

PAN gubernatorial candidate for Chihuahua state Francico Barrio added, there would be "an eruption of violence" during Mexico's 1988 presidential elections. So much for the PAN's champions of "democracy."

Despite the PAN delegates' efforts to avoid the Iran-Contra issue, reporters questioned them over and over on the subject. Luján, Barrio, and the two others, Rodolfo Elizondo and Clara Torres, claimed ignorance on their party's connections to North, et al. They said that Villa Escalera "lacked" party backing when meeting with people in foreign countries.

PAN controllers know better. Villa Escalera is perhaps the PAN's most clever negotiator: He learned it from the British. Married to the daughter of British Labor leader George Woodcock, Villa Escalera graduated from Oxford in "free trade economics." According to reliable Mexican sources, Villa Escalera started negotiating with the United States on behalf of the PAN through the U.S. embassy in Mexico in 1984.

The Clews clue

The mere visit to Washington is enough to disprove their claims of not knowing who pulls their strings in the United States. As in 1986, the PAN OAS group "hired" the Washington-based Clews Communications, Inc. public relations firm to represent them. The PAN visit was not only promoted by Clews, but the company's president-owner, Carter Clews, announced that he had registered himself with the Department of Justice, under the Foreign Agents Act, as "foreign agent" for the PAN in Washington.

Carter Clews is closely linked to some of the most prominent actors in the Iran-Contra scenario. Clews is a personal friend of Robert Owen, a former North employee in the illegal Contra supply network, who has been granted immunity in return for his testimony. According to U.S. media sources, Owen asked Clews to represent Gen. John Singlaub, a long-time North confidant suspected of wrongdoing in the Contra supply network. Apart from having the same "agent," the PAN and Singlaub enjoyed a common money source: the Council for Inter-American Security, which on Aug. 13, 1986, paid over \$30,000 for a full page pro-PAN ad in the *Washington Post*, and granted at the same time \$20,000 to General Singlaub for aid to the Contras. Singlaub is a CIS advisory board member.

Clews Communications is currently promoting the 1985 book *Mexico, Chaos on our Doorstep*, by Project Democracy's Sol Sanders, known to have been the liaison between Clews and PAN leaders, many of whom helped Sanders in "researching" slanders against Mexico's republican history for his book.

Although the *Miami Herald* reports that nothing "apparently" came out of Channell's offer to the PAN, well-placed Mexico City sources report that Villa Escalera met President Reagan and that there is even a picture of the two. Is this in payment for the PAN campaign to discredit Mexico's institutions?

Volkswagen funds pro-dope schemes

by an EIR Investigative Team

During the February-March period, the Volkswagen Corporation in West Germany came under scrutiny for engaging in hundreds of millions of deutschmarks worth of fraudulent, speculative currency transactions. Insiders in financial centers in Europe have suggested that investigations of these activities may, eventually, implicate the leading members of the Volkswagen board of directors.

As controversial as all this is, investigators may soon find it necessary to open a "second front" in looking at what happens to Volkswagen money. *EIR* has learned that the Volkswagen Foundation, which, through various mechanisms, utilizes financial resources of the corporation for its project grants, has been supporting groups and entities in Ibero-America that serve as fronts for drug-trafficking and its "narco-terrorist" offshoots.

The Volkswagen Foundation is emerging as an important funding arm for projects that would come under the blanket name of "Project Democracy" in the United States.

The capital of the Volkswagen Foundation was DM 1.4 billion, and total funding of projects about DM 130 million. The funds for the foundation are annually collected from the total dividend on the capital share (20%) the state of Lower Saxony keeps in Volkswagen Corporation, and from the total dividend on the capital share (16%) the federal government in Bonn keeps. The rest is provided from 10% of all other profits Volkswagen Corporation makes. All these funds are tax-exempt.

'Democracy,' the Sandinistas, and Adam Smith

EIR has collected the following leads about such VW Foundation funding, all of which come under the overall "program focus area" called, "Fundamental Developments in Latin America, Asia, and Africa":

- A project entitled, "Trade union movement and democracy in Latin America: ideology and politics of the trade union confederation (COB) in the democratic process of Bo-

livia (1977-1985)," carried out jointly by Professor Klaus Meschkat of the Institute for Sociology of the University of Hanover and Dr. J. Dandler, director of the Centro de Estudios de la Realidad Economica y Social, La Paz.

● A so-called "Nicaragua Project," concluded one year ago, directed by the same Professor Meschkat. One of his collaborators, also with the sociology group at the University of Hanover, is Professor Rossbach, a member of an organization of West German academics and political activists, called the "Colombia Seminar," which is integral to the European support-apparatus for the Colombian M-19 narcoterrorist group. Another Hanover-Sociology collaborator in this project, is Eleanora von Oertzen, daughter of Social Democrat Count Peter von Oertzen.

The latter is a senior editor of the SPD party magazine *Vorwärts*, whose Ibero-American correspondent, Michael Stührenberg, is the chief M-19 propagandist in Europe. The man who got Stührenberg that job, former *Vorwärts* publisher Hans Matthöfer, has managed to become a consultant to official agencies in Peru, and is working to undermine the policy and government of Peruvian President Alan García. Matthöfer is an intimate of the AFL-CIO International Department circles in the United States associated with "Project Democracy" insider Jay Lovestone, and frequently sees Lovestone, when he visits the United States.

According to one of Meschkat's assistants, "With this project, we wanted to investigate and criticize the Sandinista government, but from a standpoint of basic solidarity with the Sandinistas. . . . Part of the reason we got the funding was that certain people on the VW Foundation directors' board who might have opposed it, were out of the room, exactly at the moment that funding for the project was being considered."

This individual also reported that the Meschkat group has regularly exchanged information, toward completing this project, with the Göttingen-based "Society for Threatened Peoples," an umbrella organization for anthropologists that is linked, in various ways, to East bloc and neo-Nazi circles in Europe, and which is also key to the European support-apparatus for M-19 and other narco-terrorist groups.

● A project on "The Debt Crisis in Latin American Countries," initiated in autumn 1986 under Prof. Helmut Hesse, of the University of Göttingen's Ibero-American Institute for Economic Research. Hesse, an academic active in the lay, policy-making side of the West German Evangelical (Lutheran) Church, the EKD, is an avowed opponent of the late Pope Paul VI's *Populorum Progressio* encyclical movement. He is the initiator, in the Federal Republic, of a Project Democracy-linked "Economics and Ethics" movement, aimed at defending the ideas of liberal British East India Company economist Adam Smith (see *EIR*, April 4, 1987).

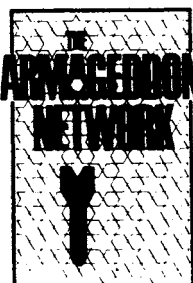
Among Hesse's closest collaborators in Ibero-America, upon whose resources he is drawing for the VW Foundation-funded "debt crisis" work, is the Rio de Janeiro "Getulio

Vargas Institute," especially senior institute advisers Castanetsky and Tyler. The Vargas Institute has encouraged those bankers and economists in Ibero-America, who favor, in one form or another, legalization of drugs.

● A project on the "informal sector in the marginal living areas of the big cities of Venezuela," co-directed by the Institute for Sociology of the University of Giessen, West Germany and the Universidad Central de Venezuela, Centro de Estudios del Desarrollo.

Some political embarrassments?

Should the spotlight be directed on the VW Foundation's funding of these and related projects, it will embarrass some high-level personages in Germany. The directorate of the foundation includes Volkswagen Corp. chief Dr. Carl H. Hahn, already reeling from the currency-fraud scandals. The chairman of the directorate is Dr. Werner Remmers, minister of education of the state of Lower Saxony. His immediate assistants are Dr. Heinz Riesenhuber, federal minister of research and technology, and Dr. Andreas von Bülow, SPD defense policy expert. Others among the directors, include Dr. Kurt Biedenkopf, leading member of the Christian Democratic Party (CDU), and Alois Pfeiffer, a former top official in the West German DGB trade-union confederation and now a European Community commissioner in Brussels.



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