More crimes of Henry Kissinger come to light

by Scott Thompson

EIR has long charged that former Secretary of State Henry A. Kissinger has not only committed crimes against the security interests of the United States and its allies, but also specific violations of U.S. law and government ethics regulations that would properly ban him and his closest cronies from any positions in or around the Executive Branch. We have highlighted the manifold conflicts of interest that *should* have prevented former Kissinger Associates officials Gen. Brent Scowcroft and Lawrence Eagleburger from gaining high office in the Bush administration (the posts of national security adviser and deputy secretary of state, respectively).

Now, with an April 30 broadside in the *New York Times,* these charges have been made in one of the principal house organs of the Eastern Establishment itself. The front-page article by investigative reporters Jeff Gerth and Sarah Bartlett, entitled "Kissinger and Friends and Revolving Doors," while it does not tell the whole story, nevertheless documents part of the conflict-of-interest picture in a useful way.

A golden handshake

According to the *Times* account, the financial disclosure forms (SF 278) of Kissinger's "Scowgleburger duo"—Kissinger Associates' vice chairman Brent Scowcroft, and the firm's president, Lawrence Eagleburger—show that Henry Kissinger gave these two friends a "golden handshake" or gift, when they left his firm to join the Bush administration. Kissinger gave Eagleburger, who was facing potentially hostile confirmation hearings by the Senate Foreign Relations Committee, a severance payment of $112,879, in addition to annual salaries and bonuses of $460,238 for his role as president of Kissinger Associates, and $213,872 for his role as president of the more secretive, affiliated consulting firm, Kent Associates. Jeff Gerth of the *Times,* meanwhile, discovered that Scowcroft "belatedly disclosed that he held stock in Kissinger Associates and, according to Mr. Kissinger and public documents, he arranged last month to have Mr. Kissinger buy it back for nine times its estimated worth."

Both these gestures might be seen as intended by Kissinger to assure the loyalty of his friends in their new positions.

The SF 278 form of Gen. Brent Scowcroft, which White House Counsel C. Boyden Gray belatedly supplied to *EIR,* also reveals a major violation of the financial disclosure provisions of the 1978 Ethics in Government Act. First, it is noteworthy that, in filling out the form, General Scowcroft attempted to portray himself as a mere "consultant" to Kissinger Associates; he did not admit that he had actually been the vice chairman until he was confronted by a journalist.

More importantly, General Scowcroft failed to list those firms that were clients of Kissinger Associates for which he had provided more than $5,000 in services. Eagleburger, because of potentially hostile questions by senators, stuck to the letter of the law by listing 15 such clients, if he obviated the spirit of the law by refusing to name all of them.

Scowcroft, who was paid $293,300 for his services last year by Henry Kissinger, had a number of such clients, and it is also known that Kissinger, Eagleburger, and Scowcroft had carved up roughly equally the major clients of the firm. In a belated amendment dated March 7, 1989 from Scowcroft to White House Counsel Gray, Scowcroft explains that the reason that he did not comply with the law was that "Dr. Kissinger denied my request for a list of the clients for whom I worked." If this is the best cover story that the staff director of the National Security Council can devise, it will be a bad four years for the Bush administration.

It is clear that Scowcroft is knowingly and willfully in defiance of the financial disclosure provision of the Ethics in Government Act, for which he can be prosecuted and fined up to $5,000. A complaint to this effect has been sent by *EIR* to C. Boyden Gray.

New York Times investigator Jeff Gerth raises another conflict of interest for Scowcroft, namely, one arising from his earlier position as chairman of the President's Commission on Strategic Forces, otherwise known as the "MX Commission." *EIR* pointed to similar conflicts that arose for Henry Kissinger when he was chairman of the President's Bipartisan Commission on Central America, also during the Reagan administration. (See *EIR*, April 21, 1989, "Henry Kissinger and His Associates Place Themselves Above the Law"). Briefly, Rep. Henry Gonzalez (D-Tex.) and Sen. Jesse Helms (R-N.C.), both raised a hue and cry over the fact that Kissinger, who then chaired the international advisory board of Chase Manhattan Bank, which employed Kissinger Associates as a consultant on Third World debt, should chair a commission that dealt with the debt issue and its impact on Central America, where Chase and other Kissinger clients were major creditors. Congressman Gonzalez charged that Kissinger Associates was acting as "a private State Department peddling influence" in the region.

Likewise, Gerth discovered that while he chaired the MX Commission, Scowcroft was a director of the Lockheed Corporation, a major defense contractor. Lockheed had only a minor role in production of the MX missile, which was the focus of Scowcroft's report. But, it was the manager of the Trident missile. And, Gerth writes, "The commission's final report . . . contained a number of other recommendations, including 'continued development and deployment of the Trident II (D-5) missile as rapidly as possible.' " When queried by Gerth, a Pentagon lawyer said of this conflict, "If I realized they were going into that area, I would have asked him to make some decision whether to discontinue his consulting with Lockheed or withdraw from the commission's deliberations in that area."

Lockheed is not the only potential national security conflict arising for Scowcroft, who has told White House Counsel Gray that he will recuse himself from dealing with almost 70 firms. Among those firms with which he faces potential conflicts are: Hewlett Packard Co. (held stock); Lockheed (director); Xerox (stock); AT&T (stock); ITT (stock), plus Eagleburger had been on the board of the firm, that employed Kissinger Associates as a consultant; Mitre Corporation (director); the Rand Corp. (director); E.I. du Pont de Nemours (stock); Westinghouse Electric Co. (stock); Aerospace Corp. (stock); and Pacific Telesis (stock). Until he sets up a qualified blind trust, Scowcroft has had to recuse himself from several national defense contractors, as well as such major consulting firms as Rand and Mitre.

Countering the debt bomb

Perhaps the greatest conflict facing Henry Kissinger arises from the issue of Third World debt—although this does not figure in the *Times* exposé. As noted above, Kissinger Associates' clients include Chase Manhattan Bank and Midland Bank of Great Britain, which hold billions of dollars of debt in Ibero-American countries. Another board member of Kissinger Associates, Edward Lewis Palmer, had been until recently a director and chairman of the executive committee of Citibank, which nearly went under in 1987 when Brazil declared a moratorium on payments of interest on its debt. Further, William Dill Rogers, another Kissinger Associates board member and Henry Kissinger's personal attorney, has astonishingly been hired by Brazil to advise it on debt negotiations with these very same banks.

The first major conflict for Henry Kissinger arose when he was chairman of the President's Bipartisan Commission on Central America. However, there is an even bigger conflict, which is shrouded in secrecy, that arises from Kissinger's subsequent 1984 appointment to membership on the President's Foreign Intelligence Advisory Board. PFIAB is a super-secret board employing private citizens that advise the President on the quality of intelligence, analysis, and operations in all areas of national security; members themselves have access to the most sensitive national secrets.

A former member of PFIAB confirmed to *EIR* that the board established a "Third World debt task force," whose chairman was PFIAB vice chairman Leo Cherne, who had been a lifelong friend of Director of Central Intelligence William Casey. Cherne, a self-described protégé of Bernard Baruch, came from the ultraleft-wing of the Roosevelt movement in New York, which frequently overlapped the Left and Right Opposition of the Communist Party. Because of his connection with Baruch, his writings are tinged with the corporatist economic outlook of Benito Mussolini, whose model Baruch and Clare Booth Luce had convinced President Franklin Delano Roosevelt to follow in the New Deal's National Recovery Act.

While Casey had first called for upgrading U.S. financial intelligence in 1979 at a meeting of the American Bar Association, Cherne has confirmed to a journalist that it was only after the 1982 detonation of the "debt bomb," with Mexican President José López Portillo's sudden assertion of Mexican sovereignty against Chase, Citibank et al., that the U.S. intelligence community began to employ against the Ibero-American debtor nations the same methods it had built up at the cost of billions of dollars to counter the Soviet Union—e.g., the massive electronic surveillance network of the National Security Agency. This was DCI Casey's baby, and, it is believed he shared the project with Cherne, who had an office in the Old Executive Office Building only one door from Casey's, when Cherne directed PFIAB's "Third World debt task force."

Let us be perfectly clear. This financial warfare project has turned large parts of the national technical means of the United States developed for combatting Russia into arms of Chase, Citibank, and so forth that employ eavesdropping, codebreaking, and psychological warfare experts to profile Ibero-American leaders' vulnerabilities during debt negotiations, so that there will be no "debtors' cartel" or repeat of the 1982 shock from Mexico.

While Cherne has so far refused on national security grounds to state whether or not Henry Kissinger works with the debt task force at PFIAB, it is known that Kissinger uses his security clearance from PFIAB to review documents on subjects outside his immediate assignments, as well as to initiate political intelligence operations. It has been charged that Kissinger not only briefs Chase and other creditor bank clients on policy, but that he mounts U.S. government intelligence operations to effect debt collection for them.

For example, even before he joined the board in 1983, Kissinger's friends, David Abshire and Edward Bennett Williams, used the board to order FBI Director William Webster to open an investigation of Lyndon LaRouche, who had been a party to the 1982 steps by the López Portillo government, and also the author of *Operation Juárez,* for an orderly reorganization of the debt that would both preserve the major banks from going belly up, while permitting significant growth by the debtor countries, free of IMF "conditionalities." Kissinger's friends lied that LaRouche and his associates might be funded by "foreign hostile intelligence."

Even before he joined PFIAB, Kissinger was working with one member, Alan Greenspan, now Federal Reserve chairman, to develop a "debt-for-equity" looting scheme that would supplant bad debt for equity in the industries, raw materials, and other natural resources of sovereign Ibero-American nations. Kissinger and Greenspan first recommended this approach on Aug. 27-28, 1983 at the American Enterprise Institute meeting in Vail, Colorado, during a private session with representatives from 50 major firms, who paid Kissinger and Greenspan large honoraria for this advice. This policy has since been implemented as part of the "Brady Plan" of the Bush administration, as well as by Kissinger's firm, Chase Manhattan Bank, through extensive deals with Brazil.

Another more recent operation that Kissinger is suspected of having run through PFIAB is the arrest of Mexican oil workers union leader Joaquin Hernández Galicia ("La Quina"), who was framed so that Mexican President Carlos Salinas Gortari could "privatize" the Mexican oil industry in a major debt-for-equity deal. This scheme to sell off Mexico's patrimony had been floated by Kissinger during meetings with top officials in that country in January 1988, only a week before La Quina's arrest.

Just as Kissinger used PFIAB to open the "Get LaRouche task force," an investigation is also under way to confirm whether this is the secret story behind the projected looting of the Mexican oil industry.

North conviction a the 'Watergating' of

by Jeffrey Steinberg

The May 4 conviction of Lt. Col. Oliver North on three felony counts for his activities during the Iran-Contra debacle has triggered a new flurry of speculation as to the survivability of the Bush presidency. Unless George Bush adopts a radically different approach than his current "no guilty conscience" attitude toward mounting demands that he and former President Ronald Reagan provide a more forthright account of their role in the Iran-Contra episode, the President may find himself swept up in a torrent of new revelations and damning questions that may ultimately bring him down.

In the closing moments of the North trial, defense attorney Brendan Sullivan introduced a sanitized version of a document based on National Security Agency intercepts, which proved that then-Vice President Bush, President Reagan, and CIA director William Casey were all aware of the profiteering of North's co-defendants Gen. Richard Secord and Albert Hakim in sales of U.S. missiles and other arms to Iran. A series of documents released during the course of the North trial showed that both Reagan and Bush were apparently involved in a *quid pro quo* with the government of Honduras to unfreeze hundreds of millions of dollars in American aid in exchange for Honduran support for the Contras. While the illegality of the *quid pro quo* is doubtful, inasmuch as Congress had already allocated the funds to the Central American state, the fact that the documents were not provided to the congressional panel reviewing the Iran-Contra affair has produced howls of "coverup" that sound remarkably similar to the early choruses of Watergate.

In fact, at the present time, no fewer than seven congressional committees have announced that they are reopening investigations into the circumstances around the withholding of the document and the precise role of Reagan and Bush in negotiating the third-country Contra aid by Honduras and other countries. The House Appropriations Committee has additionally announced that all foreign aid to Central America will be held up until the committee receives a full accounting of the Reagan-Bush *quid pro quo* deal. The Senate Foreign Relations Committee is likewise holding up indefinitely the confirmation of John Negroponte as ambassador to Mexico. The former ambassador to Honduras during the Bush visit to Tegucigalpa in 1985 is being squeezed to provide his version of the events.