

C.V. Starr returns to Shanghai

by Linda de Hoyos and Michael Billington

Kissinger Associates is already beginning to cash in on the decision by the communist rulers of Beijing to bring about the reincarnation of the international settlements policy in the city of Shanghai. Maurice Greenberg, president of the American International Group of insurance companies, a Kissinger Associates client, was the keynote speaker at an international financial symposium held in Shanghai Oct. 14-17. AIG has completed a \$195 million "Shanghai Center," built with the Portman Companies and Kajima of Japan.

Also attending were former U.S. Defense Secretary Caspar Weinberger, now publisher of *Forbes* magazine, who delivered a speech on "China in the New World Order"; Kissinger Associate William Simon; The Rt. Honorable Lord Prior, chairman of General Electric Company of Great Britain; E. Gerald Corrigan, president of the Federal Reserve Bank of New York; and Liu Hongru from the State Commission for Restructuring the Economy.

The plan under discussion is to turn Shanghai into a mega-financial center, drawing in resources from four surrounding provinces. Shanghai, according to the designs of the communists and Western bankers, is to become an "opponent of the four Asian dragons"—Hong Kong, Singapore, Korea, and Taiwan. Already, new banking laws passed in Shanghai in September, reduced taxes on banks from about 50% to 15% and grant a one-year tax holiday, according to the *South China Morning Post* Oct. 12. The British Bank, Standard Chartered, one of four foreign banks that never shut down after the 1949 communist takeover of China, has re-registered and is being granted the same terms, including the tax holiday.

While in Beijing in early September meeting with bigwigs on "U.S.-China relations," Kissinger had also had occasion to meet with the mayor of Shanghai (see *EIR*, Nov. 2, 1990), to help pave the way for the return of the *taipans* to Shanghai port city, which was but a mere mudhole until it was built in the 19th century by the *taipans*—British and other foreign interests. The Chinese side of the operation is being run by the Kissinger partner company of China International Trust and Investment, run by Rong Yiren. Deng Xiaoping's handpicked secretary general of the Communist Party, Jiang Zemin, may also figure prominently in the Shanghai project. He was both mayor of Shanghai and one of the initiators of the Special Economic Zone policy.

Where it all began

As for Greenberg, AIG is going back to its "roots." AIG is wholly owned by C.V. Starr, whose 10 directors—all of whose names are secret—owns a \$13 billion international insurance empire. C.V. Starr is named for its founder, Cornelius Vander Starr, a lower-order member of the Vanderbilt family, who came to Shanghai in 1919 to find his fortune. The California native soon hit upon the market the British had missed in China: selling insurance to the Chinese themselves, not just the resident *taipans*. By the time of World War II, Starr had built an insurance net that covered China, and Hong Kong, Saigon, Jakarta, Saigon, and Manila.

In 1942, Starr himself returned to China, as the head of the Office of Strategic Services' (OSS) "Starr group." Starr and company, deployed to China without the permission of the nationalist government, worked at odds with Chiang Kai-shek. Starr is himself credited with making the first American link to Mao Zedong, enabling the United States to sell out Chiang Kai-shek in favor of the communists, in the footsteps of British policy.

Soon after the war, Starr began to link up with various other intelligence-linked U.S. corporations. In the 1950s, C.V. Starr president William S. Youngman was a partner in the private law firm of Thomas G. Corcoran, which organized the CIA's dope-smuggling private airline, Civil Air Transport, known to the world under its later name, Air America. Through Youngman, Starr's board overlapped that of the United Fruit Co., the firm estimated by the U.S. Drug Enforcement Administration to be smuggling 20% of the drugs entering the U.S. from South America.

In 1968, Greenberg inherited C.V. Starr and the Starr empire. Like Starr before him, Greenberg opened up new financial frontiers in China. In 1975, before relations were normalized between the P.R.C. and Washington, AIG became the first Western insurance company readmitted to China. In 1980, after a year of negotiations, Greenberg forged a 50-50 deal with the P.R.C.'s state-run People's Insurance Co. of China, involving Greenberg in everything from building hotels to insuring the safe delivery of equipment.

In 1980, John Train, an investment counselor for AIG and the Wall Street patron of the "Get LaRouche" campaign in the U.S. news media, wrote in *Forbes* that AIG was the perfect vehicle for people to invest in China, without risk. "I see a good way to play what one might better call the 'Pacific card,' by the indirect route rather than the direct one. It's through a company I have often mentioned: American International Group." With an annual growth rate of 20%, AIG, Train pointed out, "has built \$100 million in assets into \$1 billion—all in cash—in the last 10 years." In short, AIG is the perfect vehicle for laundering vast amounts of international dope money—a major concern of the P.R.C., which produces some 3,000 tons of opium per year and whose "China White" top-grade heroin is now flooding the U.S. market.