand; and the onus of blame was fixed squarely on Washington. But the Roosevelt administration suppressed these results, saying public revelation would endanger national security in wartime. It then conducted "new" inquiries in which several witnesses were persuaded to change their testimony. Incriminating memoranda in the files of the Navy and War departments were destroyed. The court-martial findings were buried in a forty-volume government report on Pearl Harbor, and few Americans ever learned the truth.

We noted introductively that the CFR has been accused of fondness for Communism and globalism. In light of this, it may be in-

structive to observe that these two systems were the prime beneficiaries of World War II.

Gains for Communism

When World War I ended, millions of French, German, British, and American soldiers lay dead. What was it all for? What was truly won for their great sacrifice? Although the war had supposedly been fought "to make the world safe for democracy," it did not achieve that. But one group did profit significantly — the Communists. They used the chaos of the war to enflame Russia with revolution, and captured the largest country on earth.

World War II had a similar denouement. Millions of French, German, British, and American soldiers again lay dead. And for what? Yes, the threat of fascism had been valorously eliminated, but this was gain in the negative sense. Only the Communists *acquired* something from World War II: Eastern Europe, and a foothold in Asia. The war had a commonly overlooked irony. It was begun to save Poland from conquest by Germany. Yet when it was over, Poland had been conquered anyway — by the Soviets. This brought no tears from CFR men like John Scott, who wrote in 1945: "When Russia disappoints us, as in Poland, we must not indulge our tendency to moralize and say that we cannot deal with the Bolsheviks."¹⁵

During World War II, the United States and USSR were allies. Ostensibly this was an expedient forced by the threat of Hitler. But, as we have already seen, the growth of German fascism and armed might were made possible by the Dawes plan, a brainchild of the international bankers that had the CFR's blessing.

Soviet dictator Joseph Stalin was a strange choice for an ally. Like Hitler, he had slaughtered millions of his own people, including some six million during the Ukrainian genocide (1932-33) alone. And like Hitler, Stalin was an international aggressor. Few recall that the 1939 invasion of Poland was a joint venture by the Germans and Soviets, who had signed a pact that year. In 1939-40, Stalin also invaded Finland, occupied the Baltic States of Lithuania, Latvia, and Estonia, and annexed part of Romania. Nevertheless, FDR called him "Uncle Joe," and the American press built him up as an anti-fascist hero after Germany attacked Russia in 1941. And more

than adulation was offered in support. During the war, America bestowed over \$11 billion in lend-lease aid on the USSR.

Overseeing these shipments was FDR's top advisor, Harry Hopkins, a zealous admirer of the Bolsheviks. Not everything Hopkins sent was for the record. After the war, two Congressional hearings examined evidence that he had also given Moscow nuclear materials and purloined blueprints for the atomic bomb. Hopkins didn't face charges — he was dead. But the facts of the case were chronicled and preserved by George Racey Jordan, a lend-lease expeditor, in his book *From Major Jordan's Diaries*.

Under lend-lease, the Soviets received, among other things, 14,000 aircraft; almost half a million tanks, trucks, and other vehicles; and over 400 combat ships.¹⁶ Without this massive infusion of materiel, it is doubtful that they could have turned back the German military. America thus saved from extinction what is today regarded as its greatest threat — Soviet Communism.

The U.S. government also cooperated in Stalin's territorial aggrandizement. At the "Big Three" conferences attended by Stalin, Churchill, and Roosevelt, FDR made concession after concession to the Red ruler. At Teheran, it was agreed that armies of the Western allies would strike at Germany through France — not the Balkans — which preserved Eastern Europe for Soviet engulfment. It was agreed that Stalin would control eastern Poland, liberate Prague, and maintain possession of the Baltic states. And it was agreed that all would support Tito in Yugoslavia, rather than the anti-Communist Draja Mihailovich.

At the Yalta Conference, an ailing President Roosevelt brought along as advisor Alger Hiss, the Soviet spy who was later discovered and convicted. Hiss, a member of the CFR, claimed that "it is an accurate and not immodest statement to say that I helped formulate the Yalta agreement to some extent."¹⁷ At Yalta, it was conceded that the Soviets would have three votes in the General Assembly of the United Nations (which has been the official reality since the UN started operating — all other countries have only one vote). In the Pacific theater, the Soviets were given control of the Kurile Islands, the southern half of Sakhalin Island, and the Manchurian ports of Dairen and Port Arthur. And it was agreed that all Russians "dis-

placed" by the war — that is, who had fled from Stalin's tyranny westward into Europe — would be repatriated by the Allies. This plan was in fact carried out: after the war, at least two million Russian nationals were rounded up by reluctant American and British army units and forced into boxcars that returned them to the Soviet Union, where they faced brutal reprisals. Many committed suicide rather than go. This outrage was suppressed from the American public's knowledge and has become better known only recently, thanks to such books as Julius Epstein's *Operation Keelhaul*. It is little wonder that William C. Bullitt, former U.S. ambassador to the Soviet Union, said of the Yalta agreement: "No more unnecessary, disgraceful and potentially disgraceful document has ever been signed by a President of the United States."¹⁸

Gains for Globalism

Most Americans believe the UN was formed after World War II as a result of international revulsion at the horrors of the war. Actually, it originated in CFR intellects, and the term "United Nations" was in use as early as 1942.

In January 1943, Secretary of State Cordell Hull formed a steering committee composed of himself, Leo Pasvolsky, Isaiah Bowman, Sumner Welles, Norman Davis, and Myron Taylor. All of these men — with the exception of Hull — were in the CFR. Later known as the Informal Agenda Group, they drafted the original proposal for the United Nations. It was Bowman — a founder of the CFR and member of Colonel House's old "Inquiry" — who first put forward the concept. They called in three attorneys, all CFR men, who ruled that it was constitutional. They then discussed it with FDR on June 15, 1944. The President approved the plan, and announced it to the public that same day.¹⁹

The UN founding conference took place in San Francisco in 1945. More than forty of the American delegates attending were CFR members. Preeminent among them was Soviet agent Alger Hiss, who was Secretary-General of the conference and helped draft the UN Charter.

The Senate had rejected the League of Nations largely because the legislators had been able to study the issue before it came to a

vote. This time, however, no chances were taken. Alger Hiss flew directly from San Francisco to Washington with the Charter locked in a small safe. After glib assurances from delegates to the conference, the Senate ratified the document without significant pause for debate. Senator Pat McCarran later said: "Until my dying day, I will regret voting for the UN Charter."

But the United Nations was now law, and America, for the first time, part of a world government. Using an \$8.5 million gift from John D. Rockefeller, Jr., the UN purchased land on New York's East River for its headquarters.

In the meantime, the CFR found a new home of its own, moving into the Harold Pratt House on East 68th Street, where it remains to this day. Curiously, the Soviets established their United Nations mission in a building across the street.

Since the United Nations' founding, the CFR and its mouthpiece *Foreign Affairs* have consistently lobbied to grant that world body more power and authority. That this has not been meaningfully achieved is not from lack of effort on their part; it is thanks to counter-efforts by distrustful Americans who have valued national self-determination.

Toward More Centralized Banking

If the key to controlling a nation is to run its central bank, one can imagine the potential of a *global* central bank, able to dictate the world's credit and money supply. The roots for such a system were planted when the International Monetary Fund (IMF) and World Bank were formed at the Bretton Woods Conference of 1944. These UN agencies were both CFR creations. The idea for them hatched with the Economic and Finance Group, one of the units of the Council's War and Peace Studies Project. This group proposed the IMF and World Bank in a series of increasingly sophisticated memos to the President and State Department during 1941-42. After Bretton Woods, the two institutions were touted in *Foreign Affairs*.

A. K. Chesterton, the distinguished British author, declared: "The final act of Bretton Woods, which gave birth to the World Bank and International Monetary Fund . . . and many similar assemblies of hand-picked functionaries were not incubated by hard-pressed Gov-

ernments engaged in waging war, but by a Supra-national Money Power which could afford to look ahead to the shaping of a post-war world that would serve its interest."²⁰

The IMF was ostensibly set up to control international exchange rates and "stabilize currencies," but is the framework for a central bank of issue. It is noteworthy that at Bretton Woods, Federal Reserve Board governor Mariner Eccles observed: "An international currency is synonymous with international government."²¹ John Maynard Keynes, the leading British figure at the Conference, proposed a world currency which he called *bancor*, but this plan was rejected as too radical to gain international acceptance. However, this goal has not been abandoned. Dr. Johannes Witteveen, former head of the IMF, said in 1975 that the agency should become "the exclusive issuer of official international reserve assets."²² In the Fall 1984 *Foreign Affairs*, Richard N. Cooper laid out a modern plan for international currency. He wrote:

A new Bretton Woods conference is wholly premature. But it is not premature to begin thinking about how we would like international monetary arrangements to evolve in the remainder of this century. With this in mind, I suggest a radical alternative scheme for the next century: *the creation of a common currency for all the industrial democracies, with a common monetary policy and a joint Bank of Issue to determine that monetary policy.* (Emphasis in the original.)

Given the prophetic tendency of *Foreign Affairs*, and the increasing uniformity of Europe's currencies, we must regard Cooper's proposal as having more than trivial significance.

The IMF's sister, the World Bank, was supposedly established to help postwar reconstruction and development. It is an international lending agency, but what it lends more than anything else is dollars from the U.S. taxpayer.

Who is the ultimate beneficiary? The World Bank hierarchy has traditionally been closely linked to the Rockefellers' Chase Manhattan Bank. As Congressman John Rarick once explained: "[A]id to the poor countries usually ends up as seed money or loans to the wealthy industrialists from the developed countries to further their

overseas operations in competition with the people whose country they claim to represent.”²³ The *Los Angeles Times* elaborated in 1978: “Ostensibly to encourage agriculture and rural development, World Bank loans go overwhelmingly to build an infrastructure — from roads to dams — that enriches local and foreign contractors and consultants.”²⁴ *Barron’s* put it succinctly that same year: “There’s a saying that the Bank takes tax money from poor people in rich nations to give to rich people in poor nations.” And, *Barron’s* noted: “To make matters worse, many of the social reforms that the Bank is funding involve fostering the spread of socialism and Communism.”²⁵

Perhaps no one has summarized the strategy of the international bankers better than Senator Jesse Helms, who stated in 1987:

[I]t is no secret that the international bankers profiteer from sovereign state debt. The New York banks have found important profit centers in the lending to countries plunged into debt by Socialist regimes. Under Socialist regimes, countries go deeper and deeper into debt because socialism as an economic system does not work. International bankers are sophisticated enough to understand this phenomenon and they are sophisticated enough to profit from it.

Because the public debt is sovereign debt, the bankers have calculated that they will always be able to collect. If there is too much risk in the private debt side, it is a simple matter to get Socialist governments to nationalize banks, industrial enterprises, and agricultural holdings. In this way, private debt is converted to sovereign state debt which the bankers have believed will always be collectable.

The New York banks find the profit from the interest on this sovereign debt to be critical to their balance sheets. Up until very recently, this has been an essentially riskless game for the banks because the IMF and World Bank have stood ready to bail the banks out with our taxpayer’s money.²⁶

Bretton Woods marked neither the first nor last time that the international bankers would devise a means of using other people’s money to obtain profits — both monetary and political — in the name of humanitarianism.



AP/WIDE WORLD PHOTOS

Foreign Affairs editor Hamilton Fish Armstrong helped build bridges between the Council and Washington.



CULVER PICTURES

Henry Stimson: “The question was how we should maneuver them into the position of firing the first shot . . .”



AP/WIDE WORLD PHOTOS

In his 1982 best seller *Infamy*, historian John Toland (left) enumerated the numerous warnings Washington received about Pearl Harbor through such individuals as Senator Guy Gillette (right). Earlier books that dealt with the controversy included: *Pearl Harbor* by George Morgenstern; *Perpetual War for Perpetual Peace*, edited by Harry Elmer Barnes; *The Final Secret of Pearl Harbor* by Admiral Robert Theobald; and *Admiral Kimmel’s Story* by Husband Kimmel.



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