

Barak election funding scandal could lead to new Mideast war

by Dean Andromidas

The Israeli election campaign financing scandal which has broken out in recent weeks, is clearly aimed at destroying the peace process initiated by Israeli Prime Minister Ehud Barak. And, it is a destabilization that could lead to a new Middle East war.

EIR's investigation of the scandal points to an operation orchestrated by forces linked to the Anglo-American political establishment, in particular networks associated with former U.S. President Sir George Bush. Senior Israeli intelligence sources fear that the aim of the puppet-masters who have put up this scandal, is to accelerate their long-term plans for launching a new Middle East war targetting Iran or Iraq.

According to these sources, such plans would probably be carried out after another two years, well into the next U.S. administration. The fear now is, that these plans have been pushed forward as a result of the unfolding financial crisis. Therefore, the crucial question, is whether the scandal is aimed at weakening Israeli resistance to such a war, just when it is seeking to conclude peace accords with the Syrians and the Palestinians.

The scandal comes precisely at a crucial juncture in negotiations with both Syria and the Palestinians. The Syria-Israel peace track has been suspended because of Syrian demands that Israel commit itself to a withdrawal to the June 4, 1967 borders, prior to negotiations over security, water, and other issues. Note, too, in the context of a new war danger, that Syria maintains a strategic alliance with Iran, and only recently reopened diplomatic relations with Iraq, broken during the Gulf War. It is well known that forces within Israeli and U.S. policy circles, who see war with Iran and Iraq as inevitable, are using this development to argue against an Israeli-Syrian peace deal.

Meanwhile, negotiations between Israel and the Palestinians have just begun to establish a framework agreement that will define the shape of the final status of the Palestinian Authority, which will lead to the creation of a Palestinian state.

Both negotiations require Barak to make what appear to his opposition to be serious concessions, where he will need to demonstrate his political strength. Almost all observers agree that the scandal will politically weaken Barak.

Nonetheless, Barak has denied that his credibility has been damaged by the scandal. "No cracks have appeared in my credibility," he told the Israeli daily *Yediot Aharonot*. "The people in this country who think I have lied to them could fit into one telephone booth."

The latest scandal follows close on the heels of the "payments scandal" that has hit Israeli President Ezer Weizman, another outspoken supporter of the peace process (see *EIR*, Feb. 4).

Israeli columnist Yoel Marcus, in the daily *Ha'aretz*, declared that Barak is already being compared to public officials who have been found guilty of serious corruption. "The opponents of the peace process could not have asked for a better, heaven-sent scenario," Marcus said.

What's good for Netanyahu, is not good for Barak

The scandal involves a report by the Israeli State Comptroller's office alleging that Barak's election campaign last year violated the 1974 Campaign Finance Law that limits foreign donations to Israeli election campaigns to \$400 per contributor. This investigation was initiated as a result of a demand by the opposition Likud, the party of former Prime



An election campaign financing scandal has broken out in Israel, and is aimed at destroying the peace process initiated by Prime Minister Ehud Barak (at podium), who has been backed by President Bill Clinton (left).

Minister Benjamin Netanyahu, whom Barak defeated. It was based on allegations that Barak violated the campaign law, evidence of which it presented to the Comptroller's office. Barak's campaign is accused of receiving more than \$1 million from several foreign contributors, including British-, Canadian-, and U.S.-based sources, although Barak's One Israel electoral alliance was not the only party to have violated the law: The opposition Likud, Yisrael Beiteninu, and United Torah Judaism parties, as well as the Center Party, which is part of the government coalition, where also investigated and fined.

The most damaging aspect of the scandal is that within 24 hours of the release of the report, Israeli Attorney General Elyakim Rubinstein ordered a criminal investigation of all the parties. This investigation could target Barak himself, if it is proved that he knew of the funding.

The alleged violations pertain to the elections for prime minister, who, as of 1996, is directly elected. In the 1999 campaign, Barak's campaign managers do not deny using foreign funds, but argue that the law on campaign financing drafted in 1974 was never revised to take into account how candidates for prime minister would pay for their campaigns. The most important point is that it is well known that Netanyahu, when he ran in 1996, received millions of dollars from foreign billionaires, including New York-based Ronald Lauder, of the Estée Lauder cosmetic empire; Yosef Gutnik, the Australian diamond mine owner; and Irving Moskowitz, the California-based bingo parlor operator who has been bank-

rolling the extreme right wing in Israel. Furthermore, Netanyahu was the direct beneficiary of millions of dollars worth of campaigning on his behalf by the radical Yesha council of Jewish settlers in the West Bank, the Lubavitcher movement, and other ultra-Orthodox organizations that were receiving millions of dollars from foreign, and sometimes very questionable, sources. Netanyahu's 1996 campaign financing has never been questioned.

Barak has ordered One Israel to petition the Israeli Supreme Court on whether the law is in fact applicable.

Another Whitewater

But there is much more to this affair than legalisms. There is evidence pointing to the entire affair as resulting from manipulation of the legal process within the government, along with dirty operations from outside the government. There is a direct parallel to the inside/outside assault against President Clinton by special prosecutor Kenneth Starr's Whitewater investigation, whose included purpose was to force the President from office.

Who are the puppet-masters? It is no secret that the enemies of Barak are the enemies of Clinton. This attack on Barak should be seen, also, as an attack on President Clinton, Barak's key partner in the peace process. One name tops the list of the usual suspects, of those coordinating the Israel side of the operation: Ya'akov Nimrodi, the Israeli arms dealer who played a central role in George Bush's Iran-Contra operations. Nimrodi's international connections to the arms trade

lead to the center of the Anglo-American circles associated with Bush.

EIR has identified Nimrodi's role (see "Crucial Issues Taken Up in Quest for Middle East Peace," *EIR*, Jan. 14, 2000) in the targetting of Israeli President Weizman in the so-called payments scandal. We pointed to reports that Nimrodi threatened not only to "liquidate" Weizman, but to "crush" other government leaders as well. This included threats to release dossiers of compromising materials on all the key leaders in Barak's government. As we reported (see "Israel: Iran-Contra Returns To Haunt George Bush," Dec. 17, 1999), the ongoing criminal investigation into Nimrodi's son, Ofer, who has been indicted for conspiracy to murder, demonstrated that Nimrodi's network of agents and corrupt influence has penetrated the highest levels of Israel's security, judicial, and political establishments, creating a situation in which "no one is safe."

Although "proof" may be hard to come by, consider the targetting of "Clinton's team." The State Comptroller's report specifically singles out Tal Zilberstein, the One Israel campaign adviser who is the Israel-based partner of Stanley Greenberg, James Carville, and Robert Shrum, all of whom had been campaign advisers to both Clinton and Barak. The report details payments made by the various foreign-based funds controlled by Yitzhak Herzog, Barak's campaign manager and currently his chief cabinet secretary, for election polling and other services carried out by Carville and the others. It should be remembered that the Washington offices of Carville, Greenberg, and Shrum were the target of black-bag jobs during the Israeli election campaign, in which their offices were broken into and computer disks and other documents relating to the campaign were stolen. It was widely believed that Netanyahu was behind these break-ins. The FBI and Washington police never found the perpetrators. Black-bag jobs are very much within Nimrodi's capabilities.

Rubinstein's strange behavior

A second singularity in this story is the decision by Attorney General Rubinstein to open a criminal investigation within 24 hours of the release of the State Comptroller's report. Commentator Yoel Marcus revealed Rubinstein's odd behavior, pointing out in *Ha'aretz* how such a quick decision was out of profile for Rubinstein, whom he characterized as a man who "gets up two hours before he is supposed to, in order to give himself enough time to decide whether to drink tea or coffee" for breakfast. As early as June 1997, well before the elections, Rubinstein issued statements which "expressed a measurable degree of doubt as to whether the prohibition specified in the terms of the Campaign Finance Law also applied to prime ministerial election campaigns." Then again in March 1998, Rubinstein issued a letter stating that the criminal clause of the Campaign Finance Law could not be applied to the prime minister race, because it refers to political parties and candidate slates, not individual candidates. These letters

were written when Netanyahu was Prime Minister, and obviously would preclude prosecution against him for violations during the 1996 campaign.

Marcus pointed out that it was not until Oct. 27, 1999, five months after Barak's election, that Rubinstein totally reversed himself and issued a letter declaring that the criminal clause can be used in the prime minister race. Although Marcus attributes such action to a "cover your ass" syndrome by Rubinstein, other causes can also be identified.

Rubinstein was never a professional prosecutor. An expert in international law, he has been a member of Israel's permanent foreign and security policy elite for almost 30 years. As one Israeli intelligence source said, "He knows where the bodies are buried," and he has been involved in a number of "dirty operations" during his career—operations that make him a possible player in the operation, or at least vulnerable to manipulation.

Rubinstein has been involved in every peace negotiation, whether it was led by a Likud or Labor government. This included negotiations with Egypt, Jordan, Syria, and the Palestinians. Rubinstein also has a connection with Iran-Contra. In 1985-86, he was Deputy Chief of the Israeli Embassy in Washington, and he was in the Embassy when Israeli spy Jonathan Pollard sought refuge there in an attempt to elude the FBI. In 1994, Rubinstein penned a commentary in the *Jerusalem Post* calling for Israel to do everything possible to secure the release of Pollard, an American who is serving a life sentence in U.S. Federal prison.

Between 1987 and 1989, Rubinstein served as chairman of the committee coordinating Israeli cooperation with U.S. Congressional committees investigating Iran-Contra. In this period, the Israeli government turned over to the U.S. Congress an intelligence report detailing Israel's role in Iran-Contra. The original report also detailed George Bush's direct role, but this was edited out of the final edition.

Rubinstein became Attorney General as a result of the so-called Bar-On affair. This involved a police investigation of corruption by Prime Minister Netanyahu, along with two of his Cabinet ministers, in the proposed appointment of Roni Bar-On as Attorney General. When the scandal broke, Rubinstein was chosen as a compromise candidate. Once he became Attorney General, he refused the police request to open up a criminal investigation of Netanyahu.

Rubinstein continues to hesitate on opening up an official criminal investigation against Netanyahu for corruption, despite an ongoing police investigation into bribe-taking and theft of government property by the former Prime Minister. He has displayed similar hesitancy in the Nimrodi case as well.

Israeli intelligence sources warn that this operation, if not stopped, will destroy Barak and his peace policies. As with the peace process itself, Barak will need the support of an institution as powerful as the U.S. Presidency. The question is: Will Clinton act?