

Scandals show Bush 'consensus' wearing thin

by Kathleen Klenetsky

Monday, Feb. 4, may go down in history as the day on which George Bush's political downfall was sealed. On that day, Congressman Frank Annunzio, a Democrat from Illinois, sent a letter to CIA director William Webster asking him to appear before a House Banking subcommittee to answer questions about "serious and troubling allegations" concerning CIA involvement in the S&L mess.

Annunzio was referring to a series of articles appearing in the *Houston Post* early in February, which charged that the CIA had contributed to the bankruptcy of at least 22 thrift institutions, 16 of them in George Bush's home state of Texas, by illegally siphoning money from them to finance various covert operations, including the Nicaraguan Contras, that were frowned upon by Congress.

Whether Annunzio's inquiry turns into a serious investigation of these charges remains to be seen. Yet, the decision by the *Post*—which has editorially backed Bush to the hilt in the past—to publish these damaging stories, is yet another omen that the bipartisan Establishment consensus behind our Commander-in-Chief is coming unglued. Bush's sky-high standings in the popularity polls are as meaningless a measure of reality as the stock market, and can in no way protect him from the increasingly devastating effects of his miserably incompetent economic and strategic policies.

Even the incredibly brutal blackmailing and armtwisting which the Bush network has relied upon is losing effectiveness, as the realization dawns that the President's power base is shrinking, and the "fear factor" along with it.

The *Post* painted a sordid picture of CIA alliances with organized crime figures and with known "moneybags" for agency operations, and reported that the CIA has been trying to suppress criminal investigations that might have uncovered agency dealings with thrifts.

One case cited by the *Post* involved Houston developer Robert L. Corson, currently under investigation by the U.S. Attorney's office in Houston. In 1986, Corson purchased one of the thrifts that later went bust, Vision Banc Savings of Kingsville, Texas, which had assets of \$70 million at the time of Corson's purchase. Four months later, the thrift was insolvent, because of \$20 million in loans that were made to help finance a Florida land deal. According to *Post* author Pete Brewton, Corson is identified in federal law enforcement records as a "known money launderer" who had frequently acted as "a mule" for the agency, meaning that he would carry large sums of cash from country to country.

One of the people who helped to arrange the Florida land transaction was Miami lawyer Lawrence Freeman, a convicted money launderer with ties to CIA agents and organized crime figures. Hill Financial Savings in Red Hill, Pennsylvania put up \$80 million for the deal, and, according to Brewton, also was among the 22 failed thrifts he found linked to the CIA and organized crime.

The *Post* further charged that the CIA has been deliberately trying to keep the lid on investigations that might uncover its links to S&L fraud. Lloyd Monroe, a former prosecutor with the Justice Department's organized crime strike force, told the newspaper that federal agencies responsible for investigating S&L fraud are "being precluded from investigating wrongdoing that is possibly being conducted in the name of national security." Monroe reported that he is convinced that the CIA either masterminded or condoned a certain amount of S&L fraud.

The *Houston Post* revelations are not exactly new—although they have not seen print before. According to a spokesman for the U.S. League for Savings Institutions, "whispers about CIA connections" to failed S&Ls "have been

around for about six months.” Moreover, one of the numerous sources which Brewton used for his exposé is Richard Brenneke, a former CIA contract agent who has testified in federal court that the CIA had set up a systematic program to raise money for the Contras by, among other schemes, looting S&Ls. Brenneke also claims that he was in Paris in October 1980 along with William Casey and top Bush aide Donald Gregg, when they met with Iranian officials to bribe them into holding on to the U.S. hostages until after the presidential elections, so that Jimmy Carter would be deprived of a political boost that might have won him reelection. Reportedly, George Bush, then Ronald Reagan’s vice-presidential running mate, also participated in this meeting.

The *Post*’s charges by themselves could prove embarrassing enough to George Bush, the former CIA director who played an absolutely crucial role in the Iran-Contra travesty. But it also turns out that one of the 22 failed thrifts identified by the *Post* is Silverado, the Denver-based S&L on whose board sat George Bush’s son Neil, during the period when it went bankrupt.

Bush has not yet addressed the *Post*’s allegations. But there is no doubt that he sees them as potentially dangerous to his political future, especially if they are used by his foes to revive the Irangate affair as a weapon against him—an area in which the President is extraordinarily vulnerable.

In one measure of the Bush circle’s alarm, CIA public affairs chief James Greenleaf wrote a letter to the *Post* one day after the first article appeared, vehemently denying any link between the CIA and the thrifts, and also taking the unprecedented step of denying that Brenneke had ever worked for the CIA.

Trap set for Bushmen

Informed sources tell *EIR* that the Annunzio “invitation” to Webster is a trap: If Webster were to refuse to come before Annunzio’s subcommittee, on the grounds that national security would be compromised by any discussion of the *Post*’s charges, he will be in effect confirming those charges. If, however, he denies the allegations, this will mean that the administration can no longer invoke national security as pretext to prevent Congress or others from pursuing a thorough investigation.

The *Post*’s charges could also crop up in another forum: The Banking Committee as a whole, under chairman Henry B. Gonzalez (D-Tex.), has been holding a series of hearings on the S&L situation, and Gonzalez has said several times over the past months that he wants to take a particularly close look at Neil Bush’s Silverado. Although Gonzalez has refused to comment publicly on the *Post* stories, he’s supposed to have given the Annunzio hearings his hearty endorsement.

In the past few weeks, there has been a noticeable increase in the tempo of attacks against Bush’s policies, including those nearest and dearest to his heart. The *New York*

Times dropped a bombshell on the President Feb. 6, when it published a front-page article detailing the extensive ties to narcotics-trafficking and drug-money laundering which the key figures in the Bush-installed Endara government of Panama have maintained (story, p. 42).

That kind of news—which only *EIR*, in midst of the President’s lawless raid, had dared to print—shows Bush’s justification for invading Panama, i.e., to depose “drug dealer” Manuel Noriega, as well as his vaunted war on drugs in general, to be total shams.

Immoral foreign policies

Bush’s shameful policy on Communist China continues to draw fire. When Deputy Secretary of State Lawrence Eagleburger testified in defense of Bush’s obeisance to Beijing before the Senate Foreign Relations Committee Feb. 7, Republicans, as well as Democrats, scored the administration’s kowtowing, charging that Bush’s attitude toward the Tiananmen massacre could set a precedent for a Soviet crackdown against the Baltic states.

Sen. Jesse Helms (R-N.C.) compared the administration’s defense of Beijing to Neville Chamberlain’s appeasement of Hitler. “There are many evil regimes in the world today, but none deserves more to be overthrown by its people than the one in Beijing,” he said.

And while the Democratic leadership has backed off from Sen. Daniel Patrick Moynihan’s proposal on Social Security, which would have had the effect of increasing the deficit on the books by about \$55 billion, Bush is finding it impossible to paper over the reality that the U.S. is in a deep economic depression. Too many industries are laying off too many workers, too many banks are hitting the skids, and too many people are losing their homes, for Bush to carry on the illusion that all is rosy with the economy. And things are only going to get worse, since Bush has shown no inclination to change course.

The combination of economic collapse and Bush’s increasingly palpable moral and political bankruptcy is creating the conditions for a popular revolt against the President. This is true among many stalwart Republicans, especially at the local and regional level, to whom Bush is fast becoming an object of revulsion. Even Bush’s great claim to fame—his “progress” on arms control, and cuts in the defense budget—is causing a backlash among what supposedly is his base of support.

As one lifelong Republican activist from Georgia, who, until recently, was also a staunch Bush backer, burst out to an *EIR* correspondent: “Bush is a disgrace to every Republican. He’s a liar, a traitor. What does he think the Russians are going to do if he takes all the troops out of Europe? I never thought I would say anything critical of a Republican President, but I thought George Bush selling out the Chinese students was one of the most horrible things a President has ever done.”