

Covert Action

INFORMATION BULLETIN

The CIA and the Web of Supporting Agencies

Peace Corps, National Endowment for Democracy, Agency for International Development, National Cancer Institute, World Bank...





The sun was shining on Lewis Carroll's Walrus and Carpenter when they strolled the beach and lured their future lunch of oysters to join them for *a pleasant talk, a pleasant walk*. When the oysters realized their fate, they cried out, *after such kindness, that would be a dismal thing to do!*... 'I weep for you...I deeply sympathize...It seems a shame,' the Walrus said, 'to play them such a trick, After we've brought them so far, And made them trot so quick.' The Carpenter said nothing...

'I like the Walrus best,' said Alice, 'because he was a little sorry for the poor oysters.'

'He ate more though,' said Tweedledee...

'That was mean!' said Alice indignantly. 'Then I like the Carpenter best—if he didn't eat so many as the Walrus.'

'But he ate as many as he could get,' said Tweedledum...

This was a puzzler. After a pause, Alice began, 'Well! They were both very unpleasant characters.'

—Lewis Carroll, *Through the Looking Glass*

The Carpenter is like the CIA. He eats greedily, with relish, and no remorse. The soft-hearted Walrus seasons each bite with pity, but in the end devours more. He is like the agencies which for half a century have supported and cooperated with the CIA.

The propaganda of the U.S. Information Agency, the development schemes of the Peace Corps and Agency for International Development, the undermining of local unions by the Free Trade Union Institute, the manipulation of the electoral process by the National Endowment for Democracy, the economic control imposed by the U.S.-dominated World Bank and IMF, the assassinations and coups by the CIA, the invasions by U.S. troops are all weapons in an arsenal designed to promote U.S. interests.

Dining together, the CIA and the "good" agencies have swallowed large chunks of the world, one ranting anticommunism, the others bewailing the dismal fate of the "less developed."

This policy partnership is neither so intricately secret as conspiracy, nor so randomly neutral as coincidence. Rather, it is the natural outcome of a coordinated and well-functioning state apparatus. Which agencies are deployed, and in what combination, are coldly pragmatic decisions in response to prevailing conditions. The policies

are neither gratuitously evil nor the product of principled judgments arising from concern for the less fortunate.

While the pattern of intervention has remained consistent, its public face has evolved. When the U.S. intervened in elections in Italy in the 1950s, in Guyana in the 1960s, and in Australia in the 1970s, it did so for the most part *covertly* through the CIA. Now the president crows in the Rose Garden over the newest wave of electoral interventions while NED does *openly* in the name of democracy what was hidden short years ago.

For those opposed to U.S. aggression, exposing the facts is a small first step. The more complex and difficult work is analyzing and revealing the structure which makes the actions not only possible, but publicly praiseworthy.

To make the task even harder, many of the tactics employed abroad are used here at home. The mainstream media is little more than a white noise propaganda machine; the electoral process is often an alienating exercise in the illusion of choice; and dissent is marginalized or managed through economic and violent sanctions.

Thus, the CIA and the "good" agencies form a continuum of intervention. And Alice was right—they are *both* "very unpleasant characters." —eds●

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Cover: Raleigh, N.C., 1970. LSD is administered to a spider; its web will later be studied. (AP/Wide World)

Back Cover: January 1991. Business is brisk at the new Moscow McDonald's. (Wim Van Cappellen/Impact Visuals)

Next Issue: Marking 500 years since Columbus invaded, *CovertAction's* special Spring 1992 issue will document the struggle and celebrate the survival of indigenous peoples.

Western Intervention in the U.S.S.R.

Sean Gervasi

On August 23, Allen Weinstein, the President of the Center for Democracy in Washington and the architect of the National Endowment for Democracy, received a fax from Moscow which began:

I thank you for the sincere congratulations you sent me in connection with the victory of the democratic forces and the failure of the attempted August 19, 1991 coup. We know and appreciate the fact that you contributed to this victory.¹

This communication between Boris Yeltsin, the new *de facto* leader of the U.S.S.R. and Weinstein, the man who invented the privatization of covert operations, raises the question of exactly what role the U.S. played in facilitating the seizure of power by a neoconservative movement in the Soviet Union. Yeltsin was thanking not only Weinstein, but also the U.S. government, its allies and all the organizations they had for years mobilized to help the Soviet opposition.

The present article extends the analysis presented in "The Destabilization of the Soviet Union" one year ago,² and will begin to document answers to the difficult questions raised by the fax quoted above. What was the Western strategy of intervention in the Soviet Union? How did the Western powers and the "private" organizations they mobilized intervene in that country? How important was that intervention in forcing an end to communist rule and bringing Boris Yeltsin to power?

"[Overt operatives] have been doing in public what the CIA used to do in private — providing money and moral support for pro-democracy groups, training resistance fighters, working to subvert communist rule."

— David Ignatius

"Full Court Press"

In the early 1980s the Reagan Administration had adopted a plan to destabilize its major adversary. The strategy combined intense open and covert attacks. It utilized political pressure, economic operations, military force around the world, propaganda, and assistance to anticommunist opposition groups in Eastern Europe and the Soviet Union. A consultant to the National Security Council had, in a background briefing, called this strategy a "full court press" against the Soviet Union.³

Evidence from classified government documents, RAND Corporation reports and international sources⁴ indicated that the U.S. had carefully planned and mounted a global strategy to exacerbate Moscow's economic problems in order to create popular discontent and to push the Soviet leadership toward vaguely defined reforms.⁵ The sharp escalation of the arms race was only the most obvious way in which the Soviet Union was forced to divert enormous social and financial resources into military spending.

In the wake of the August putsch, communist rule in the Soviet Union has collapsed, and Western-style neoconservatives now occupy most of the principal centers of power. They have declared their intention to create a capitalist system. Not surprisingly, U.S. conservatives, and some others, are openly stating that the U.S. helped bring about that recent upheaval.

In late September, the *Washington Post* carried one of the first reports that for at least a decade, the U.S. had been promoting a pro-Western opposition inside the Soviet Union.

Sean Gervasi is an economist who worked on military and political affairs for many years at the United Nations. He writes periodically for *CovertAction Information Bulletin*.

1. Translation from the Russian of the fax from "B. Yeltsin" to "Allen Weinstein, President, Center for Democracy, Washington, DC, U.S.A.," August 23, 1991.

2. Sean Gervasi, "The Destabilization of the Soviet Union," *CAIB*, Number 35 (Fall 1990), pp. 21-26.

3. Robert Scheer, *With Enough Shovels: Reagan, Bush and Nuclear War* (New York: Random House, 1982), p. 131.

4. These sources included the Pentagon's "fiscal Year 1984-1988 Defense Guidance." See Richard Halloran, "The Pentagon Draws Up First Strategy for Fighting a Long Nuclear War," *New York Times*, May 30, 1982.

5. See: John van Oudenaren, "Exploiting the 'Fault Lines' in the Soviet Empire," RAND Corporation, August 1984.

In "Spyless Coups," David Ignatius gave an unusually frank account of what the U.S. had been doing in the years which led up to "Yeltsin's countercoup," as he called it. Ignatius wrote:

Preparing the ground for last month's triumph was a network of overt operatives who during the last 10 years have quietly been changing the rules of international politics. They have been doing in public what the CIA used to do in private — providing money and moral support for pro-democracy groups, training resistance fighters, working to subvert communist rule.⁶

This is an extraordinary statement. Ignatius was saying that for a decade the U.S. openly carried out operations which had once been conducted in secret — creating havoc for Moscow ("training resistance fighters") and building the opposition led by Yeltsin. These efforts, furthermore, were at least partially responsible ("preparing the ground") for the countercoup which brought Yeltsin to power ("last month's triumph").

Ignatius is not, of course, an official spokesperson for the U.S. government. But this statement by an experienced and influential journalist with close connections to the intelligence agencies should be seen as authoritative and significant.

Even more recently, the *Post* reported that Governor Bill Clinton of Arkansas, a Democratic presidential candidate, had credited Ronald Reagan with hastening the collapse of Soviet communism.⁷ "We forced them to spend even more when they were already producing a Cadillac defense system and a dinosaur economy," he said, "[and] I think it hastened their undoing."⁸

Clinton's statement is important. It further confirms the thesis that "spending them into bankruptcy" was more than a RAND Corporation theory — it was an official policy. By praising the president's role "in advancing the idea that communism could be rolled back,"⁹ he also gives tacit support to covert intervention in the U.S.S.R.

Government sources now appear to be deliberately leaking information about Reagan's "full court press." For conservatives may well believe that the public will rally round in support of what Ignatius called this "global anti-communist putsch."¹⁰ If Clinton's statement is any indication, we may see a 'bipar-



Henrik Saxgren/2ma

tisan campaign' to justify the U.S. and allied role in the collapse of communism, brushing aside the United Nations Charter and international law.

Engineering a "Democratic Breakthrough"

Although the general outline of a concerted U.S./allied destabilization campaign is increasingly clear, its extent and objectives remain to be clarified. Evidence is growing that the purpose was not to encourage reform, but to provoke the outright overthrow of communist rule.

The drafters of a recent NED "Strategy Paper" for instance, state that "the Endowment's mission was from the very outset conceived not as anti-communist but as pro-democratic. Its aim was not only to assist those seeking to bring down dictatorships, but also to support efforts to consolidate new democracies."¹¹ The paper acknowledges that the Soviet Union was among the major targets of NED operations, stating openly that the Endowment provided "vital assistance" to "democratic forces" there and helped them to "triumph" in August of 1991.¹² U.S. propaganda has consistently and erroneously defined democracy and communism as mutually exclusive opposites. Since NED is clearly an arm of U.S. foreign policy,¹³ when it calls for the establishment of democracy, it is also implicitly advocating the overthrow of the Soviet system.

Clearly, the United States and its Western allies could not have brought about such a change by themselves. They needed local partners, and these were soon found.

The success of industrialization, the growth of urban centers and the rise of living standards in the postwar period produced new educated strata in the Soviet Union, just as they

6. David Ignatius, "Spyless Coups," *Washington Post*, September 22, 1991, p. C1.

7. E.J. Dionne, Jr., "Clinton Credits Reagan for Fall of Communism," *Washington Post*, October 17, 1991, p. A4.

8. *Ibid.*

9. *Ibid.*

10. Ignatius, *op. cit.*

11. NED, draft "Strategy Paper," October 9, 1991.

12. *Ibid.*, p. 1.

13. For documentation, see: Sklar and Berlet, p. 10, this issue.



Associated Press

Moscow, October 5, 1991. Michael Camdessus, managing director of the International Monetary Fund, welcomes Gorbachev and the U.S.S.R. to associate membership.

operations. Three of these categories are relevant here. "Closed societies...repress all institutions independent of the state."¹⁵ "Closed society" was how the U.S. described the pre-Gorbachev U.S.S.R. "Transitional societies" are ones in which "repressive political authority is collapsing and democratic groups committed to...the establishment of alternative structures exist and need support."¹⁶ With *perestroika* and *glasnost*, the Soviet Union became a "transitional society."

Then, somehow, there is what NED calls a "democratic breakthrough." When power passes from "repressive political authority" to "democratic forces," a third type of society is established: an "emerging democracy."¹⁷ While such societies have taken a critical step "forward," they have "not yet consolidated democratic institutions."¹⁸

This description is not substantially different from those which can be found in the documents and manuals

did elsewhere in an earlier time. By the 1960s its members numbered in the millions, and were often discontented or alienated. Since the ruling elites of the Soviet Union did not absorb them in large numbers, their advancement was restricted and their living standards remained modest. Members of this new strata lived, for the most part, in urban centers plagued by shortages of housing, inadequate facilities and other problems.¹⁴ The unrelenting pro-capitalist propaganda barrages of CIA-run Radio Free Europe and Radio Liberty exacerbated the resulting tensions.

There was bound to be considerable pressure for rapid economic and social progress in such a situation—what has been called the "revolution of rising expectations." When economic growth slowed in the latter half of the 1970s and progress became much more difficult, discontent began to spread. The "full court press" compounded the economic difficulties, further intensifying social unrest.

The Western allies set about encouraging and harnessing this discontent, in order to turn it against communism and to engineer a "democratic breakthrough." Following a pattern which has been documented around the world, the U.S. employed covert and overt means to weaken Soviet leadership, and to begin building an opposition movement and an alternative leadership.

NED's role was crucial. The Endowment distinguishes four different kinds of countries in framing its "programs," that is,

on covert action written in the 1950s—it merely sounds more palatable. The language is pompous and deceptive, but the substance is John Foster Dulles and Bill Casey.

The problem that NED is really talking about is how to move a country from the square marked "closed society," past the "breakthrough" to the square marked "emerging democracy." NED's analysis sheds light on how it went about solving the problem. Engineering a "democratic breakthrough" in the Soviet Union, according to NED, involved three essential tasks. The first was "strengthening democratic culture." The second was "strengthening civil society." And the third was "strengthening democratic political institutions."¹⁹

"Strengthening democratic culture" meant launching programs inside the Soviet Union that supported "publications and other media, training programs for journalists, the publication and dissemination of books and materials to strengthen popular understanding and intellectual advocacy of democracy," etc.²⁰ The first task, in fact, was an old one: spreading Western ideas and persuading people to adopt them. This activity is usually called propaganda.

"Strengthening civil society" meant "developing strong private-sector institutions, especially trade unions and business associations and including as well civic and women's organiza-

15. NED, *op. cit.*, p. 8.

16. *Ibid.*

17. *Ibid.*

18. *Ibid.*, p. 22.

19. *Ibid.*, p. 3.

20. *Ibid.*

14. For a useful background summary, see: Paul Sweezy, "Perestroika and the Future of Socialism—I," *Monthly Review* (New York), March 1990.

tions, youth groups and co-operatives.”²¹ Again, the idea was taken from the old covert action manual. “Preparing the ground” for a coup or a controlled election requires building institutions. Propaganda is useless if it cannot take root and shape a set of institutions across a wide spectrum of dissent. Nurtured, trained and guided, such “democratic groups” can become very troublesome for a targeted government.

“Strengthening democratic political institutions” meant building pro-Western political parties. In NED’s language, it involved “efforts to promote strong, stable political parties that are committed to the democratic process.” This third task also required “strengthening the unity and effectiveness of the democratic forces in transitional situations.”²² When the authority of the Soviet government began to fail, a political challenge to that authority could be mounted. Mounting the challenge effectively meant building a movement composed of anticommunist parties, organizations and individuals.

The end result was a “democracy” defined almost exclusively by the existence of elections. The U.S. has used this strategy before in Chile, Jamaica, El Salvador, Nicaragua, Zambia, and other countries where U.S. money and propaganda expertise can tip the balance in favor of U.S. interests. Such exercises are doubly effective in that voting is instantly translated, through international media coverage, into *prima facie* evidence of “democracy.”²³

It appears that this was the broad strategy which the U.S. and its allies followed in their attempt to shape political developments inside the Soviet Union in the 1980s. It was anything but occasional or casual meddling. And, as we shall see, the resources used to implement it were enormous.

The Scope of Operations by One Agency

There are two main difficulties in measuring the “full court press,” quite apart from the lack of sufficient space. The first is that a large number of government departments, agencies, “quasi-governmental” organizations, foundations, private groups and businesses were involved. Collecting the relevant information would in itself be an almost impossible task. The second problem is that, despite Ignatius’s claim that the U.S. now foments “coups” openly, what is visible is only the tip of an enormous iceberg; most of the detailed information on intervention continues to be closely held. Given these circumstances, the best course is to look at and analyze what data are available.

NED gives two kinds of grants, “core” and “discretionary.” “Core grants” go to business, labor and the Republican and Democratic parties. Each of these entities has an “institute” which channels NED grants overseas. “Discretionary grants” are made directly by NED to foreign recipients or to U.S. recipients involved in foreign projects.

21. *Ibid.*, p. 4.

22. *Ibid.*

23. For the best general description of this strategy, see: Edward S. Herman and Frank Brodhead, *Demonstration Elections: U.S.-Staged Elections in the Dominican Republic, Vietnam and El Salvador* (Boston: South End Press, 1984).

Table 1: NED In Europe, 1984-90

Center for International Private Enterprise	\$1.5 m.
Nati. Republican Institute for International Affairs	\$2.8 m.
Natl. Democratic Institute for International Affairs	\$3.4 m.
Free Trade Union Institute	\$17.1 m.
Discretionary	\$15.7 m.
Total:	\$40.5 m.

Includes administrative costs. Calculated from GAO Draft Report on Promoting Democracy, Improvements Needed in the National Endowment for Democracy’s Evaluation and Monitoring of Grants, Washington, D.C., 1990.

Table 1 (above) shows total NED grants to Europe from 1984 to 1990, more than ninety per cent of which went to Eastern Europe and the Soviet Union.

In the 1980s, NED was probably spending an average of \$5 million annually in Eastern Europe and the Soviet Union, with the amount rising in recent years to take advantage of developing opportunities as the “democratic breakthrough” came into view. It should be noted that dollars could be changed on the black market at several times the official rate, greatly expanding the local impact of NED funds.²⁴

NED was obviously carrying out extensive operations inside the Soviet Union, even if only half its annual funds for the Socialist Bloc were spent there. A better idea of exactly what it was doing inside the Soviet Union can be gained from NED Annual Reports, which provide selected data on specific projects. (See: Table 2, p. 8.)

The Networks

To grasp the scope of intervention in the Soviet Union, as distinct from the operations of a single agency or organization, one must account for all the channels which the U.S. and its allies have used to send funds and influence events there. These were, for the most part, governmental and business channels about whose activities very little information is available. Many of these channels were also functioning in secret. Table 3 lists the principal channels by institutional sector, indicating as well whether they were open, clandestine, or both. The names of some non-profit and religious organizations are given because these have been much talked about, even though the non-profit sector, which often channels funds and projects for government agencies, has played a minor role in intervention operations. (See: Table 3, p. 8.)

Another point needs to be added in order to estimate the scope of the intervention. One of the government channels

24. It is known that grant recipients have converted funds on the black market. The GAO found that NED grant recipients were not complying with requirements to report on the use of funds and to submit evaluations for each program. See: GAO “Draft Report” of 1990, p. 20.

Table 2: NED in the U.S.S.R.

1984

\$50,000; book exhibit, "America through American Eyes," at the 1985 Moscow Book Fair.

\$50,000; Andrei Sakharov Institute in Moscow: feasibility study on establishing a Center for Human Rights and Peace at the Institute.

1985

\$70,000; via the Free Trade Union Institute, to *Soviet Labor Review* (UK), for research and publications on Soviet trade union and worker rights and socio-economic trends.

1986

\$50,000; Committee for the Absorption of Soviet Emigres for handbooks, pamphlets and an information bulletin on getting mail into and out of the Soviet Union.

\$75,000; Sakharov Institute in Moscow "to establish a free university" for "students who have been denied admission to Soviet higher education."

\$84,000; Freedom House (NY), to expand the operations of two Russian-language journals published in the U.S. and distributed in "the higher levels of the Soviet bureaucracy and intelligentsia."

\$175,000; Center for Democracy (D.C.) "to support the cause of democracy in the Soviet Union."

1987

\$15,000; Center for Democracy (D.C.) to publish three issues in English of *Glasnost*, a bulletin circulated unofficially in Moscow.

\$40,000; Inter-Parliamentary Group for Human Rights (D.C.), a conference to put "pressure on the Soviet government to abide by" the Helsinki human rights accords.

\$55,000; Freedom House (NY) for the Atheneum Press, a Russian-language publishing house in Paris, to publish "unofficial research conducted [in the U.S.S.R.] by established scholars writing under pseudonyms."

1988

\$27,500; Swedish-based Relief Centre for Estonian Prisoners of Conscience in the U.S.S.R., to help "strengthen democratic ideas and re-establish an independent culture in that country."

\$50,000; Keston College, U.S.A., to expand its work "encouraging religious freedom, freedom of expression and other human rights" in the U.S.S.R. and Eastern Europe.

\$125,000; Center for Democracy (U.S.S.R.) to gather information on human rights for distribution to "Western scholars, editors of newsletters, foundations and human rights and professional organizations that follow events in the Soviet Union."

\$195,000; Center for Democracy (U.S.S.R.) for "a broad program of technical assistance to independent groups and publications," as the Center works "to meet the great demand for unbiased information about Western society."

1989

\$20,000; Americans for Human Rights in the Ukraine "to assist Ukrainian human rights activists and support attempts by independent Ukrainian groups to revive and develop an independent culture."

\$25,000; Alliance for Self-determination of Armenia for support of publications "which provide a forum for the discussion of ecological and ethnic problems, culture and politics from an Armenian perspective."

\$195,000; Center for Democracy (U.S.S.R.) for assistance to independent and nationalist groups, including the Crimean Tartar movement "for human and national rights."

1990

\$40,000; Free Congress Research and Education Foundation (D.C.) for the Initiatives Foundation of the Inter-regional Group in the Congress of Peoples' Deputies, Moscow. For a communication center, including "computers, desktop printers, video equipment and fax machines."

\$164,976; National Democratic Institute for International Affairs, for international seminars and consultations on the problems of city governments in Moscow, Kiev and Leningrad during the transition to "pluralism and free markets." (core grant)

\$349,826; Free Trade Union Institute (D.C.) to open offices in Moscow and Warsaw, supporting industrial unions and "regional structures" in the Baltic States, Byelorussia, and the Ukraine, and for the purchase of printing facilities in Kiev, Moscow and Donetsk. (core grant)

(Source: NED Annual Reports)

Table 3: Channels of Finance and Influence into the U.S.S.R.

Governmental, clandestine

Central Intelligence Agency
Defense Intelligence Agency
Service intelligence agencies
(U.K., French, German and Israeli secret services)

Governmental, open

Department of State
Department of Labor
Department of Commerce
(Government departments in various allied countries)

Inter-governmental, open

European Economic Community (others?)

"Quasi-governmental," open (and clandestine?)

National Endowment for Democracy:

Center for International Private Enterprise
Free Trade Union Institute
National Democratic Institute for International Affairs
National Republican Institute for International Affairs

Corporate, open and clandestine

CIA proprietaries
Department of Defense proprietaries?
Importers and Exporters
Banks and finance companies
Insurance companies
Joint ventures
Corporations in various allied countries

Labor, open and clandestine

AFL-CIO
International unions

Non-profit organizations, open and clandestine

The Atlantic Council
Heritage Foundation
Freedom House
International Rescue Committee
Center for Democracy
Soros Foundation
Congressional Human Rights Foundation
Free Congress Foundation
Free Congress Research and Education Foundation
Center for East-West Security Studies
Institute for Soviet-American Relations
American Foundation for Resistance International
Cato Institute
Center for Democracy in the U.S.S.R.
U.S. Baltic Foundation
Ukrainian Coordinating Committee of America
Estonian National Committee
Lithuanian-American Community, Inc.
American Latvian Association
Alliance for Armenia

Religious organizations, open and clandestine

Keston College
James Madison Foundation
Unification Church
Lithuanian Catholic Religious Aid
Christian Solidarity International
Union of Councils for Soviet Jews
Puebla Institute
Slavic Gospel Association

(Note that this list does not include media organizations.)

listed above, the CIA, is currently reputed to have an annual covert action budget of \$600 million.²⁵ Very likely the real figure is two, three, or even four times that.²⁶ To be modest in our estimate, assume that the CIA's covert action budget is actually \$800 million per year. Also assume that the CIA allocated the same proportion of its covert action funds to Eastern Europe and the Soviet Union as NED did during the 1980s, that is, approximately 20 per cent.

Given these assumptions, the CIA was probably spending \$160 million per year on intervention operations in the Socialist Bloc. Assume that half of this amount was going toward Soviet operations. What does this suggest? (1) NED, using open channels, was spending \$5 million per year on such operations.

(2) The CIA was secretly channeling some \$80 million into anti-Soviet operations, many of them inside the U.S.S.R. (3) Money and influence were flowing from the U.S. through scores of conduits into the Soviet Union.²⁷ (4) Several major powers, including the U.K., Germany, France—and possibly Japan—were doing the same thing through assorted additional channels.

The minimal conclusion that can be deduced from all this, even taking into account the complex channeling and rechanneling of funds and projects through intermediaries, is that during the 1980s, Western governments, businesses and private organizations were devoting something on the order of \$100 million per year to intervention in the internal affairs of the Soviet Union.

Everything considered, the scope of Western intervention in the Soviet Union in the last ten years was very great. The intervention side of the "full court press" was probably one of the largest coordinated covert operations ever set in motion.²⁸

Conclusion

Although incomplete, the evidence for the existence of the "full court press" is already strong. Given the unwillingness of the government to reveal what it is doing with tax dollars, educated speculation is the only option.

Even if dollar estimates are inaccurate, the implications of this analysis are serious. No one would want to overestimate



Stig Stasig/Impact Visuals

the role of the Western allies in the crisis which has been unfolding in the Soviet Union for some years. The U.S.S.R. entered into a serious economic and political crisis more than a decade ago. And the Soviet leadership, adrift in a country riven by social conflict, showed itself less than adroit in finding solutions.

Under Gorbachev, however, the U.S.S.R. set out on the path of serious reform. The crucial question is the following: how did a movement for socialist reform come to be supplanted by a neoconservative movement bent upon creating a capitalist society? Ten years ago no such movement existed. How did it come into being? How important was the strategy of intervention outlined in NED documents?

Conservatives in this country are now giving their own answers to these questions. Newspapers boast of a "global anti-communist putsch" and of "spyleless coups." NED privately speaks of its "vital assistance" to the "victories of the democratic movements," and Mr. Yeltsin thanks the founder of that organization for his "contribution." A candidate for the Democratic presidential nomination praises Mr. Reagan for "rolling back communism."

If the conservatives are right, and, as we have seen, there are good reasons to believe they are, then the "great democratic revolution" of which so many speak is something very different. An "anti-communist putsch" or "coup" is not a "democratic revolution." Conservatives in this country cannot have it both ways: If the U.S. and others intervened in the Soviet Union in the ways and to the extent that the evidence suggests, then we have not witnessed a "democratic revolution" but a victory in a new kind of warfare. The debate about the "collapse of communism" needs to be seen for what it is: the propaganda which accompanies this new kind of warfare—a kind of warfare which, given its (at least) short-term success, is bound to be reproduced and exported around the world. ●

25. George Lardner, Jr., "Amid Defense Cuts, Intelligence Funding Allocations May Shift," *Washington Post*, October 9, 1990.

26. *Ibid.* Lardner cites the figure currently being used for the total CIA budget: \$3.5 billion. Informed sources, however, say that it is on the order of \$10-12 billion.

27. These figures are compiled from NED records and grant sheets, and are estimated in Table 3.

28. The operations against Angola, with an estimated price tag of \$50 million, are generally considered second to operations against Vietnam, which cannot be accurately estimated.

NED, CIA, and the Orwellian Democracy Project

Holly Sklar and Chip Berlet

The National Endowment for Democracy (NED) was first funded in fiscal 1984, an appropriate year for an Orwellian agency making the world safe for hypocrisy. The quasi-private NED does publicly what the CIA has long done and continues to do secretly. Despite successive scandals, U.S. meddling in the internal affairs of other nations—including their “democratic” elections—has not only thrived, it has become respectable.

U.S. manipulation of foreign elections was standard operating procedure well before the CIA's creation. In 1912, for example, the highly-decorated Marine Corps General Smedley Butler wrote his wife Ethel, “Today, Nicaragua has enjoyed a fine ‘free election’ with only one candidate being allowed to run...In order that this happy event might be pulled

political process—from manipulating media and public opinion to working to unseat administration critics in Congress. Constitutional checks and balances are voided as Congress exercises its oversight responsibility largely by overlooking wrongdoing, and the courts defer to Congress and the Executive in “national security” matters.

Fronts and More Fronts

The covert side of foreign intervention was officially institutionalized in June 1948, when President Truman signed a National Security Directive (NSD 10/2). “The overt foreign activities of the U.S. Government must be supplemented by covert operations,” it read, “[including] any covert activities related to: propaganda, economic warfare, preventative di-

We supervised elections in Haiti and wherever we supervised them our candidate always won. —General Smedley Butler, U. S. Marine Corps, 1935

off without hitch and to the entire satisfaction of our State Department, we patrolled all the towns to prevent disorders...” In 1935, reporter John Spivak interviewed the then retired Butler, who became a vocal anti-interventionist after being approached to assist a now-forgotten domestic coup attempt against President Franklin D. Roosevelt: “Butler spilled over with anger at the hypocrisy that had marked American interference in the internal affairs of other governments, behind a smokescreen of pious expressions of high-sounding purpose. ‘We supervised elections in Haiti,’ he said wryly, ‘and wherever we supervised them our candidate always won.’”¹ Butler would recognize the old policy of interference behind the new NED smoke screen.

Contemporary covert and overt operatives, working for or with the U.S. presidency, also intervene in the American

rect action, including sabotage, anti-sabotage, demolition and evacuation measures; subversion against hostile states, including assistance to underground resistance movements, guerrillas and refugee liberation groups, and support of indigenous anti-communist elements in threatened countries of the free world.”

The Orwellian democracy machine grew quickly in the warm shadow of the Cold War. The CIA provided a home for the “Gehlen network” of former German Nazi spies with experience in the Soviet Union and Eastern Europe. Under the guise of “liberationism,” CIA fronts such as the Crusade for Freedom promoted these emigré fascist leaders and collaborators to the U.S. public as democratic freedom fighters in the war against communism.² Some became leaders in the Republican Party's Ethnic Heritage Groups Council.³ Others assisted Radio Free Europe and the various propaganda instruments known collectively as the “mighty Wurlitzer” by its proud conductors. The CIA also influenced U.S. and foreign

Holly Sklar and Chip Berlet are writing a book about NED. Sklar is the author of *Washington's War on Nicaragua* and *Trilateralism: The Trilateral Commission and Elite Planning for World Management*. Berlet is an analyst with Political Research Associates in Cambridge, Mass. His articles have appeared in numerous publications, including the *Boston Globe*, *Chicago Sun-Times*, the *Des Moines Register*, and *CAIB*.

1. Jules Archer, *The Plot to Seize the White House* (New York: Hawthorn Books, 1973), pp. 57-58 and p. 207, citing John L. Spivak's interview with Butler.

2. See: Christopher Simpson, *Blowback* (New York: Weidenfeld and Nicolson, 1988).

3. Russ Bellant, *Old Nazis, the New Right, and the Republican Party* (Boston: South End Press/Political Research Associates, 1991).

labor organizations through such bodies as the International Confederation of Free Trade Unions and AFL-CIO affiliates.

With the help of front groups espousing ant-communism and democracy, the U.S. interfered in elections and destabilized governments in many countries, among them Italy, Greece, Iran, the Philippines, Guatemala, Brazil, Indonesia, Chile, Portugal, Jamaica, and El Salvador. As then National Security Adviser Henry Kissinger said on June 27, 1970, speaking in support of secret efforts to block Salvador Allende's election in Chile, "I don't see why we need to stand by and watch a country go communist due to the irresponsibility of its own people."⁴

In 1967, there was a public outcry when *Ramparts* magazine exposed secret CIA funding of the National Student Association's international activities. Follow-up stories and congressional hearings exposed a network of ostensibly private labor, student, cultural, media and other organizations that were funded by the CIA, using conduit foundations, under its Psychological, Political and Paramilitary Division.

Faced with mounting criticism, President Johnson appointed the three-member Katzenbach Commission which included CIA Director Richard Helms. This commission laid the groundwork for a new funding technique. It recommended that "The government should promptly develop and establish a public-private mechanism to provide public funds



Terry Allen
NED funded a group affiliated with the ARENA party, despite that party's death squad links. Above, ARENA supporter votes in 1989 Salvadoran elections. Note see-through ballot boxes.

I don't see why we need to stand by and watch a country go communist due to the irresponsibility of its own people. —Henry Kissinger

openly for overseas activities of organizations which are adjudged deserving, in the national interest, of public support."⁵ A bill was introduced in Congress in 1967 to create an "Institute of International Affairs," but it was not approved, and the matter of CIA funding of front groups faded from public scrutiny until Watergate.

The CIA quietly continued covert operations involving front groups and more scandals erupted in the Nixon administration. The congressional Church (Senate) and Pike (House) committees investigated CIA and FBI operations in Watergate's wake and exposed a wide variety of illicit and antidemocratic programs. Domestic operations included CIA propaganda activities and Operation CHAOS, and the FBI's COINTELPRO. Foreign operations ranged from CIA programs to manipulate elections and overthrow governments, to plots to assassinate foreign leaders. Amid calls for placing limitations on the CIA or even abolishing it, George Bush was appointed CIA director, serving from 1976 to 1977.

4. *Newsweek*, September 23, 1974, pp. 51-52; and Seymour Hersh, *The Price of Power* (New York: Summit Books, 1983), p. 265.

5. White House press release, March 29, 1967.

His mandate was to mollify his former colleagues in Congress while actually limiting CIA reform.

"Project Democracy"

In the 1980s, with former CIA Director Bush in the vice presidency, the Reagan administration legalized through Executive Order many of the covert activities previously condemned as illegal, immoral and antidemocratic.

The Katzenbach recommendation of a "public-private mechanism" finally bore fruit in the National Endowment for Democracy.

NED was the public arm of the Reagan administration's "Project Democracy," an overt-covert intervention and "public diplomacy" operation coordinated by the National Security Council (NSC). In a speech to the British Parliament on June 8, 1982, President Reagan announced that the U.S. would launch Project Democracy to "foster the infrastructure of democracy, the system of free press, unions, political parties, universities, which allows a people to choose their own way."

According to a secret White House memo setting the agenda for a Cabinet-level planning meeting on Project Democracy, officials decided in August, "We need to ex-

amine how law and Executive Order can be made more liberal to permit covert action on a broader scale, as well as what we can do through substantially increased overt political action."⁶

On January 14, 1983, Reagan signed NSDD 77, a secret National Security Decision Directive instructing the NSC to coordinate interagency efforts for Project Democracy. "Public diplomacy," it stated, "is comprised of those actions of the U.S. Government designed to generate support for our national security objectives."⁷

When legislation was introduced to authorize "Project Democracy" in February 1983, administration officials promised Congress that the CIA would not be involved. A separate bill authorizing funding for NED was introduced in April. The public NED record generally traces its origins to a government-funded feasibility study by the bipartisan American Political Foundation (APF) headed by Allen Weinstein. He served as NED's first acting president until February 1984 and is currently president of the Center for Democracy, an NED grantee.⁸

"A lot of what we do today was done covertly 25 years ago by the CIA," Weinstein told *Washington Post* foreign editor David Ignatius."⁹ Calling NED "the sugar daddy of overt operations," Ignatius writes enthusiastically of the "network of overt operatives who during the last ten years have quietly

John Richardson, the current and past (1984-88) chair of the NED board of directors, is an old hand in the CIA's front group network. He was president of the CIA-sponsored Radio Free Europe from 1961 to 1968. From 1963 to 1984, he was variously president and director of Freedom House, a conservative/neoconservative research, publishing, networking, and selective human rights organization. Freedom House is now heavily endowed with NED grants. Richardson later became counselor of the congressionally-funded U.S. Institute of Peace (USIP) which is governed by a presidentially-appointed board of directors dominated by past and present government officials, including Defense and CIA, and members of right-wing organizations such as the Hoover Institution on War, Revolution, and Peace.¹⁰

Bipartisan Support, Partisan Intervention

The National Endowment for Democracy has already been involved in 77 countries—from Afghanistan to New Zealand, Northern Ireland to South Africa—with most funding going to Eastern Europe and Latin America. NED's major priority for 1991 is the Soviet Union.

As described by a 1991 General Accounting Office (GAO) report, NED

A lot of what we do today was done covertly 25 years ago by the CIA. —Allen Weinstein, Founding President, NED

been changing the rules of international politics...doing in public what the CIA used to do in private."

Actually, CIA footprints are all over Project Democracy, from NED to the Iran-Contra operations. The CIA-NED connection is personified by Walter Raymond Jr. who supervised NED under Reagan. A propaganda expert and senior officer in the CIA Directorate of Operations, Raymond was first detailed by the CIA to the NSC in 1982 as Senior Director of Intelligence Programs. He resigned from the CIA in April 1983 in order to become a special assistant to the President as director of International Communications and Public Diplomacy at the NSC. In mid-1987, he became deputy director of the U.S. Information Agency (USIA), where he now heads the Eastern European Initiatives Office.

plans and administers a worldwide grants program that is generally aimed at fostering a nongovernmental approach to (1) strengthening pluralism through institutions such as trade unions and business associations, (2) developing political parties and electoral processes, and (3) advancing democratic political institutions through civic education and the media.¹¹

NED is a bipartisan growth industry for partisan intervention. NED President Carl Gershman was formerly senior counselor to U.N. Ambassador Jeane Kirkpatrick; past resident scholar, Freedom House; executive director of the cold warrior Social Democrats USA (1974-80); former research director for the AFL-CIO and board member of the CIA-linked International Rescue Committee. NED Vice Chair Charles Manatt, of the Washington law firm Manatt, Phelps, and Phillips, is former chair of the Democratic National Committee and on the board of the Center for Democracy.

6. Joel Brinkley, *New York Times*, February 15, 1987, and John Kelly, "National Endowment for Reagan's Democracies," *The National Reporter*, Summer 1986, pp. 23-24.

7. *Ibid.*

8. Diane Weinstein, Allen's spouse, was legal counsel to Vice President Dan Quayle.

9. David Ignatius, "Innocence Abroad: The New World of Spyless Coups," *Washington Post*, September 22, 1991.

10. Sara Diamond and Richard Hatch, "Operation Peace Institute," *Z Magazine*, July-August 1990, pp. 110-12.

11. U.S. General Accounting Office, Report to Congressional Committees, *Promoting Democracy: National Endowment for Democracy's Management of Grants Needs Improvement*, March 1991, p. 8.

NED Treasurer Jay Van Andel is a major funder of the Heritage Foundation and the co-founder and chair of the Amway Corporation, which is tied to the evangelical right.

Although registered as a private nonprofit organization, NED is funded by Congress with tax dollars largely channeled through the U.S. Information Agency (USIA) and the Agency for International Development (AID). From 1984 to 1990, NED received about \$152 million in congressionally approved funds, including \$38.6 million in FY 1990. By law, NED does not carry out grant programs itself, but makes grants to U.S. "private sector" organizations which in turn fund projects by foreign recipients. According to a 1991 GAO report, "The Endowment monitoring procedures have not been effective. Grantee noncompliance with the Endowment's key financial and internal controls has resulted in instances of funds being misused, mismanaged, or not effectively accounted for."¹²

In one controversial NED grant to the University of South Carolina, the university was used essentially as a money laundry. It was allowed to skim ten percent of the NED funds for administrative expenses and simply pass on the remaining money to vaguely described Chilean projects. Some of the funds for these projects were deposited into the personal account of a director of one of three Chilean groups author-

officers as a CIA agent.¹⁴ FTUI executive director Eugenia Kemble is a former assistant to American Federation of Teachers president Albert Shanker. Her brother Penn Kemble, now with Freedom House, was president of PRODEMCA. This "private" bipartisan group supported Reagan's Central America policy and channeled NED grants to the Nicaraguan opposition and the anti-Sandinista newspaper *La Prensa* until 1986.

In addition to providing NED funds to Soviet and European unions and media, FTUI channels NED grants to the AFL-CIO's three established regional organizations. The Latin American program is under the American Institute for Free Labor Development (AIFLD) which was launched in 1962 by Kennedy's Labor Advisory Committee on Foreign Policy. AIFLD's first executive director was Serafino Romualdi, whom former CIA officer Philip Agee called the "principal CIA agent for labor operations in Latin America."¹⁵ William Doherty, Jr., AIFLD executive director since 1965, has also been identified as a CIA agent by Agee and other former CIA officers.

The African-American Labor Center (AALC) was begun in 1964 and first directed by Irving Brown. It supported such "unions" as Holden Roberto's National Front for the Liberation of Angola, which the CIA backed in the 1970s, along with

Destabilization campaigns can culminate in invasions, military coups, or electoral coups.

ized to receive the grant money. Beyond that point there is no documentation of how the funds were spent. According to one newspaper account, some faculty members suspected the process was being used for secret foreign policy initiatives or covert operations.¹³

NED's Core Four

Most NED funds are distributed through four core grantee organizations, profiled below. All but the Free Trade Union Institute (FTUI) were specifically created to serve as NED conduits.

FTUI was established in 1977 by the AFL-CIO's Department of International Affairs. It continued the work of its predecessor—the CIA-connected Free Trade Union Committee—which was founded in 1944 to combat leftwing trade unionism in Europe. The late Irving Brown, who served on FTUI's board and was director of the AFL-CIO International Affairs Department until 1986 and then senior adviser to Lane Kirkland for international affairs, was identified by several former CIA

Jonas Savimbi's UNITA. In 1968, Brown transferred to the newly-formed Asian-American Free Labor Institute (AAFLI) which was created to organize Vietnamese labor unions and land reform as part of the multi-faceted U.S. counterinsurgency program.

The Trade Union Congress of the Philippines (TUCP) is a key recipient of FTUI grants, via AAFLI. Following the assassination of opposition leader Benigno Aquino in 1983, funding for the pro-Marcos TUCP jumped. "If people hadn't had assistance then," said Bud Philipps, the AAFLI administrator in the Philippines, "the success of the political left in the [Filipino] trade unions would have been phenomenal. Nationally and internationally it would have been a Waterloo." The money to promote the U.S. policy in the Philippines was spread around CIA-style. "Imagine if you have US \$100,000 to give out to families in US \$500 chunks," said Philipps. "Your stock goes way up, faster than the stock of any of the militant labour groups."¹⁶

(continued on p. 59)

12. *Ibid.*, p. 3.

13. "Government grants stopped at USC on way to Third World," Charles Pope, Dave Moniz, *The State* (Columbia, S.C.), May 12, 1991, p. 1.

14. See: e.g., Jonathan Kwitny, *Endless Enemies* (New York: Penguin Books, 1984), pp. 339-48; Philip Agee, *Inside the Company: CIA Diary* (New York, Bantam Books), 1975, pp. 69, 624.

15. Philip Agee, *op. cit.*, p. 64; Kwitny, *op. cit.*, pp. 341-43, 346-54.

16. *International Labour Reports*, No. 33, May/June 1989, p. 11.

Cancer Warfare

Richard Hatch

Those who would increase the potency of biological weapons must search for improved methods of mass production of organisms, factors which will enhance the virulence, ways to prolong the storage life of living agents, ways to improve aerosol stability, and methods of producing variant organisms by recombination or by other means.

— Col. William D. Tigertt, former commander of the Army's medical unit at Fort Detrick¹

National Cancer Institute and the Fort Detrick Link

In 1969, President Richard Nixon ordered a halt to offensive biological warfare (BW) research and weapons stockpiling by the United States. The U.S. Army destroyed its toxins, viruses, and bacteria with heat and disinfectants by May 1972; the disposal of the scientific personnel was not so simple. Some of these biowarriors went to the CIA.² Others quickly found new support from the National Cancer Institute, particularly in its Virus Cancer Program (VCP).³ The NCI fund-

Richard Hatch is a research chemist with 12 years' industrial experience. He currently designs scientific instruments for use in biotechnology and related fields. Photo: Test chamber for secret chemical and biological aerosol spray weapons at Fort Detrick, Maryland. April 1967 (U.S. Army photo)

1. Charles Piller and Keith R. Yamamoto, *Gene Wars: Military Control Over the New Genetic Technologies* (New York: Beech Tree Books/Morrow and Co.), 1988, p. 50.

2. Louis Wolf, "This Side of Nuclear War," *CAIB*, (Summer 1982), p. 14.

3. The bureaucratic organization of NCI units changes. Some NCI con-



ed and supervised some of the same scientists, universities, and contracting corporations—ostensibly for cancer research—which had conducted biological warfare research. Some of these medical research contracts ran simultaneously with the U.S. biological warfare program. When the military work ended, the civilian programs continued to expand on the same critical areas outlined by Colonel Tigertt.

The NCI's Viral Cancer Program—a highly politicized public relations effort—was launched in 1971 with great fanfare as part of Nixon's War on Cancer. The stated aim of the program was to organize experiments aimed at finding cancer-causing viruses.

Apparently this agenda was compatible with the incorporation into various units of the VCP of possibly dozens of

tracts began before the VCP actually started. For simplicity, these contracts are referred to as VCP contracts when they continue under the VCP effort.

former U.S. BW researchers who continued to study topics with potential military application. Potential cancer-causing viruses were collected, grown in huge amounts, and distributed through the VCP; thousands of animals were infected experimentally, and the aerosol distribution of carcinogenic viruses was studied.

Two former BW facilities would play a large part in VCP. The U.S. Army's Fort Detrick in Frederick, Maryland had been the "parent research and pilot plant center for biological warfare."⁴ During the early 1960s, the CIA paid the facility \$100,000 a year for BW and chemical agents and their delivery systems. In Oakland, California, the Naval Biosciences Laboratory was involved in early experiments with the plague and collaborated in massive open-air tests of biological warfare "simulants" in the San Francisco Bay Area in the 1950s. Former biological warfare specialists from both of these centers were deeply involved in all aspects of the VCP.

The University-Military Complex

Reflecting a common pattern of cooperation, much of the military-related research took place at institutions connected with or directly part of U.S. universities. The University of California is well known for its role in managing the two main U.S. nuclear weapons laboratories, the Los Alamos and Lawrence Livermore National Laboratories. Less well-known is the fact that UC Berkeley also helps manage the Naval Biosciences Laboratory (NBL) — earlier called the Naval Biological Laboratory. This connection became central to the VCP and continued after the ban on offensive BW work.

Well before President Nixon ordered the conversion of the U.S. Army BW center at Fort Detrick to civilian uses in 1971, this military facility was cooperating closely with UC.

From 1953 to 1968, the University of California, while managing the NBL, now at the Naval Supply Center, also had BW contracts with the U.S. Army.⁵ After U.S. treaty obligations would have prevented open research on mass production of dangerous viruses without a medical "cover"; the VCP provided an ideal excuse to study "scale-up" problems.⁶

One of the first new priorities of the Fort Detrick facility after the ban was "the large scale production of oncogenic [cancer-causing] and suspected oncogenic viruses."⁷ Within

a year, the NCI began mass production and within one fifteen month period ending in June 1977, the VCP produced 60,000 liters of cancer-causing and immunosuppressive viruses.

Throughout the 1970s, U.S. "defensive" BW efforts were increasingly aimed at the research and development of viral disease agents.⁸

The "seed stocks" for this massive production of viruses came from the Cell Culture Laboratory (CCL); the CCL was "physically located at the Naval Biosciences Laboratory (NBL)" in Oakland, California.⁹ Because this laboratory was financed in part by the NCI and linked to UC, it would become, in effect, a clearing-house and central repository for vast quantities of potentially cancer-causing viruses and the tissues that might contain them. Thus, after the ban, the Naval Biosciences Lab at UC continued experimentation on biological agents, but under the guise of "defensive" research.

The VCP contract ran concurrently with the NBL's work on bubonic plague, Rift Valley fever, and meningitis. The NBL did other research for the U.S. Army's Fort Detrick, before the 1972 ban on offensive work.¹⁰ The NBL also performed "much of the original research into the plague during World War II." At least some NBL work was "listed only in restricted Pentagon research bulletins."¹¹

The NBL/Cell Culture Laboratory project was supervised for the VCP by Drs. James Duff and Jack Gruber.¹² Duff had been a microbiologist at Fort Detrick for 12 years before joining the NCI. His biography lists research into clostridium botulinum toxins and psittacosis vaccines.¹³ Botulinum toxins cause botulism food poisoning and are among the most toxic substances known. It was during Duff's tenure at Fort Detrick

Potentially cancer-causing viruses were collected, grown in huge amounts, and distributed through the VCP; thousands of animals were infected experimentally, and the aerosol distribution of carcinogenic viruses was studied.

4. The author believes that the vast majority of scientists involved in the NCI were and are well-intentioned colleagues whose ethics are not in question.

5. *U.S. Army Activity in the U.S. Biological Warfare Programs*, Volume II, Unclassified, February 24, 1977, pp. I-C-4-5.

6. The U.S. treaty obligation was under the Geneva Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction, signed at Washington and Moscow on April 10, 1972, and published in *Gene Wars*, op. cit., pp. 162-63. This treaty specifically bound its parties [Article I] never to "develop, produce, or stockpile...microbial or other biological agents, or toxins whatever their origin or method of production of types and in quantities that have no justification for prophylactic, protective or other peaceful purposes." Thus, dangerous cancer viruses would be difficult to produce in "quantities that have no justification" unless a medical cover could be found. (Piller and Yamamoto, op. cit.).

7. *Special Virus Cancer Project Progress Report*, 1972, Etiology Area-

National Cancer Institute, U.S. Department of Health, Education, and Welfare (DHEW), Public Health Service, p. 33.

8. Erhard Geissler, ed., *Biological and Toxin Weapons Today* (New York: Oxford University Press, 1986), p. 22.

9. *The Viral Cancer Program Progress Report*, U.S. National Institutes of Health, June 1977, p. 272.

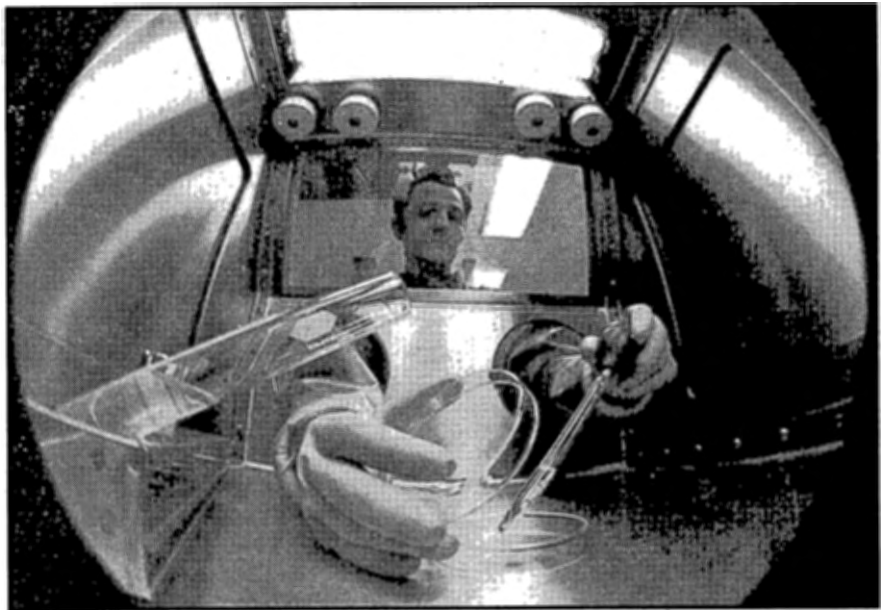
10. John Cookson and Judith Nottingham, *A Survey of Chemical and Biological Warfare* (New York: Modern Reader, 1969), p. 82.

11. Seymour Hersh, *Chemical and Biological Warfare* (New York: Bobbs-Merrill, 1968), p. 226.

12. *The Viral Cancer Program Progress Report*, U.S. National Institutes of Health, June 1977, pp. 272, 302.

13. *American Men and Women of Science* (New York: R.R. Bowker, 1976), p. 1097.

that the U.S. Army stockpiled botulinum toxin weapons.¹⁴ There, too, the intensive study of psittacosis, or "parrot fever," resulted in the accidental infection of at least 12 workers¹⁵ while Duff was working there. After serving for eight years at Fort Detrick, Gruber moved to the NCI. His biography lists work on "arthropod-borne viruses."¹⁶ The U.S. stockpiled BW weapons based on one arthropod-borne virus and studied many others. He soon became Chair of the Program Resources and Logistics Advisory Group of the VCP, where he helped coordinate projects involving production of viruses, provision of test animals and the "biohazard safety program."¹⁷ In 1984, Gruber became head of the Cancer Etiology Division of the NIH.



Associated Press

Biological warfare veteran Dr. Alfred Hellman at National Cancer Institute, 1970.

It's in the Air

The field of "aerobiology," or the transmission of disease organisms through the air, is essentially an outgrowth of BW research. The military objective of exposing many people to a biological warfare agent and the ready susceptibility to infection by inhaling these agents make aerosol weapons the most practical form of transmission. The NCI also studied aerosol transmission of viruses intensively. One such study, FS-57 "Aerosol Properties of Oncogenic Viruses," was funded at more than \$100,000 a year. After the ban on offensive BW research, the NCI and the Office of Naval Research jointly sponsored NBL experiments on the "Aerosol Properties of Potentially Oncogenic Viruses."¹⁸ The NCI justified its aerosol research because its scientists often handled suspect cancer viruses in a highly concentrated form. A lab accident could release a mist of virus; NCI needed to understand and anticipate the danger. How the Navy justified its interest is unknown, but if a new cancer-causing BW agent was discovered, it would likely be delivered as an aerosol.

The line between aerosol and biological warfare research was often fine. The NCI project officer and former U.S. Air Force virologist, Dr. Alfred Hellman, worked with Mark Chatigny, a research engineer at NBL and member of the NCI biohazards work group from the NBL.¹⁹ Hellman also oversaw the 1971 \$100,000 NBL study on the "physical and biological characteristics of viral aerosols." In 1961, the NBL

had done similar research for Fort Detrick on the "stability and virulence of BW aerosols."²⁰ Chatigny's NBL research into aerosol distribution of viruses would continue into the 1980s. Such overlapping of purposes raises serious questions about the wisdom of placing control of VCP viruses under the NBL.

More Aerosol Studies

While UC Berkeley appears to have been at the heart of aerosol BW research, it was by no means alone. Other universities collaborated with the BW effort while working on the VCP in parallel. From 1955 to 1965, the Ohio State University College of Medicine conducted research for Fort Detrick into the aerosol transmission of BW agents including tularemia and Q fever.²¹ In some of these studies, prisoners from the Ohio State Penitentiary were used as guinea pigs. Between 1952 and 1969, the affiliated Ohio State University Research Foundation had eight contracts with the U.S. Army for BW research. Tularemia ("rabbit fever") and Q fever were ultimately stockpiled by the U.S. Army.²²

Before he worked with UC, Dr. Hellman supervised an NCI contract for Ohio State University. Designed to study the aerosol transmission of cancer-causing viruses, this research started in 1965 and continued at least until 1972. The principal investigator for this work, Dr. Richard Griesemer, would eventually succeed in giving tumors to mice and monkeys. Griesemer then went to work briefly at the Oak Ridge National Laboratory, part of the U.S. Department of Energy nuclear research system. After his stint at Oak Ridge, Griesemer returned to NCI, where he headed the NCI Bioassay

14. *U.S. Army Activity in the U.S. Biological Warfare Programs*, op. cit., p. D2.

15. Hersch, op. cit., p. 128.

16. *American Men and Women of Science* (New York: R.R. Bowker, 1989), p. 358.

17. *The Viral Cancer Program Progress Report*, U.S. National Institutes of Health, June 1977, p. 52.

18. *Ibid.*, p. 302.

19. *Special Virus Cancer Project Progress Report*, 1972, Etiology Area-National Cancer Institute, DHEW, p. 7.

20. Cookson and Nottingham, op. cit., p. 82.

21. *Ibid.*, p. 91.

22. *U.S. Army Activity in the U.S. Biological Warfare Programs*, op. cit.



Win McNamee/DoD Pool

Saudi Arabia, 1991. U.S. soldiers suited up for chemicals that never came.

program, which tested chemicals suspected of causing cancer. This multimillion dollar program was so badly managed that disease epidemics forced the killing of nearly 90,000 test animals and testing of suspected carcinogenic chemicals fell far behind schedule.²³

Many other universities prominent in the U.S. BW program, such as Johns Hopkins, University of Maryland, and the University of Minnesota, were also heavily involved in the VCP. Since the BW work performed by these universities remains classified, the exact relation between VCP and its biological warfare research remains murky.

Viruses For Sale—Charles Pfizer and Co., Inc.

The pattern of overlapping military BW and NCI work was paralleled by the relationship between industrial contractors and the VCP. Charles Pfizer and Company, Inc., a pharmaceutical firm, had a contract with the NCI which included production of "a large quantity of a variety of viruses" for the VCP.²⁴ The immunosuppressive Mason-Pfizer monkey virus was grown in large quantity, and other animal cancer viruses were adapted to grow in human cell lines. During the same time period—1961 to 1971—as the NCI contractor, Pfizer conducted a secret study for the U.S. Army "into the growth and culture media for unspecified...biological agents."²⁵

In addition, from 1968 to 1970, Pfizer had a contract for "Large Scale Production and Evaluation of Staphylococcal Enterotoxin B" for the U.S. Army BW program.²⁶ Staphylococcal enterotoxin is a protective vaccine against a bac-

terial toxin which was part of the U.S. arsenal. The production of vaccine against a stockpiled BW weapon must be considered an offensive BW project. According to MIT scientists Harlee Strauss and Jonathan King, "[t]hese steps—the generation of a potential BW agent, development of a vaccine against it, testing of the efficacy of the vaccine—are all components that would be associated with an offensive BW program."²⁷ Clearly, without an antidote or vaccine to protect attacking troops, the utility of a stockpiled BW agent would be seriously limited.

Litton-Bionetics

President Nixon's 1971 announcement that Fort Detrick would be converted to a center for cancer research could not be immediately implemented. First, BW agents stored there, such as the anti-crop agent rice blast, had to be destroyed. The

buildings were then decontaminated and the facilities were turned over to the NCI, which renamed the facility the Frederick Cancer Research Center; Litton-Bionetics was named as the prime contractor. A major player in the military-industrial complex, the corporation worked extensively on the dispersion of BW agents from planes, and included U.S. Air Force contracts for "the supersonic delivery of dry biological agents."²⁸ From 1966 to 1968, Bionetics Research Laboratories (which became Litton-Bionetics in 1973) held two contracts with the U.S. Army BW program.²⁹ At the same time, it held major contracts with the NCI.³⁰

One of Bionetics Research Laboratories' most important NCI contracts was a massive virus inoculation program that began in 1962 and ran until at least 1976, and used more than 2,000 monkeys. Dr. Robert Gallo, the controversial head of the current U.S. AIDS research program at NCI and its chief of its tumor cell biology laboratory, and Dr. Jack Gruber, formerly of VCP and then NIH, were project officers for the inoculation program. The monkeys were injected with everything from human cancer tissues to rare viruses and even sheep's blood in an effort to find a transmissible cancer. Many of these monkeys succumbed to immunosuppression after infection with the Mason-Pfizer monkey virus, the first known immunosuppressive retrovirus,³¹ a class of viruses that includes the human immunodeficiency virus.

27. Piller and Yamamoto, *op. cit.*, p. 117.

28. Hersh, *op. cit.*, pp. 59-60.

29. *U.S. Army Activity in the U.S. Biological Warfare Programs*, *op. cit.*, p. I-C-4.

30. *Special Virus Cancer Project Progress Report*, 1971, Etiology Area-National Cancer Institute, DHEW, p. 68.

31. A retrovirus is a virus whose genetic material is composed of RNA instead of DNA and which must convert to a DNA form before it can reproduce. The human immunodeficiency viruses are retroviruses.

23. *Science*, Vol. 204, June 22, 1979, p. 1287.

24. *Special Virus Cancer Project Progress Report*, 1971, Etiology Area-National Cancer Institute, DHEW, p. 114.

25. Hersh, *op. cit.*, p. 255.

26. *U.S. Army Activity in the U.S. Biological Warfare Programs*, *op. cit.*, p. K2-3.

Breaking the "Species Barrier"

In 1976, Dr. Seymour Kalter, a prominent NCI scientist and former military medicine expert, reported on experiments so dangerous that other scientists publicly asked for an end to such work.³² By blending the genetic material of viruses causing cancers in mice and baboons, he created a new virus which could cause cancer in dogs, monkeys and even chimpanzees. Because it could attack chimpanzees, other scientists feared it could spread to genetically similar human beings. The new virus was a product of some of the first crude genetic "recombination" experiments.

Lawrence Loeb and Kenneth Tartof of the Institute for Cancer Research in Philadelphia, Pennsylvania, went even further in calling for change and called for a ban on such potentially dangerous experimentation.

The production of malignant tumors in a variety of primate species suggests the possibility of creating viruses that are oncogenic for humans...Therefore, we urge that all experiments involving co-cultivation of known oncogenic viruses with primate viruses be immediately halted until the safety of such experiments are [sic] extensively evaluated.³³

Experiments performed under NCI contract included many dangerous viral inoculation programs, like the primate inoculation program run by Gallo and Gruber. So-called "species barriers" were routinely breached in efforts to find or *create* infectious cancer viruses. Viruses native to one species were injected into animals from another species in hope of triggering cancers. Often the recipient animal would be immunosuppressed by radiation, drugs, or other treatments. NIH primate researchers were well aware that "the ecological niches of man and animal cross with increasing frequency, and this undoubtedly will create or uncover new disease problems."³⁴

At a 1975 NCI symposium, a participant, Dr. J. Moor-Janowski admitted that "environmental-motivated, well-motivated groups begin to consider primate laboratories as being a source of danger." He continued to comment that "a [European] primate center was not able to begin operations as a result of adverse publicity they obtained because of Marburg disease." The speaker was referring to a 1967 outbreak in Yugoslavia and West Germany of this viral disease, which killed several people. Tissues obtained from African Green monkeys used in biomedical work were the source of the mini-epidemic. Dr. Moor-Janowski suggested that researchers should fight against tighter restrictions on primate experiments.³⁵

32. *Science*, Volume 193, July 23, 1976, p. 273.

33. *Ibid.*

34. H. Balner and W.I.B. Beveridge, eds., *Infections and Immunosuppression in Subhuman Primates* (Baltimore: Williams and Wilkins Company, 1970), p. 116.

35. "Proceedings of a Cancer Research Safety Symposium," DHEW Publication No. (NIH) 76-890, March 19, 1975.

VCP Intellectual Recombination

Under the National Cancer Institute aegis, VCP provided many opportunities for contact between former BW specialists and others in the scientific community. Former BW specialists Drs. Peter Gerone and Arnold Wedum were prominent members of the Biohazard Control and Containment Segment of the VCP. Their positions allowed them frequent contact with laboratories handling hazardous viruses. Gerone and Wedum both worked for many years at Fort Detrick; they were both specialists in the airborne transmission of diseases. In the 1950s, Wedum was in charge of U.S. Army tests of tularemia ("rabbit fever") on human "volunteers." In Gerone's BW research, he used prisoners from the Federal Prison Camp at Eglin Air Force Base in Florida. This group of human guinea pigs was more fortunate than Dr. Wedum's; they were exposed only to cold viruses. Gerone was awarded the Army's Meritorious Civilian Service Award for his efforts at Fort Detrick.

The 1975 NCI sponsored symposium on "Biohazards and Zoonotic Problems of Primate Procurement, Quarantine, and Research"³⁶ illustrates another aspect of NCI-military cooperation. Zoonoses—diseases that can be transmitted from animals to humans—make up the majority of BW agents. The meeting brought together NCI researchers, nine military officers from Major to Lt. Colonel and a civilian from the Edgewood Arsenal, a U.S. chemical warfare facility, also in Maryland. The officers were from the U.S. Army Medical Research Institute of Infectious Diseases, the Defense Nuclear Agency and the Armed Forces Institute of Pathology. In addition, Drs. Wedum, Duff, Gruber, and Gerone were all in attendance.

Gerone presented a paper on the "Biohazards of Experimentally Infected Primates"; he now headed Tulane University's Delta Regional Primate Research Center. In passing, he mentioned aerosol hazards and recommended "exposing animals so that only the head is in contact with the aerosol" rather than using "whole body exposure." Wedum had previously briefed him on BW tests involving just such exposure of monkeys to aerosolized staphylococcal enterotoxin; in these tests four Fort Detrick workers still became ill through exposure to the animals. Presumably Gerone was also aware of a 1964 accident when 15 Fort Detrick workers inhaled aerosolized staphylococcal enterotoxin B, "milligram for milligram, one of the most deadly agents ever studied."³⁷

In addition to symposia which brought together military and civilian specialists, the VCP utilized consultants with strong biological warfare backgrounds. At times, Dr. Stuart Madin and Mark Chatigny from the NBL, Peter Gerone, and Arthur Brown were all listed as consultants to the NCI. Brown, the former head of the Virus and Rickettsia Division of Fort Detrick, had already been involved in a blatant instance of attempted covert recruitment of microbiologists for BW research.

36. "Proceedings of a Cancer Research Safety Symposium," *op. cit.*, p. 62.

37. Piller and Yamamoto, *op. cit.*, p. 53.

In 1966, Brown signed a letter soliciting research.³⁸ It asked scientists to submit proposals to study the recombination of bacteria, but tried to disguise the true source of funding—the Department of Defense. NCI scientist Karl Habel also signed the letter; Habel was “connected with viral research at the National Institutes of Health.”³⁹ The attempt to recruit microbiologists to work on recombination of bacteria fizzled after the funding source was publicly exposed. That it was attempted at all, shows that NIH scientists were willing to team up with the Fort Detrick specialist in covert operations and that some were also willing to deceive their colleagues into collaborating with them.

Covering for BW Research

Research into viruses during the War on Cancer provided an ideal cover for continuing biological warfare research. As Colonel Tigertt advised, the NCI project allowed the mass production of viruses, the development of means to enhance virulence, exploration of aerosol transmission, and the production of new recombinant disease agents. These “civilian” projects ran concurrently with “military” projects in many cases. When political expediency dictated an end to overt U.S. BW research, the Viral Cancer Program provided a means to continue experiments that would otherwise be difficult to justify.

38. Hersh, *op. cit.*, p. 278.

39. *Ibid.*

That the U.S. would covertly continue a BW program should not be quickly discounted. Right up to the start of the VCP, U.S. covert operators conducted clandestine tests simulating aerosol BW attacks. The NBL supplied personnel, lab facilities, and equipment for a secret 1950 aerosol attack on San Francisco which resulted in dosing almost everyone in the city with a BW agent “simulant.”⁴⁰ Other secret military experiments used specialized cars and suitcases.⁴¹ The Special Operations Division of the CIA, which operated from Fort Detrick, engaged in similar covert tests using LSD and other chemical agents under the MK-ULTRA program. Another CIA-SOD program, MK-NAOMI, collected biological toxins and disease.⁴²

While Nixon ordered a supposed end to BW offensive efforts in 1969, the Central Intelligence Agency retained a secret BW and toxin weapon capability.⁴³ Given this record of deception in the U.S. BW program, the Viral Cancer Program may well have used the search for a cure for cancer as a cover to continue its experiments on biological warfare. ●

40. J.B. Nielands, “Navy Alters Course at Berkeley,” *Science for the People*, November-December 1988, p. 11.

41. “CIA May Have Tested Biological Weapons in New York in '50s, Church Says,” *Washington Post*, December 4, 1979, p. A7.

42. John Marks, *The Search for the Manchurian Candidate* (New York: McGraw-Hill, 1980), pp. 74-75.

43. Church Committee Report, “Unauthorized Storage of Toxic Agents,” Vol. 1, pp. 189-99.

Espionage 101: The National Security Education Act

Leonard Minsky

A bill passed by Congress in November 1991 gave a small group of unelected officials significant power to tell universities what to teach and to whom they can teach it. A major purpose of the bill seems to be the training and recruitment of industrial and technological spies for international covert operations. In three of the bill's introductory paragraphs, the necessity of preserving U.S. economic strength is mentioned.

Those students, academics and administrators willing to sell their souls to the CIA will end up in programs which feed both the federal spy apparatus itself and the educational and research facilities it maintains in universities and secondary schools.

The National Security Education Act establishes a board composed of the directors of the CIA and the U.S. Information Agency; the secretaries of Defense, Education, State, and Commerce; and four presidential appointees. By setting “qualifications” for students and institutions, determining which “critical areas within disciplines” and which countries need study, and by holding the purse strings, the board will have the power to recruit students, professors and entire university departments for the CIA.

The bill allocates \$150 million in start-up funds to entice

universities to establish programs to “improve the teaching of foreign languages, regional studies, and international studies... [and to] meet the challenges of global interaction among nations.” Ten million dollars is set aside for the seduction of university administrators to create new, or fund existing national security programs. Those institutions and administrators in line for funding formed a ready-made lobby group pushing for passage of the bill.

To facilitate student recruitment, the bill allocates \$15 million in undergraduate scholarships for study abroad, and \$10 million for graduate study in areas deemed geopolitically critical by the CIA. The program thus raises suspicions of CIA collaboration for any U.S. students studying abroad.

Graduate student award recipients are required to repay the funding. They could do so by working for the federal government (guess which agencies). Alternatively, they could pass on their skills in “the field of education,” thereby enlarging the pool of educators in collusion with the CIA, and facilitating further recruitment.

The U.S. educational system is already deep in service to the national security state. This bill further subordinates education to corporate, military and national security interests. With its enactment, you won't have to look far to find “big brother”—he will be in your classroom. ●

Leonard Minsky is executive director of the National Coalition for Universities in the Public Interest. Earlier version of this report in: *Education for the People*, 1801 18th St., Washington, D.C. 20009 (202) 234-0041



Disciplining the Third World:

The Role of the World Bank in U.S. Foreign Policy

Walden Bello

The World Bank promotes itself as the world's premier development agency and publicly clings to its mission to end world hunger. Over the last decade, however, this powerful institution has presided over the stagnation or worse of most Third World economies and the increasing marginalization of most of the peoples of the South.

The Bank's roots go back to the 1940s when U.S. policy planners sought to define and dominate the post-World War II global order. From then, to the liberal presidency of Robert McNamara in the 1970s, through the current leadership of Wall Street insider and former chair of J.P. Morgan, Lewis Preston, the Bank has consistently maintained its overarching commitment to the interests of the United States.

Over that nearly half a century, the World Bank has been a closely held and controlled arm of U.S. foreign policy, largely free from the constraints of legislative, judicial or popular influence.

Walden Bello, principal author of *Development Debauch: The World Bank in the Philippines*, is currently the executive director of the Institute for Food and Development Policy (Food First). Photo above: Poverty in the shadow of industrial wealth in Indonesia. Sean Sprague/Impact Visuals.

What has changed over time is the level of bitterness and distrust with which the Bank is viewed by those who are targeted for "development." For them, the Bank's structural adjustment policies have brought despair and devastated living standards. For environmentalists, the recent increase in the Bank's lending program, from \$20 billion in 1991 to \$25 billion in 1992 has signaled an increased capacity to wreak havoc on nature.

And for the Bank itself, despite the recent erosion of U.S. hegemony over the global economy, the passing decades have brought an increase in institutional influence and a strengthening of ties to Washington.

The World Bank as a Political Instrument

The mechanisms the U.S. has employed to impose its agenda on the Third World through the Bank are both sophisticated and blunt. First, Washington deployed the Bank's power to punish those countries which disputed U.S. political leadership and to reward those which cooperated. Second, the U.S. used the Bank to integrate Third World countries more tightly into a U.S.-dominated international capitalist economy by discouraging development paths that would lead

to greater economic independence. Third, at the onset of the international debt crisis in the early 1980s, the U.S. Treasury Department employed the Bank as the central element in a debt collection strategy designed to salvage New York banking interests at the expense of Third World living standards.

Capital Crime and Punishment

Shortly after the Reagan administration came to power, the Treasury Department commissioned a study to determine whether multilateral lending agencies promoted U.S. interests. According to its 1982 report, the United States was able to impose its view in 12 out of 14 of the most significant policy debates at the World Bank.¹

These decisions included blocking observer status for the Palestine Liberation Organization, cutting aid to Afghanistan, and halting the fledgling assistance program to Vietnam.²

The Treasury report did not dwell on the most notorious case of U.S. manipulation of Bank policy. The drastic cutoff of World Bank funds to the government of Chile's President Salvador Allende was the first stage of a campaign of destabilization planned in Washington. Richard Nixon and Henry Kissinger used the Bank to, in the President's words, "make the [Chilean] economy scream."³ And scream it did. The economic crisis which followed paved the way for the bloody coup of 1973. The U.S. then turned on the aid spigot to support the dictatorship of General Augusto Pinochet. In the next three years, the Bank, under U.S. pressure provided \$350.5 million — nearly 13 times the \$27.7 million it gave Chile during the three years of the Allende presidency.⁴

The Reagan administration clearly had the Chilean precedent in mind when it harnessed the Bank to its economic war against Nicaragua in the early 1980s. In the two years after the 1979 Sandinista victory, the World Bank had committed \$75 million to Nicaragua's economic recovery — with no opposition from the Carter administration. Reagan, however, quickly forced the Bank to reverse course.

The World Bank's 1982 "Country Program Paper," issued shortly after Reagan appointee Thomas Clausen took over as Bank president, urged a delay on all loans to Nicaragua and an outright ban on road-building, education, and water loans.⁵ By November 1982, the Bank had frozen all Nicaraguan loan applications, although even the U.S. executive director's office was forced to concede that "project implementation has been extraordinarily successful in Nicaragua in some sectors,

better than anywhere else in the world..."⁶ As in Chile, World Bank collaboration was a significant contribution to Washington's successful campaign of economic and political destabilization.

Carrots Against Communism

Washington has used the Bank not only to punish countries defined as enemies. During the Cold War, it also employed it to bring former Soviet allies more firmly within the U.S. sphere of influence. A Treasury Department report noted:

**The World Bank is a closely held
and controlled arm of U.S.
foreign policy largely free from
the constraints of legislative,
judicial or popular influence.**

[T]he multilateral development banks can...be helpful as relatively apolitical institutions in allowing the U.S. to show some indirect support for countries with whom U.S. bilateral relations are still sensitive but which are susceptible to improvement, such as Yugoslavia and Romania.⁷

It was, however, with China that the Bank was most effectively used to advance Washington's agenda. In light of continuing widespread suspicion of China by U.S. conservatives, there was no way that Congress would approve a large bilateral aid program for China. The Carter and Reagan administrations turned to the World Bank to deliver more than \$8.5 billion in aid to that country from the early 1980s to 1989. The aid flow was briefly dammed when the June 1989 Tiananmen Square massacre forced the U.S. and the Bank to limit assistance to "humanitarian aid." The resumption of World Bank development aid by December 1990 signaled the Bush administration's pro-normalization position. This policy culminated in July 1991 when the U.S. granted China the coveted most-favored-nation trading status.

Financial Lollipop\$

Washington also used the Bank not only to punish politically undesirable governments and to wean others away from communism, but also to fortify strategic allies. The Washington-based Bretton Woods Committee — which lobbies Congress for more funding for the Bank — openly argues that the

1. U.S. Treasury Department, "Assessment of U.S. Participation in the Multilateral Banks in the 1980s," Consultation draft, September 21, 1981, chapter 3.

2. *Ibid.*

3. Memo by Richard Helms on meeting with Nixon, Mitchell and Kissinger, September 15, 1970. Church Committee Report, Volume 7, p. 96.

4. W. Frick Curry, "Subsidizing Pinochet: Aid and Comfort for the Chilean Dictatorship," *International Policy Report*, September 1985, p. 3.

5. World Bank, "Country Program Paper: Nicaragua," February 1982, cited in: Peter Kornbluh, *Nicaragua: The Price of Intervention* (Washington, D.C.: Institute for Policy Studies, 1987), p. 107.

6. Memo from Jane Hallöw, assistant to U.S. director, "Bank Policy in Nicaragua," August 24, 1983, cited in Kornbluh, *op. cit.*, pp. 107-08.

7. U.S. Treasury Department, *op. cit.*, chapter 2, p. 2.



Workers collect files at La Moneda palace after Chile coup, 1973. Associated Press

Bank should really be regarded as an extension of U.S. bilateral aid. The Committee points out that World Bank lending to ten countries considered strategic to the U.S. — Argentina, Brazil, Indonesia, Mexico, Morocco, Pakistan, the Philippines, Thailand, Tunisia, and Turkey — comes to over \$7 billion. The U.S., however, kicks in only \$60 million of that total, meaning that by funneling loans through the World Bank, the impact of each U.S. dollar is multiplied over a hundredfold.⁸

Indeed, because of the institution's "multilateral" image, many U.S. officials prefer to go through the World Bank to effect policy changes with client governments. As Deputy Treasury Secretary Peter McPherson observed with respect to the Philippines:

We have not been particularly successful ourselves in winning policy reforms from the Philippines. Because it is something of a disinterested party, however, the World Bank has been enormously successful in negotiating important policy changes which we strongly support.⁹

U.S. Liberals and the World Bank

While the World Bank has consistently served U.S. short- and medium-term political interests, its main function is to integrate the Third World into an international capitalist economy dominated by the United States. This overriding aim is in direct conflict with the Bank's goal of promoting "development."

This fundamental contradiction within the Bank's agenda was apparent from the time of its founding in 1944. On the one hand, the Bretton Woods cold warriors who designed that institution along with the International Monetary Fund sought to construct a new world economic order based on the dominance of U.S. capital.

On the other hand, these ideological heirs of Roosevelt's liberalism believed that the growth of Third World markets

was in the interest of U.S. capital, and that to be successful, anti-communist counterinsurgency had to be accompanied by a degree of economic prosperity. As Kennedy's Secretary of Defense Robert McNamara said in 1964, "the foreign aid program is the best weapon we have to insure that our own men in uniform need not go into combat."¹⁰ The Vietnam War showed that the economic weapon, potent though it was, would continue to be backed up by military might.

By setting up the International Development Association (IDA), the Bank's "soft-loan" arm, in 1960, these liberals sought to assure U.S. control of their limited project for redistribution of wealth. The worst poverty, they felt, bred instability, while the encouragement of a U.S.-aligned entrepreneurial class would cement ties and ensure that ultimately markets would be created for U.S. goods. IDA's development strategy grew from the same strain which spawned the Alliance for Progress and the Peace Corps during the Kennedy era. Its various projects were designed to promote U.S. financial interests while undermining not only communist movements, but also those Third World nationalists like Sukarno of Indonesia and Nasser of Egypt who were demanding more fundamental changes in North-South relations.

The often contradictory goals of the World Bank — encouraging limited redistribution of wealth while derailing efforts at genuine economic development — were embodied in the presidency of Robert McNamara (1968-1981). He raised the World Bank's lending level to \$12 billion and declared that the rapid reduction of world poverty was the goal of the Bank. At the same time, he sought to speed up the integration of the Third World into the international capitalist order by promoting "export-oriented growth." Development which relied on small, protected internal markets, McNamara declared, was a losing strategy. More viable — and not coincidentally, more compatible with the needs of U.S. capital — was hitching Third World economies to the expanding markets of the United States and other rich countries. Thus, the World Bank, McNamara asserted, should support "special efforts...in many countries to turn their manufacturing enterprises away from the relatively small markets associated with import substitution toward the much larger opportunities flowing from export promotion."¹¹

The price for the often reluctant bride at this marriage of convenience was high. Third World governments were forced to devalue their currencies to make exports more competitive on the world market; to allow foreign investors access to set up and control export-manufacturing enterprises; to cap wages to promote cheap, competitive exports; and to eliminate import restrictions and reduce tariff barriers on raw materials, capital goods, and intermediate materials needed by export-manufacturing industries. By the end of McNamara's

8. Bretton Woods Committee, *Banking on Success: The World Bank, the U.S., and the Developing World* (Washington, D.C.: Bretton Woods Committee, 1988), p. 10.

9. *Ibid.*

10. Quoted in Bernard Nossiter, *The Global Struggle for More* (New York: Harper and Row, 1987), p. 117.

11. Robert McNamara, 1975 Address to Board of Governors (Washington, D.C.: World Bank, 1975), pp. 28-29.

presidency in 1981, the logic of export-oriented growth had been institutionalized in "structural adjustment loans" (SALs) designed to sweepingly recast protected Third World economies.

Banking on Dictators

Aside from the promotion of export-oriented growth, the other key feature of the McNamara era was the Bank's affinity for authoritarian Third World governments, such as those in South Korea, Brazil, and Indonesia. To some extent, this preference mirrored the Bank's own authoritarian structure and McNamara's top-down management style. But, most importantly, it reflected the powerful influence of Harvard Professor Samuel Huntington's *Political Order in Changing Societies*, which became required reading for USAID and World Bank technocrats in the 1970s. Huntington argued that authoritarian regimes were best equipped to carry out the task of "modernizing" Third World societies.¹²

Ground rules for getting World Bank development aid were simple: embrace export-oriented growth, put U.S.-educated technocrats in charge, and act as a strategic ally of the U.S. That the corrupt elites of many Third World countries found these strategies compatible with their own interests eased their decision to put the interests of the U.S. and the World Bank before those of most of their citizens.

Recolonizing the Philippines

Ferdinand Marcos understood well the rules of the game. In 1972, he declared martial law and institutionalized an already entrenched dictatorship to break the "democratic deadlock" he claimed was preventing development. The Bank responded warmly and immediately designated the Philippines as a "country of concentration," to which the flow of Bank assistance would be "higher than average for countries of similar size and income."¹³ Meanwhile, Bank technocrats blandly justified the repression. "While the country is formally under martial law," said Michael Gould, head of the Bank's Philippine program office, "the basic strategy of government is to resort as little as possible to outright coercion and to broaden popular support through the development of effective economic and social programs."¹⁴

During the 20 year Marcos regime, the Philippines received more than \$4 billion in World Bank aid—spread out in almost 80 projects—and was consistently one of the top ten recipients of this aid. The anticipated miracle cure, however, nearly killed the patient. Under Marcos and World Bank development leadership, the Philippines became the economic basket case of Southeast Asia.

The actual impact of the multimillion dollar Bank program was threefold. First, as other Asian economies boomed, the



Associated Press

World Bank funds were funneled to pay for Marcos regime excesses.

Philippines' GNP growth rate declined from an annual average of 3.5 percent in the seventies to -1.7 percent in the 1980s. Income distribution grew worse than when the Bank had targeted it as a country of concentration: in 1971, 49 percent of the population lived below the poverty line; by 1987, the figure had increased to 70 percent. Bank development money also enabled Marcos to divert domestic resources to the military. By 1976, the military had almost doubled to 113,000 from 57,000 in 1971; in the same five years defense expenditures as a portion of total government spending had risen to 16 percent from 9.3 percent.¹⁵

And finally, there was a more personal benefit—the entrenchment and enrichment of Ferdinand and Imelda Marcos. With U.S. aid, the dictator stayed in power for 20 years and reportedly slipped \$10 billion out of the country before he was finally overthrown and forced into exile in Hawaii.

U.S. Conservatives and the World Bank

With the resignation of McNamara in 1981, the liberal contradiction was all but eliminated. The Bank assumed its primary mantle: policing of U.S. interests. Pretense about humanitarian priorities such as ending world hunger was banished from all but the most banal public relations venues.

By the end of the Carter administration, an anti-Third World mood, provoked by corporate and military interests fearful of declining U.S. hegemony, was sweeping the country. It was fed by the U.S. defeat in Vietnam, the Iran hostage crisis, OPEC oil price increases, the threat of new OPEC-type cartels emerging to control other key raw materials, and the increasing cohesion of the Non-Aligned Movement under the banner of the "New International Economic Order."

The Reagan administration came to power determined to discipline the Third World for challenging the free flow of U.S. capital, exports, and policy objectives. Right-wing thinkers openly acknowledged the utility of aid as a political instrument, deployed to achieve strategic purposes, and only

12. Samuel Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968).

13. World Bank, "Philippines: Country Program Paper," Memo from Michael Gould, Washington, D.C., March 26, 1976, pp. 17, 2.

14. *Ibid.*, p. 7.

15. Walden Bello and Severina Rivera, eds., *The Logistics of Repression* (Washington, D.C.: Friends of the Filipino People, 1977), pp. 36-37.

How the U.S. Controls the Bank

The U.S. ability to use the Bank to advance its political ends is guaranteed by the unique position it enjoys within the World Bank power structure. It controls about 17.6 percent of the Bank's capital subscriptions and voting power. While significantly below the 42 percent share the U.S. had at the time the Bank began operations in 1946, this figure is still above the critical 15 percent it needs to retain veto over major lending decisions. Although Japan is now the world's leading creditor country, U.S. pressure has limited its capital share and voting power to eight percent.

Only the U.S., the largest shareholder, is entitled to a permanent place among the Bank's executive directors, and it enjoys the unique privilege—unchallenged by other countries—of appointing the World Bank president. There are other factors that contribute to strong U.S. influence, not least of which is the Bank's location in Washington. This site gives the Treasury Department easy access and helps insure that U.S. citizens account for one-quarter of senior management and the higher-level professional staff.¹

1. Richard Feinberg, "An Open Letter to the World Bank's New President," in Richard Feinberg, *et al.*, eds., *Between Two Worlds: The World Bank's Next Decade* (New Brunswick, N.J.: Transaction Books, 1986), p.2.

secondarily for development. They also challenged the very foundation of the liberal approach to the Third World: that its increased prosperity was in the U.S. interest. The interests of the North and the South, they admitted, could well be antagonistic. In any event, Third World growth should be promoted through unfettered free markets, not through income redistribution schemes managed by aid agencies. As at home, Reagan attacked poverty with theories of trickle-down economics.

While some right-wing ideologues attacked the Bank as a \$12 billion international dole, others were more pragmatic and decided to use the Bank's disciplinary potential to their advantage. When the U.S. cut its promised contribution to the 1982 IDA replenishment by \$300 million, other countries followed suit and the soft-loan agency received a billion dollars less than it originally expected.

Next the U.S. pushed the Bank to shift more of its resources from traditional project lending to structural adjustment lending. Although the approach had been formulated in the last years of the McNamara era, SALs were more systematically used by the Reagan Treasury Department to blast open Third World economies. To receive SALs, governments were required to reduce spending for social welfare, make export production more attractive by cutting wages and devaluing the local currency, lower barriers to imports, remove restrictions on foreign investment, reduce the state's role in the economy, and eliminate subsidies for local industries.

Moreover, a recipient had to agree to continuing Bank surveillance of almost all dimensions of macroeconomic policy,

leading even a moderate like Morris Miller, Canada's representative to the Bank's executive board, to complain that, "macro-policy advice incorporated in the SALs touches the very core of the development policy process...The rate and manner of growth and related societal objectives of the recipient countries are the very stuff of that elusive but important concept called sovereignty."¹⁶

Structural Adjustment and Debt Collection

Not surprisingly, few countries initially wanted to receive SALs. The opportunity for the Reagan administration and the World Bank came with the eruption of the debt crisis in 1982. Adoption of the Bank's structural adjustment program was often a mandatory component of debt rescheduling agreements. Additionally, unless debtor countries agreed to IMF surveillance they would not be given the IMF/World Bank seal of approval without which they would most probably be denied loans from commercial banks. The borrowing countries were caught in a vicious circle. If they complied with IMF/World Bank guidelines, they fell deeper in debt, sacrificed social programs, and surrendered important elements of national sovereignty. Without new loans, however, they could not pay interest on old loans or remain eligible for future funding from either the international financial institutions or commercial banks. By the end of 1985, 12 of the 15 nations designated by U.S. Treasury Secretary Jim Baker as top priority debtors¹⁷ had submitted to structural adjustment programs.¹⁸

In 1986, lending for structural adjustment reached 19 percent of total Bank lending, and by 1991 has risen to 25 percent. Today, throughout the Third World, there are more than 45 Bank adjustment loans designed to induce fundamental long-term change and cement Bank, *i.e.* U.S., control. Many are coordinated with IMF "standby" loans aimed at addressing short-term balance of payment problems.

The new Structural Adjustment Facility (SAF), jointly financed and administered by IMF/World Bank, is extending and institutionalizing this collaborative relationship. Thirty out of the 47 countries in sub-Saharan Africa are implementing adjustment programs administered by the Bank and/or the Fund.¹⁹ Most of the others have programs in place similar to those directly administered by the two institutions.

Cooperation between the two giant institutions is nothing new, but increasingly the World Bank—which once claimed to be a development bank oriented toward growth—is serving the same financial policing functions as the IMF. Because U.S. influence at the IMF is as strong as that at the Bank, U.S. ability to dominate the economies of Third World countries is substantially enhanced by this convergence of agenda.

16. Morris Miller, *Coping Is Not Enough! The International Debt Crisis and the Roles of the World Bank and International Monetary Fund* (Homewood, Ill.: Dow Jones, 1986), pp. 185-86.

17. The countries designated in the Baker initiative were: Argentina, Mexico, the Philippines, Brazil, Venezuela, Chile, Yugoslavia, Nigeria, Morocco, Peru, Colombia, Ecuador, Ivory Coast, Uruguay and Bolivia.

18. Robin Broad and John Cavanagh, "No More NICs," *Foreign Policy*, No. 72 (Fall 1988), p. 98.

19. World Bank, *Annual Report 1991* (Washington, D.C.: World Bank, 1991), p. 11.

Kneecapping the Third World

While living standards for most of the poor have fallen, the structural adjustment programs have functioned with terrible efficiency to collect debt. Between 1984 and 1991, the net transfer of financial resources has been \$155 billion.²⁰ This sum, slightly less than the 1989 domestic product of Mexico, has flowed inevitably Northward from the impoverished and already heavily indebted Third World primarily to U.S. commercial banks, but also to the World Bank and the IMF. According to African economist Bade Onimode, the net outflow of financial resources from Africa to the IMF and the World Bank between 1984 and 1990 totaled almost \$5 billion, with about \$800 million going to the World Bank.²¹ While some have questioned this reading of the statistical evidence, the World Bank's own numbers show that between 1987 and 1991, the pattern was echoed in Latin America and the Caribbean. The net transfer of financial resources for Brazil alone reached an astounding \$3.1 billion.²²

The World Bank-IMF-managed drain of resources throughout the 1980s was a key factor in depressing living standards in many parts of the Third World, especially in Africa and Latin America. Africa's GNP per capita fell by an average of 2.2 per cent in that decade, so that by 1990, estimated per capita income in the continent was down to the same level it had been 30 years previously, during the era of independence.

These statistics translate into immense human suffering. A United Nations advisory group reported that throughout the continent, "health systems are collapsing for lack of medicines, schools have no books and universities suffer from a debilitating shortage of library and laboratory facilities."²³ Structural adjustment programs have also promoted massive and rapid environmental damage. In order to gain foreign exchange for mounting interest payments, many countries have been forced to exploit their forests and other natural resources.

Some Latin Americans regard the resource drain as the "worst plunder since Cortez" and call the 1980s the "lost decade," with per capita income in 1990 at virtually the same level as ten years earlier.

Basic sanitation has deteriorated and severe malnutrition is stalking the countryside, paving the way for the return of traditional diseases which were thought to have been banished. Rates for tuberculosis and dengue fever are rising and a severe cholera epidemic is now sweeping through the continent, selectively affecting tens of thousands of poor.

20. United Nations, *World Economic Survey 1991* (New York: United Nations, 1991), p. 68.

21. Bade Onimode, "Critique of Orthodox Structural Adjustment Programmes (SAP's) and Summary of the African Alternative," Paper delivered at the "Conference on People's Economics," Penang, Malaysia, 1991, p. 27.

22. World Bank, *Annual Report 1991*, p. 139.

23. United Nations, *Financing Africa's Recovery: Report and Recommendation of the Advisory Group on Financial Flows for Africa* (New York: United Nations, 1988), p. 17.

"FLIC"

In retrospect, the drastic reversal of Third World economic gains managed by the World Bank and the IMF was, in fact, the second prong of the massive assault that the U.S. mounted against the South in the 1980s. The other — more obvious, but not necessarily more lethal — prong was lightning expeditions and "low-intensity conflicts" against governments in Grenada, Panama, Nicaragua, Angola, and Afghanistan, and against liberation movements like the New People's Army in the Philippines and the FMLN in El Salvador. Susan George has appropriately termed the World Bank-IMF debt management strategy as "financial low-intensity conflict" (FLIC).²⁴

Indeed, the U.S. national security establishment itself is clear about the interrelationship between economic strategies and military force in controlling the Third World. The landmark 1988 public document, "Discriminate Deterrence," sought to reorient the U.S. grand strategy from its previous preoccupation with the Soviet threat to a focus on the "terrorist threat" from the Third World. This Presidential Commission on Integrated Long-Term Strategy asserted,

We...need to think of low-intensity conflict as a form of warfare that is not a problem just for the Department of Defense. In many situations, the United States will need not just DoD personnel and materiel but diplomats and information specialists, agricultural chemists, bankers and economists...and scores of other professionals.²⁵

At one level, FLIC has certainly succeeded. Throughout Latin America, Asia and Africa economies have been brought to their knees. Even those elite sectors which used to be nationalistic in attitude have repudiated national industrialization strategies. There is "no alternative," they have implicitly declared, to structural adjustment.

Even India, long the paragon of protectionist, internal market-driven development, recently capitulated and started adopting policies designed to release market forces, roll back the state from the economy, and expose the Indian workers and industries to the full blast of foreign competition.

Most recently, fresh from disciplining the Third World, the World Bank is gearing up to play a leading role in structurally adjusting capitalism's new frontier — Eastern Europe and the Soviet Union. In 1991, the Soviet Union was granted associate membership status in the IMF. It is soon expected to establish a relationship with the World Bank.

But while the elites have caved in, popular movements and organizations throughout the Third World are constructing and articulating strategies of self-reliant, sustainable development. For these emergent movements, one thing is very clear: the World Bank is an integral part of the system of Northern domination of the South. Abolishing it, not reforming it, must be the Southern agenda. ●

24. Susan George, *A Fate Worse Than Debt* (London: Penguin, 1988), pp. 232-37.

25. *Commission on Integrated Long-Term Strategy, Discriminate Deterrence* (Washington, D.C.: U.S. Government Printing Office, 1988), p. 15.

Population Control as Foreign Policy

Betsy Hartmann

*"[P]olicymakers and strategic planners in this country have little choice in the coming decades but to pay serious attention to population trends, their causes and effects. Already the United States has embarked on an era of constrained resources. It thus becomes more important than ever to do those things that will provide more bang for every buck spent on national security... [Policymakers] must employ all the instruments of statecraft at their disposal (development assistance and population planning every bit as much as new weapons systems)."*¹

— Gregory D. Foster, National Defense University associate dean

After almost 20 years of feminist and progressive opposition, population control remains a dominant element in development strategy and a primary goal of international family planning programs. Indeed, in the 1990s Western policymakers and mainstream media, by focusing on the narrow issue of population, obscure the real causes of poverty, environmental degradation, and the economic and political dislocations of the "New World Order."

The news is not all bad, however. The international women's health movement, in particular, has won important victories with respect to abortion rights, contraceptive safety, and sterilization abuse. The basis for more fundamental change has been laid by incorporating into development strategy an acknowledgment that women must exercise economic and political power within the family and the larger community if they are to have control over their bodies.

Still, despite these gains, women's voices are often suppressed or coopted. At the World Bank, the United Nations,

the U.S. Agency for International Development (USAID) and a host of other public and private agencies — most controlled either directly or through funding mechanisms by the U.S. government — the old population establishment is alive and well. It has incorporated the language of women's rights into its technocratic lexicon, not only because women have fought for that inclusion, but because it is expedient to do so.

By concentrating on gender, the population establishment hopes to bypass the more politically sensitive issues of race and class. In order to reduce population growth, it calls for the education of women, for example, but not for structural changes such as land reform, the redistribution of economic and political power, or the

repudiation of international debt.

At the same time, anti-abortion forces seek to curtail women's access to all forms of birth control except abstinence and to restrict women's social and economic advancement. Both of these powerful interest groups view women's bodies as battlegrounds in their respective wars.

The New Rationale

Like any ideology, population control has evolved over time. In response to the failure of past family planning efforts, a reformist wing has emerged which calls for higher quality care and an expansion of programs to include other aspects of women's reproductive health. While this change is welcome, it is unfortunately not the dominant view. More importantly, it fails to challenge the fundamental assumption of population control policy: that rapid population growth is one of the main causes of underdevelopment in the Third World.

By focusing on the narrow issue of population, policymakers obscure the real causes of poverty, environmental degradation, and the economic and political dislocations of the New World Order.

Betsy Hartmann is Director of the Population and Development Program at Hampshire College. She is the author of *Reproductive Rights and Wrongs: The Global Politics of Population Control and Contraceptive Choice* (New York: Harper and Row, 1987), and co-author with James Boyce of *A Quiet Violence: View from a Bangladesh Village*. This article is an updated and expanded version of a plenary address on "Population Policies and Programs: A Feminist Assessment," delivered at the Sixth International Women and Health Meeting, Manila, November 5, 1990.

1. From Pentagon-commissioned study, quoted in "Global Demographic Trends to the Year 2100: Implications for U.S. Security," *Washington Quarterly*, Spring 1989, and Information Project for Africa, *Population Control and National Security* (Washington, D.C. 1991), p. 54.



Terry Allen

Vendor in El Salvador. In the Third World, poverty is seen by the population establishment as a result of too many children, not of too few jobs and opportunities, or of unequal distribution of resources.

Blaming the Victim

Over the years this assumption has been tailored to the times and rapid population growth blamed for a variety of serious problems: in the 1970s for hunger and poverty; in the 1980s for unemployment and economic crisis; and now in the 1990s for environmental degradation. Today the poor are not only held responsible for their own misery, but for the destruction of the entire planet.

As always, the solution proposed by the population establishment is to devote more resources to population control, mainly in the form of family planning programs. Thus, at a 1989 high-level conference in Amsterdam sponsored by the U.N. Fund for Population Activities (UNFPA), the assembled delegates linked environmental degradation to population growth and called for doubling of international population assistance. They urged governments as well as multilateral institutions such as the World Bank to give increased priority to population programs in their aid allocations. A specific *fertility reduction target* was set for the first time in many years.²

Today in the U.S., mainstream environmental organizations, such as the Sierra Club, National Wildlife Federation, and the Audubon Society, have formed a political alliance with population agencies around the dangers of high birth rates and the need for massive increases in U.S. population assistance. "Because of its pervasive and detrimental impact on global ecological systems, population growth threatens to overwhelm any possible gains made in improving living conditions," reads a "Priority Statement on Population" circulated within the population and environment community.³

These groups ignore or seriously downplay the principal causes of the environmental crisis: dominant economic systems which squander natural and human resources in the drive for short-term profits; and the displacement of peasant farmers and indigenous peoples by agribusiness, timber, mining and energy firms. Ignored also is the role of international lending institutions, war and arms production, and the wasteful consumption patterns of industrialized countries and wealthy elites the world over in creating and exacerbating environmental degradation.

Targeting population growth is not a viable solution. On the contrary, these social, economic, and political problems are a cause and not the effect of rapid population growth. The poverty and insecurity they generate, along with high childhood mortality rates, are among the chief reasons poor people have large families. Until these conditions are alleviated, the poor will not find it in their interest to have fewer children.

Some might argue that whatever the rhetoric or rationale, campaigning for increases in international family planning assistance is a good thing since it expands women's reproductive choices. How the population problem is defined, however, profoundly affects the nature of programs in the field and to a large extent determines whether they help or harm women.

Technocrats and Targets

Persuading Third World governments to embrace population control is an elaborate and expensive process. It involves inviting officials to international conferences and seminars, preparing data and reports which illustrate the negative effects of population growth, arranging strategic "dialogues" with key political figures, and subtle and not so subtle forms of pressure.

The World Bank plays a key role in the formation of population policy by virtue of its leverage over other forms of

2. "The Amsterdam Declaration," *Population and Development Review*, Vol. 16, No. 1, March 1990.

3. Contact addresses: Zero Population Growth and the Humane Society.

development finance. In many countries burdened by massive foreign debt, the Bank and the International Monetary Fund (IMF) insist on structural adjustment as a precondition for awarding foreign aid and loans. Governments must devalue their currency, privatize their industries, open their doors to foreign investment, freeze wages, raise food prices, slash social services and implement Bank-sanctioned population programs. In a candid article about the role of the Bank in shaping population policy, two insiders describe the process in the African nation of Senegal:

The Bank's sector work, based on a sector mission carried out jointly with UNFPA, probably influenced to some degree both government officials (including the president) and regional Bank staff on the importance of population. The population sector work prompted Bank regional staff to talk about population with high-level officials when discussing terms for a structural adjustment loan (SAL). As a result, preparation of a Population Policy Statement became an agreed condition of the release of the third tranche of the SAL.⁴

Another common tool of the persuasion process are RAPID (Resources for the Awareness of Population Impacts on Development) microcomputer models developed by the Futures Group, a Washington, D.C.-based consulting firm under contract to USAID. RAPID country models dramatize the perils of overpopulation with simple graphs, highly selective statistics and elementary Malthusian reasoning.

Implicit in RAPID analysis and prejudicing its conclusions is the assumption that Third World economies must follow a Western-style development model and thus become dependent on external markets and Western technology. A RAPID study of Tanzania, for example, concluded that in order to develop, the country must move away from labor-intensive traditional agriculture to mechanized "scientific and commercial agriculture." Fast rates of population growth and the ensuing "entry of large numbers of new workers into the agricultural sector" hinder that development since "traditional patterns of small holder production with land-intensive and resource-intensive cultivation" are probably "the most feasible means of employing so many additional people."⁵

Today, the international aid community is concentrating its population control efforts in sub-Saharan Africa where, according to the Bank, family planning should be the "cornerstone" of health policy.⁶ USAID's Office of Population, for example, has dramatically increased its aid for Africa, so that

the continent now accounts for more than a third of family planning service delivery funds and half the expenditure of the policy division.⁷ In 1990, USAID allocated an estimated \$80 million for family planning in Africa.⁸

While women in many countries could benefit from expanded access to birth control and abortion, the kind of policies the Bank and other agencies are promoting often have little to do with women's needs. Such interventions can in fact undermine the voluntary nature and safety standards of existing family planning programs. In Botswana, which already has a well-established, effective family planning program within the Ministry of Health, the Bank has pressured the government to set up an independent population control unit to pursue demographic targets.⁹

The overriding imperative of these internationally generated programs is to reduce population growth as fast and "cost-effectively" as possible. Basic health care (including other aspects of reproductive health care), nutritional programs, and other social services are often forced to take a back seat to family planning.

In Nepal, for example, a confidential 1989 Bank report called for a Chinese-type solution to the population problem "although something less than this is probably the best that can be expected." The report asserted that family planning must take priority over other desperately needed Mother and Child Health (MCH) interventions. Indeed, it continued, fertility reduction "must be the single most important objective of Nepal's health and population sectors."¹⁰ There, as in Bangladesh, the Bank has endorsed the government's policy of paying incentives for sterilization. This practice has led to the abuse of poor women and men in both countries.

The Bank and other international agencies want to replicate in Africa what they have done in Asia and parts of Latin America. In addition to skewing the health services toward family planning, they want governments to de-regulate contraceptives, particularly hormonal varieties, and "social market" them through commercial channels in the absence of adequate screening and follow-up care for side effects. USAID's current Social Marketing Project lists as its first function to design and implement new programs in Africa. In Zimbabwe it is financing product-specific mass media advertising for the first time in Africa.¹¹

7. See: USAID Office of Population, *User's Guide to the Office of Population*, and USAID Office of Population, "Family Planning Services Delivery," (Washington, D.C.: U.S. Government Printing Office, 1990).

8. *USAID News*, Bureau for External Affairs #4592L, December 21, 1990.

9. World Bank, *Botswana: Population Sector Review*, Washington, D.C., October 31, 1989.

10. World Bank, *Nepal: Social Sector Strategy Review*, Vol. II, Washington, D.C., April 19, 1989, pp. 70, 134. On sterilization abuse in Nepal, see: Clare Schnurr, "Family Planning or Population Control?" *Shair International Forum*, Hamilton, Ontario, March 1989; and S.R. Schuler, et al., "Barriers to Effective Family Planning in Nepal," *Studies in Family Planning*, Vol. 16, No. 5, 1985. On Bangladesh, see: B. Hartmann and H. Standing, *The Poverty of Population Control: Family Planning and Health Policy in Bangladesh* (London: Bangladesh International Action Group, 1989).

11. See: USAID, *User's Guide to the Office of Population*, op. cit. p. 33, and "Family Planning Services Delivery."

4. Fred T. Sai and Lauren A. Chester, "The Role of the World Bank in Shaping Third World Population Policy," in Godfrey Roberts, ed., *Population Policy: Contemporary Issues* (New York: Praeger, 1990), p. 183.

5. The Futures Group, "The United Republic of Tanzania: Population and Development," Washington, D.C., 1980, p. 45. On the use of RAPID presentations, see: Sai and Chester, op. cit., and Linda Lacey, "The New Generation of African Population Policies," in Roberts, ed., op. cit.

6. World Bank, *Sub-Saharan Africa: From Crisis to Sustainable Growth* (Washington, D.C.: World Bank, 1989), p. 6.

As part of this effort, a sophisticated media outreach effort, "Enter-Educate," is underway. Funded by the U.S. government and managed primarily by Johns Hopkins University, Enter-Educate pays popular national performers, such as King Sunny Ade of Nigeria, to promote family planning, and sometimes specific contraceptives, on radio, television, video and film. Local audiences are often unaware of the funding source. The U.S. also finances networks of broadcasting agencies, such as the Union of National Radio and Television Organizations of Africa.

The population control message of Enter-Educate is often quite explicit. According to *Population Reports*, the U.S.-funded video "A Future for Our Children," produced in Liberia and based on a RAPID computer projection, "uses visual images from everyday life to demonstrate the effects of too many people on already overburdened human services. Scenes show unemployed young people loitering in the streets, a teacher trying to cope with an overcrowded classroom, and people living in cramped housing," but little about elite control of resources. Not surprisingly, "viewers with lower levels of education had more problems understanding the messages."¹²

In Peru, the approach was more direct. A television spot showed rabbits breeding out of control, with the catchy refrain, "Remember the rabbits."¹³

If these methods fail to reduce population growth fast enough, the World Bank is again, as it was in Asia, prepared to condone the use of incentives, whereby access to housing, education, jobs, etc., are made conditional on small family size.

According to a Bank working paper on "Ethical Approaches to Family Planning in Africa," incentives and disincentives "may have a place in family planning programs, but they should never have discriminatory or coercive effects." Then in a dazzling display of contorted logic, the authors state, "By their nature, incentives and disincentives are aimed primarily at the poor, since it is mainly the poor who will be susceptible to them."¹⁴

When feminists level criticism at these population policies, the Bank and others assure them that the policies are all for women's own good. Since family planning is the most effective way to reduce infant and maternal mortality, the population establishment claims, it is acceptable to promote it at the expense of basic health care. A number of studies contradict this assertion, but they appear to go unnoticed.¹⁵

12. "Lights! Camera! Action!: Promoting Family Planning with TV, Video and Film," *Population Reports*, Series J, No. 38, December 1989, p. 21.

13. *Ibid.*, p. 11.

14. F.T. Sai and K. Newman, "Ethical Approaches to Family Planning in Africa," Working Paper, Population and Human Resources Department, World Bank, Washington, D.C., December 1989, p. 11.

15. See: e.g., John Bongaarts, "Does Family Planning Reduce Infant



Meryl Levin/Impact Visuals
N.Y. 1991. Six Norplant contraceptive tubes implanted under the skin for five years.

The danger from hormonal contraceptives and IUDs used without adequate health care back-up is also dismissed. Poor women, many experts argue, are much more likely to die from pregnancy than from contraceptive side effects. This logic penalizes poor women for their poverty, using the absence of decent maternal care, including access to abortion, to make contraceptives look relatively "safe." Problems of contraceptive morbidity—infertility, infection, blood loss, depression—are conveniently swept under the rug. An August 21, 1991 letter from James D. Shelton and Cynthia Calla of the AID Office of Population to Carlos Huezo, of International Planned Parenthood uses this same argument against standard medical screening and follow-up procedures for the pill. "With respect to contraindication," the letter states, "We prefer not to even use the term," since it may have "very negative connotations."

Implanting Risks

The concrete dangers of such a cavalier approach to contraceptive safety are illustrated by the case of Norplant in Indonesia. Developed by the Population Council in New York, Norplant is a progestin implant system inserted under the skin of a woman's arm, which prevents pregnancy for at least five years. Common side effects of Norplant include menstrual irregularity, headaches, nervousness, nausea, acne and weight gain. Both insertion and removal require local anesthesia and medical skill. Ethical use of the drug depends on adequate medical screening and follow-up, and most importantly on access to removal on demand.

Mortality Rates?" *Population and Development Review*, Vol. 13, No. 2, June 1987; and B. Winikoff and M. Sullivan, "Assessing the Role of Family Planning in Reducing Maternal Mortality," *Studies in Family Planning*, Vol. 18, No. 3, May/June 1987.

An internal Population Council report provides chilling evidence of how Norplant has been misused in the Indonesian population program. Nearly a half million women have had Norplant inserted, often without counseling on side effects, alternative contraceptive options, pregnancy screening, or proper sterilization of equipment. Many have not even been told that the implant must be removed after five years to avoid increased risk of life-threatening ectopic pregnancy.

Moreover, removal on demand is not guaranteed, not only because of lack of trained personnel, but more importantly to serve the Indonesian government's demographic objectives. According to the Population Council report, "Recent government policy encourages use of Norplant for the duration of the full five years of effectiveness, which is communicated to the client as a form of commitment..." Or as one Indonesian population official put it, "People are told it has to last five years, they give their word...and rural people don't go back on their word. If they request removal, they are reminded that they gave their word."¹⁶

Coercive use of Norplant is not restricted to the Third World. In California a black single mother charged with child abuse was given the "choice" of using Norplant or being sentenced to four years in prison. Nor is the use of financial incentives to persuade the poor to conform to official policy confined to the Third World. The Kansas and Texas state legislatures have considered bills which would give women on public assistance large cash bonuses if they used the drug.¹⁷ A now infamous editorial in the *Philadelphia Inquirer* entitled "Poverty and Norplant: Can contraception reduce the underclass?" stated "It's very tough to undo the damage of being born into a dysfunctional family. So why not make the effort to reduce the number of children?"¹⁸

Malthusian Eco-Fascism

Some recent theorists have abandoned all moral hesitation in their population strategy. In an article in the prestigious medical journal, *The Lancet*, Dr. Maurice King, a prominent pioneer of community health in Britain, endorses a 1990s variant of triage: try family planning, but if it doesn't work, let the poor die because they are an ecological menace.

*The narrow focus on numbers
obscures the human systems of
exploitation of women by men, poor
by rich, dark-skinned by
light-skinned which have created
those high numbers in the
first place.*

16. Sheila J. Ward, Ieda Poernomo Sigit Sidi, Ruth Simmons, and George Simmons, *Service Delivery Systems and Quality of Care in the Implementation of Norplant in Indonesia*, (New York: Population Council, February 1990), pp. 45, 50-51.

17. Charlotte Allen, "Norplant—Birth Control or Coercion?" *Wall Street Journal*, September 13, 1991, p. 10.

18. *Philadelphia Inquirer*, December 12, 1990; see also: John Alther, "One well-read editorial," *Newsweek*, December 31, 1990, pp. 65-66.

In communities where there is, according to King, unsustainable population pressure on the environment "such de-sustaining measures as oral rehydration [a simple life-saving treatment for diarrheal disease] should not be introduced on a public health scale," he concludes, "since they increase the man-years of human misery, ultimately from starvation...Such a strategy needs a name. Why not call it HSE 2100—Health in a sustainable ecosystem for the year 2100?"¹⁹ MEF—Malthusian Eco-Fascism—seems more appropriate. Reached in Leeds, Dr. King confirmed that his *Lancet* article—presumed by some to have been a parody—was "dead serious."

In much of Africa where AIDS threatens tragic human and demographic consequences, the present emphasis on population control and de-funding of health systems amount to indirect triage—no less morally repugnant than Dr. King's twisted vision.

Some extremist U.S. deep ecologists go so far as to see AIDS as a blessing. According to a letter, from "Miss Ann Thropy" printed under an open letter policy in the *Earth First!* journal, "If radical environmentalists were to invent a disease to bring human population back to ecological sanity, it would probably be something like AIDS...We can see AIDS not as a problem, but a necessary solution (one you probably don't want to try for yourself)."²⁰ This position was disclaimed and actively opposed by almost all *Earth First!* members.

Deepening Crisis

As economic and environmental crises deepen in the years ahead, such extremist views are likely to gain even more currency. Within Western countries they will be reflected in racist backlashes against recent immigrants and communities of color. At the same time, the anti-choice movement will continue to pursue its own extremist agenda, denying women the fundamental right to safe birth control and abortion.

Between these two extremes, mainstream population control may appear reasonable to many. It is not, however, since it is based on false economic and political premises. Its narrow focus on human numbers obscures the human systems of exploitation—of women by men, poor by rich, dark-skinned by light-skinned—which have created those high numbers in the first place.

The ideology of overpopulation continues to reinforce domestic racism and to dovetail nicely with the U.S. foreign policy agenda in the Third World. Population control will never be a substitute for social justice. ●

19. Maurice King, "Health is a sustainable state," *The Lancet*, Vol. 336, No. 8716, September 15, 1990, pp. 666-67.

20. *Earth First! The Radical Environmental Journal*, May 1, 1987.

Does USAID Aid People with AIDS in Africa?

Meredeth Turshen

United States government assistance to Africa to alleviate the spread of AIDS and the suffering it causes seems to have little to do with science, medicine, or public health. The broad agenda of U.S. AIDS policy in Africa is subservient to U.S. political and macroeconomic policy for Third World development.

Rather than funding based on social or medical needs, the U.S. allocates monies to those African nations that cooperate with the U.S. economic and strategic agenda. Those programs which coincide with the U.S. policies of controlling population growth rates and encouraging export-oriented free markets are often funded over those that care for people with AIDS. The money usually flows from the U.S. Agency for International Development (USAID) through U.S.-based private voluntary (PVO) and non-governmental organizations (NGO). Equipment, expertise and research are imported from the U.S. The few scientific issues addressed are limited to specific experiments in those aspects of the control of AIDS that may have applications in the U.S.

IMF and World Bank Set the Stage

U.S. macroeconomic policy on AIDS in Africa is largely implemented through the International Monetary Fund (IMF) and the World Bank. It relies on structural adjustment programs that open Third World economies to U.S. interests and enable them to repay outstanding debts. The consequences of structural adjustments are almost inevitably a critical reduction in social services and public health in general and an undercutting of specific programs that treat and care for individuals with AIDS.

Meredeth Turshen, Ph.D., teaches in the Department of Urban Studies and Community Health at Rutgers University, New Brunswick, N.J. She is on the editorial board of the *Review of African Political Economy*, editor of *Women and Health in Africa* (Trenton: Africa World Press, 1991), and author of *The Politics of Public Health* (Rutgers University Press, 1989) and *The Political Ecology of Disease in Tanzania* (Rutgers University Press, 1984).

Rather than use the AIDS epidemic as an opportunity to redress the underfinancing of African health services, USAID would seem to be exploiting it to pursue its long-desired program goal of population control.

UNICEF has documented the impact of particular elements of these structural adjustment programs on health and health services.¹ Currency devaluation reduces individual and government spending power for health care and for purchases of life-sustaining necessities (food, water, shelter). Export promotion increases workloads, especially those of

Africa's women farmers who perform the bulk of agricultural tasks, which adversely affects their health and that of their children. Import reduction, especially combined with currency devaluation, decreases the flow of medical and pharmaceutical supplies and equipment into the many African countries that do not produce them domestically. The curtailment of government expenditure cuts most deeply into the budgets of health, education, and welfare services.

Further exacerbating an already bad situation, the IMF and the World Bank are encouraging several African governments—Kenya and Ghana, for example—to charge for health services. The financial burden for this change will fall disproportionately on the poor.

The net result of the economic regimen imposed by the World Bank and IMF is a decline in the quality and availability of health care services and in the general level of public health in Africa. In the words of a *Lancet* editorial, there is

mounting evidence of deteriorating welfare conditions—e.g., as measured by infant mortality, nutritional status, and educational enrollment—throughout Africa, [and] the quality of health services overall has deteriorated...²

The Role of USAID

Most U.S. government assistance to programs that address the growing problem of acquired immune deficiency

1. Giovanni Andrea Cornia, Richard Jolly, and Frances Stewart, *Adjustment with a Human Face: Protecting the Vulnerable and Promoting Growth* (Oxford: Clarendon Press, 1987).

2. "Structural Adjustment and Health in Africa," *Lancet*, 1990, Vol. 335, p. 885.

syndrome in Africa goes through USAID. That agency estimates that 2.5 million Africans are currently infected with the human immunodeficiency virus (HIV) and that two to three million adult AIDS cases are expected in sub-Saharan Africa by the year 2000.³ Although there is evidence that challenges these projections,⁴ it is these figures which provide the basis for apportioning U.S. aid.

Approximately half of the more than \$100 million obligated by USAID for global HIV/AIDS control from 1987 to 1989 was specifically for Africa.⁵ In September 1991, USAID announced "a stepped up program...over the next five years..."⁶

USAID's bilateral program provides support for four types of activity: monitoring the incidence and prevalence of HIV and AIDS, increasing AIDS awareness, designing and implementing HIV prevention programs, and applied research on prevention.⁷

Favored Nations

It is not possible to document the proportion of the U.S. allocation actually spent in Africa or used for supplies sent to Africa. Scattered evidence suggests, however, that the proportion is small.⁸

The division of that money among African countries seems to reveal political influence rather than reflect medical necessity. In 1988, the USAID Bureau for Africa began a \$20.7 million, three-year HIV/AIDS prevention project to respond rapidly to governments and USAID missions in the region; of this sum, USAID allocated \$1.2 million to eight PVOs and NGOs for projects in seven African countries.⁹ In 1989, USAID obligated \$11 million to 33 countries for condom supply and promotion; for field trials

of three new rapid blood screening tests (developed privately by DuPont, Abbott, and Fujirebo); and for control, surveillance, education, and research on sexually transmitted diseases (STDs).¹⁰ Four countries—Zaire, Tanzania, Ghana, and the Central African Republic—account for half of the money obligated.¹¹

In 1987, USAID allocated \$15.4 million to a five-year contract with the Washington-based Academy for Educational Development for AIDSCOM, a communication and condom promotion project. To date, AIDSCOM has worked in six African countries—Burundi, Malawi, Rwanda, Tanzania,

Uganda, and Zambia—and its director estimates that about one-third of its budget is directed to Africa.¹²

Approximately \$5.2 million of the \$28 million that USAID allocated to Family Health International for AIDSTECH has so far been obligated to programs in 30 African countries.¹³ Family Health International, headquartered in North Carolina, is a non-profit organization dedicated to delivering family planning services worldwide, and AIDSTECH is its five-year HIV surveillance and screening project. Three countries—Kenya, Cameroon, and Ghana—received half of the money obligated.

Finally, since 1986,

USAID has contributed \$69 million to the World Health Organization (WHO) Global Programme on AIDS.¹⁴ Of the voluntary contributions made to the Global Programme on AIDS in 1988-89, WHO obligated approximately 23 percent to Africa.¹⁵ WHO projects that 30 percent of its small \$1.6 million regular budget for AIDS and 22 percent of the \$205 million special trust fund for the Global Programme on AIDS will be allocated to Africa in 1990-91.¹⁶



Jan Boogaerts/Impact Visuals

3. *USAID, HIV Infection and AIDS: A Report to Congress on the USAID Program for Prevention and Control* (Washington, D.C.: U.S. Agency for International Development), 1990, pp. 7-9.

4. Meredith Turshen, *The Politics of Public Health* (New Brunswick, N.J.: Rutgers University Press, 1989), pp. 220-28.

5. *AIDS & Society: International Research and Policy Bulletin*, 1990, 1(4), p. 19.

6. *USAID Highlights, Fall 1991*, p. 1.

7. *USAID, HIV Infection and AIDS...*, *op. cit.*, p. 16.

8. According to annual reports of select PVOs and NGOs receiving aid from USAID, most money is spent on overhead, including staff salaries in the U.S.

9. *USAID, HIV Infection and AIDS...*, *op. cit.*, p. 32.

10. *Ibid.*, pp. 40, 45, 62.

11. *Ibid.*, p. 62.

12. Glen Margo, personal communication, October 19, 1990.

13. AIDSTECH/Family Health International, 1990, *Semi-Annual Report*, October 1, 1989-March 31, 1990, Durham, N.C.

14. USAID, *Building Partnerships to Stop AIDS*, (Washington, D.C.: U.S. Agency for International Development).

15. *Proposed Programme Budget For the Financial Period 1990-1991* (Geneva: World Health Organization, 1988), p. 331.

16. *Ibid.*

These amounts should be read against the reported distribution of AIDS cases worldwide. In 1991, WHO recorded 359,272 cases as of May 1, 1991, almost half (171,876) in the United States and one-quarter (91,146) in 51 African countries.¹⁷ The proportion of aid earmarked for Africa seems consistent with the extent of the problem. The specific countries targeted for priority assistance are, however, typically either U.S. political allies such as Kenya and Zaire, or IMF "models" such as Ghana. Cameroon, which has reported only 243 cases of AIDS to WHO in 1991, is the country of origin of G.L. Monekosso, the WHO Regional Director for Africa.¹⁸ These four countries accounted for 38 percent of all funds allocated in Africa for AIDS research even though they account for 24 percent of all AIDS cases reported in Africa to date. Even putting aside politically influenced decisions on which countries get the bulk of the funding, the type of assistance itself seems inconsistent with the known health problems associated with AIDS and does not take account of deteriorating health services in Africa.

Project Aid

The example of Zaire in 1989—where the U.S. obligated \$2,089,975 through USAID—is informative. Projects included financing rural field trials by the Program for Appropriate Technology in Health of the new rapid blood screening tests. That the tests use pooled blood rather than individual samples is a clear indication that those infected by HIV are not the prime concern. Money also went to promote private sector marketing of condoms and to fund a mass media project to be carried out by Population Services International. This U.S.-based PVO is creating a marketing structure to sell condoms donated by USAID at a subsidized price through existing commercial outlets. Also included in the Zairian program was the creation of an AIDS epidemiology training course to be set up by the U.S. National Institutes of Health and Tulane Medical Center at the University of Zaire School of Public Health.

Several points can be made about this example (and many other projects could be described). First, USAID is channeling funds through U.S.-based nonprofit and voluntary organizations, rather than aiding governments directly. The disbursement of funds through U.S. agencies probably reflects the Reagan and Bush administrations' preference for non-governmental avenues of charitable assistance, as well as the adage "charity begins at home." It may also be a strategy to circumvent government corruption, which is perceived to be widespread in Africa. Ultimately, the NGO-PVO strategy gives

the U.S. government more control. The U.S. not only disburses the money itself, instead of giving it to the African governments to spend, but U.S. researchers repatriate any research findings directly to the U.S. This strategy undermines central planning, and substitutes a multitude of competing mini-projects.

Second, USAID is giving little assistance to African health services beyond the training of some health workers—training that is often single-purpose. Laboratory technicians, for example, are trained to recognize sexually transmitted diseases (STD) only, despite the plethora of AIDS-associated opportunistic infections that need diagnosis and treatment. USAID also appears to favor a vertical approach to AIDS control through family planning programs and STD clinics, over the integration of AIDS prevention and treatment into basic health services. Again, this program points to an approach in which prevention is replacing rather than complementing

treatment of persons with AIDS. Also missing from these programs is the reality that AIDS is a family disease, affecting the health of all family members.

Third, the assistance to STD surveillance is part of the evaluation of intervention projects rather than a component of treatment or cure of disease. "Targeted STD surveillance ...can serve as a proxy for changes in HIV incidence, since few if any projects will be able to demonstrate a direct effect on HIV transmission."¹⁹ The outcome of aid to fund HIV surveillance—aside from purchases of the new commercial tests—seems to be recommendations that blood

transfusions be reduced to a minimum. Evidently there is little confidence that blood supplies can be made safe. What is needed is research on sources of blood supplies in Africa and on ways to protect people from contaminated blood.

Fourth, having decided that "intravenous drug use plays only a minimal role in HIV transmission" in Africa, USAID says little about the African experience of AIDS transmission through contaminated needles and syringes. Unlike the U.S. example, infection often occurs in medical settings, not on the streets. There, because of economic considerations, disposable needles, which were first introduced in Africa in the 1970s, are systematically reused.²⁰ USAID's response is not, in prevailing conditions of scarcity, to supply conventional reusable syringes, autoclaves in which to sterilize them, and training to ensure that the equipment is used and repaired properly. Rather the agency supports research on a pre-

USAID ignores the argument that high birth rates are a response to, not a cause of poverty, and that population control efforts divert attention from economic and social development programs.

17. WHO, 1991, *Weekly Epidemiological Record*, 66 (18), p. 124.

18. *Ibid.*

19. "AIDSTECH/Family Health International," *op. cit.*, p. 18.

20. Francois Vachon, J. P. Coulaud, and C. Katlama, "Epidémiologie actuelle du syndrome d'immunodéficit acquis en dehors des groupes à risque," *La Presse Médicale*, Volume 14, Number 38, 1985, pp. 1949-50.

filled, non-reusable injection device that holds a single dose of vaccine or medication.²¹ Scarce foreign exchange will be diverted to import these devices.

Population Control

Underlying this U.S. strategy toward AIDS is the long range agenda of reducing population growth rates throughout the Third World. Rather than use the AIDS epidemic as an opportunity to redress the underfinancing of African health services, USAID would seem to be exploiting it to pursue its long-desired program goal of population control. USAID — along with the population control NGOs and family planning PVOs which it funds — maintains that high rates of population growth in Africa are the cause of recurrent famines, continuing poverty, and general failure of the continent to “develop.”

As an institution, USAID ignores the argument that high birth rates are a response to, not a cause of poverty, and that population control efforts divert attention from economic and social development programs. Zimbabwe, for example, has a high average annual population growth of 3.5 percent. Environmental stress there, however, comes not from too many people or cattle, but from too little land in the African communal areas and too much in the European-controlled large-farm sector.

Nor does USAID expect that AIDS will have a substantial impact on population growth. Although the agency projects a 30 to 50 percent increase in child mortality as a result of the epidemic, it expects the population growth rate to decline by only one percent, because total fertility is so high in Africa.²²

Diagnosis Determines Treatment

USAID insists that AIDS in Africa is a sexually transmitted disease, that in Africa it is transmitted between heterosexuals rather than homosexuals, and that condom use is the only prevention against HIV transmission. Of course condoms also prevent conception. USAID concludes, “Not only is this not the time to diminish family planning efforts, but instead such efforts could be redoubled...”²³

The emphasis is on prevention — of a very particular type. On the premise that “personal behavior accounts for close to 85 percent of HIV transmission,” USAID “gives priority to

supporting interventions that seek to motivate individuals engaging in high-risk behavior to modify that behavior.”²⁴

The main prevention strategy is persuading sexually active adults to use condoms. USAID purchased 850 million condoms in 1989 and distributed 165 million of them in Africa.²⁵ In one program funded by USAID, through the PVO African Medical Research Foundation, a local bar owner who calls himself “Bwana Condom” hands out 20,000 condoms a month at a Tanzanian truck stop.²⁶

Although Thomas Quinn, senior investigator at the Johns Hopkins Hospital laboratory of immunology, claims that condoms confer good protection against HIV infection,²⁷ there are few data on efficacy in natural as opposed to laboratory settings.²⁸ The rubber from which they are made is biodegradable and affected by tropical heat. Nor is condom use always a highly effective protection strategy where the prevalence of HIV infection is high among potential partners, as it is in some African cities.²⁹ Fineberg found that for one thousand acts of anal intercourse, full-time condom use cuts the cumulative risk of infection by only 36 percent.

The distribution of condoms remains a moderately effective way of reducing the risk of HIV infection. It is not, however, a substitute for a broad-based program of public health. Nor is the confusion of population control goals with disease control objectives useful to African public health officials who face criticism from groups sensitive to sexist and racist biases in public policy.

An examination of the content and consequences of U.S. AIDS policy in Africa — as administered by the Agency

for International Development — reveals that carefully defined economic and population control goals, rather than public health needs are being served. There was a period in the 1970s when family planning programs were supposed to be integrated into maternal and child health care. More often, however, health care funds were diverted into population control projects and basic health services suffered. These services are desperately needed in the AIDS crisis, but once again funds are going to birth control. The evidence strongly suggests that USAID serves the foreign policy agenda of the U.S. rather than the human or even economic needs of Africa and Africans.

**The U.S. not only
disburses the
money itself, but
U.S. researchers
repatriate any
research findings
directly to the U.S.**

21. *HIV Infection and AIDS: A Report to Congress on the USAID Program for Prevention and Control* (Washington, D.C.: U.S. Agency for International Development, 1990), p. 40.

22. Jeffrey R. Harris (AID AIDS chief), Statement to Thirty-third Annual Meeting of the African Studies Association, Baltimore, “Panel on AIDS: Current State of the Epidemic and Treatments,” November 3, 1990.

23. G. Merritt, W. Lyerly, and J. Thomas, “The HIV/AIDS Pandemic in Africa: Issues of Donor Strategy,” in *AIDS in Africa: The Social and Policy Impact*, N. Miller and R. C. Rockwell, eds. (Lewiston, N.Y.: The Edwin Mellen Press, 1988), p. 128.

24. “USAID 1990 HIV Infection and AIDS...,” *op. cit.*, p. 32.

25. Harris, *op. cit.*

26. USAID *Highlights*, *op. cit.*, p. 1.

27. Thomas Quinn, Statement to Thirty-third Annual Meeting of the African Studies Association, Baltimore, “Panel on AIDS: Current State of the Epidemic and Treatments,” November, 3, 1990.

28. Charles F. Turner, Heather G. Miller, and Lincoln E. Moses, eds, *AIDS: Sexual Behavior and Intravenous Drug Use* (Washington, D.C.: National Academy Press, 1989), p. 133.

29. H.V. Fineberg, “Education to Prevent AIDS: Prospects and Obstacles,” *Science*, Number 239, 1988, pp. 592-96.

Peace Corps and Empire

Charley MacMartin

At first glance, the Peace Corps is the ultimate "good-cop" institution of U.S. foreign policy, "fostering the spirit of freedom and opportunity."¹ When President John F. Kennedy launched it exactly 30 years ago, he declared its mission to inspire the nation's youth to join in a new era of international relations. This generation, Kennedy remarked, "has seen enough of warmongers; let our great role in history be that of peacemakers."² The U.S. turned its best face toward the world, deploying well-meaning young volunteers for two or more years to improve conditions for the poor and disadvantaged in underdeveloped parts of the world. This, at least, was the sought-after image.

As the Cold War faded, this same image and mission, along with resources and personnel to support them, are being zealously applied to Eastern Europe. In the 1990s, the Peace Corps is de-emphasizing the Third World where agricultural and health programs had formed the backbone of its agenda. The newly dispatched missions to the Czech and Slovak Federal Republic, Poland and Hungary target a new entrepreneurial class and teach its prospective members the English language, business skills, and the ideological framework they will need to assume a place in the (brave) New World Order.

Idealism Meets Reality

This change in emphasis is a natural extension of the programs of the early 1960s. Then, much of the country and media were dazzled by the Kennedy vision—as embodied in the "Peace" Corps—of the U.S. as a benevolent superpower. Peace Corps volunteers (PCVs) increased from 124 the first year to over 15,000 by 1967. In the same time period, congressional

appropriations quadrupled. As the late 1960s wore on, the dream appeared to dim. Volunteers returned disillusioned. By 1968, 55 percent quit before finishing their two-year tours and the dropout rate remained well above 40 percent through the mid-1970s.³

Volunteers who completed their tours of duty were little happier—often reporting frustration and confusion over what they were supposed to accomplish. Some who have spoken out described a complicated pattern within the Peace Corps of paternalism, neglect and violence against women, as well as an institutional agenda quite different from the one which inspired them to enlist.

As the growing dissent and resistance to the war against Vietnam matured into a general critique of U.S. foreign policy, volunteers were reprimanded for speaking out against the war. In June 1967, the Peace Corps fired a PCV in Chile for publicly opposing the Vietnam War. "We have

been ordered to support the war," wrote five volunteers in Ecuador to the *New York Times*, "at least with our silence."⁴

The War Corps

While some volunteers may have had doubts about their role, the U.S. government did not. The "Pentagon Papers" which Daniel Ellsberg leaked in 1971 are unequivocal about the intended function of the Corps. In Vietnam, "teams" were designed to "develop agricultural pilot-projects throughout the country, with a view toward exploiting their beneficial psychological effects." The Peace Corps program was carefully positioned as part of a broader war strategy of covert operations, military deployment and "public information" campaigns.⁵

The Vietnam experience provides a useful model. There, the Peace Corps was not being singled out for manipulative use but was incorporated into a "program of action" which included the U.S. Information Service (USIS), U.S. Agency for International Development (USAID) and less publicly ac-

Our type of development work... [and that of] the World Bank and AID are... a valuable source of real aid to U.S. foreign policy. —ex-Peace Corps Director Loret Ruppe

Charley MacMartin is a graduate student in history at Columbia University. His articles have appeared in the *Texas Observer*, *Lies of Our Times* and the *Guardian*. Information comes from congressional documents, presidential Executive Orders and from interviews with returned Peace Corps volunteers who served in Honduras, Ecuador, and the Philippines under Reagan and Bush. Olga Komons contributed to this article.

1. Ronald Reagan, February 20, 1986, *Public Papers of the Presidents*.

2. The first mention by Kennedy of an organization like the Peace Corps came during his presidential campaign. On October 14, 1960, when standing on the steps of the University of Michigan student union, he challenged students to be part of a better world through service to others around the world.

3. See: House of Representatives (House) document H381-88, April 26, 1988, "Overview of Peace Corps Programs and Activities and Review of HR2632," for complete figures on PCV early terminations.

4. Chile and Ecuador incidents are reported in Gerald D. Berreman, "The Peace Corps: A Dream Betrayed," *The Nation*, February 26, 1968, p. 266.

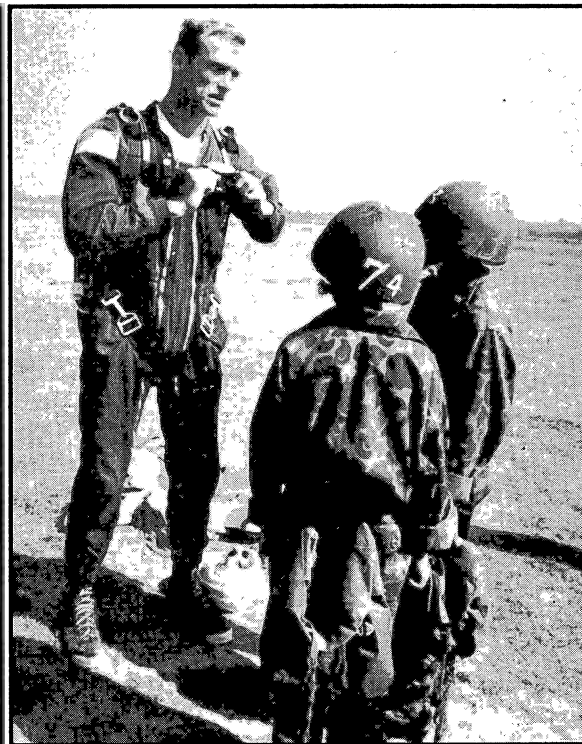
5. Document 98, *The Pentagon Papers* (The Senator Gravel Edition, Boston: Beacon Press), 1972, Vol. 2, p. 640.

The two faces of U.S. training in Honduras.

Left: Peace Corps volunteer in classroom.

Right: Green Berets conduct training sessions including 20 children under 16 years old and 3 children under 13 years old.

Photos: (l.) Peace Corps/
Bob McNeeley; (r.) Mario
Ruiz/Newsweek



knowledgeable teams. National Security Action Memorandum No. 132—signed by Kennedy on February 12, 1962 and sent to CIA, USAID and Peace Corps directors—instructed those agencies to “give utmost attention and emphasis to programs designed to counter Communist indirect aggression [through] ...support of local police forces for internal security and counter-insurgency purposes.”⁶

Reagan Years: The Myth of Autonomy

The emphasis on propaganda and psychological warfare in the “Pentagon Papers” was echoed over a decade later in President Reagan’s support for Peace Corps volunteers as “American Ambassadors of friendship and goodwill.”⁷

Loret Miller Ruppe, a woman with a keen eye for public relations, was Peace Corps director for both of Reagan’s terms. Her first change was separating the Peace Corps from ACTION (its umbrella group), VISTA (a domestic service corps), and other government volunteer programs with which it had been incorporated since 1971. The association with ACTION had been strongly criticized by PCVs and Democratic Party congresspeople for whom Kennedy’s dream still aroused a teary-eyed defense of the Peace Corps.⁸

Criticism of the ACTION link was two-pronged. First, the necessarily larger bureaucracy stifled Peace Corps efficacy. More importantly, however, critics claimed that such close association cast a shadow over the Peace Corps’ autonomous image. Although Ruppe emphasized that there was “no policy

connection” with ACTION, the 1981 appointment by Reagan of former Army intelligence officer, Thomas Pauken as the new director of ACTION, prompted Ruppe to back a Congressional bill to sever Peace Corps ties with its parent organization.⁹

Patterns of Complicity

Not surprisingly, the 1983 separation from ACTION did not alter the Peace Corps’ policy of active cooperation with U.S. intervention. In a 1981 interview, Ruppe had set the framework for her tenure with an uncharacteristically frank description of the Peace Corps as an arm of U.S. foreign policy. “I think we are going to prove that our type of development work,” she said, “and the type of development work that the World Bank and AID are doing are...a valuable source of real aid to U.S. foreign policy.”¹⁰

After the invasion of Grenada in 1983, Reagan called upon the newly “independent” Peace Corps to send volunteers to the empire’s latest real estate acquisition. Ruppe initially demurred, perhaps fearing that such a move would be a publicity disaster. She eventually relented and by the end of 1984,

6. “National Security Action Memorandum No. 132,” in *The Pentagon Papers*, Vol. 2, pp. 666-67.

7. Ronald Reagan, quoted by Ruppe in House document H381-88 (April 26, 1988).

8. For example see: comments of Rep. Don Bonker (D-Wash.), Karen Schwarz, “What You Can Do For Your Country” (New York: Morrow, 1991), p. 185.

9. Loret Miller Ruppe, first part of interview on WRC-AM radio in Washington, D.C., June 9, 1981. The evidence appears convincing that Ruppe was unequivocally supportive of both the ideology and objectives of Reagan administration foreign policy. For a treatment which suggests that Ruppe was more ambivalent, see: Schwarz, *op. cit.*, especially pp. 198-210.

Regarding Pauken, see: correspondence between Sen. Alan Cranston (D-Calif.) and Ruppe, March 18 and 30, 1981. Campaigning for Pauken, Ruppe defended a dispensation for ACTION from the prohibition of former intelligence operatives on the questionable grounds that “most domestic positions had no relationship to the Peace Corps mission.” Cranston, unconvinced, voted against Pauken, who was eventually confirmed.

10. Loret Miller Ruppe, second part of interview on WRC-AM radio in Washington, D.C., July 15, 1981.

Grenada was home to 17 PCVs with 18 more slated for 1985-86. With a population of just over 100,000, that made Grenada one of the most heavily PCV-flooded countries.¹¹

The move into Grenada was part of a pattern: The Peace Corps consistently poured volunteers into regional hot-spots in direct proportion to U.S. military presence. In 1985, for example, the Philippines, home to the largest U.S. military bases outside U.S. borders, also ranked first in number of PCVs with 399. Following close behind that same year with 379 was Honduras, a country-turned-military base in the U.S. war against Nicaragua.¹²

As Reagan's bloody first four years spilled into a second term, the Peace Corps mission converged neatly with Reagan foreign policy in Central America. Between 1985 and 1988, PCV presence in Central America increased fifty percent. Guatemala's Peace Corps mission grew to be the world's fourth largest at 219 and Costa Rica's the ninth largest. Honduras pushed past the 400 mark and became home to more PCVs than any other single country in Latin America.¹³

Neither Congress nor the media seemed particularly concerned with this correlation between military objectives and Peace Corps presence. When Ruppe appeared before Congress in 1988 she was applauded for her "vision and practice" and praised for her ability to garner "support from members of Congress on both sides of the aisle."

From 1983 to 1988, Congress had expressed its approval tangibly. Appropriations for the Corps rose, in both real and nominal dollar amounts, for the first time since the Nixon administration.

Violence Against Women

Ruppe handled Congress skillfully, selecting her information and sweeping unfavorable facts under the rug. When more than a dozen women volunteers in Honduras were raped or threatened with sexual assault in 1987, the Peace Corps, horrified at the publicity implications, attempted to quiet the situation. Kathryn Bert, who was raped in the first town to which she was assigned in Honduras, was told "violence against women never happens here."¹⁴ Although reports were filed in Bert's case as well as in rape cases which had occurred before Ruppe's 1988 Congressional testimony, the Director avoided mention of any incidents. She assured the representatives



Loret Ruppe pins Peace Corps button on President Reagan.

that if any threat is made, "it's thoroughly investigated."

When combined with USAID population control schemes, Peace Corps programs for Third World women bordered on misogyny. The Bolivian government expelled the Peace Corps for its alleged activities in sterilizing peasant women without their knowledge. The Peruvian government expelled the Peace Corps for similar reasons in 1974.¹⁵

The Peace Corps now claims to have improved its

programs, including a Women in Development Initiative, to enhance PCV marketability to countries sensitized to the complexity of actual development. Some countries are not convinced. Burkina Faso requested in 1988 that Peace Corps volunteers no longer come to its communities, preferring to avoid the entangling politics of a U.S. presence.¹⁶

The Myth of Development

Much of Ruppe's success with Congress stemmed from her ability to sell the Peace Corps as a serious development organization. In her 1988 testimony before the House of Representatives, she outlined its "accomplishments." Over one hundred Costa Rican farmers had been converted to non-traditional crops "to reduce dependency on traditional export crops such as bananas and coffee." PCVs had created four thousand new rural jobs in the Dominican Republic. And in Honduras, a single PCV had initiated fifth and sixth grade curricula in dozens of rural communities.¹⁷

On the ground, though, PCVs complained that the Peace Corps leadership's fetish for quantifying achievement was leaving projects broadly scattered but with shallow roots. As soon as those individuals responsible for their initiation departed, volunteers explain, their programs dried up.

Appearance and reality contrasted most glaringly in Honduras. One PCV stationed there from 1987 to 1989 explained that by and large, two fundamental components for solid development work were missing: adequate language training and organizational infrastructure. "Not only couldn't the new volunteers speak either Spanish or Garifuna, but nor could the Honduras [Peace Corps country] director, Peter Stevens."¹⁸

Others wondered whether development was the objective at all. "Clearly we were spread throughout the countryside for political reasons," says Cynthia Lawrence, a PCV in Honduras. "Whatever we accomplished was in spite of the Peace Corps, not because of it."¹⁹

11. U.S. Peace Corps Congressional Presentation, FY 1986.

12. Statistics on the Philippines and Honduras for 1985 from "Ten Countries with the Largest Peace Corps Programs, 1985," Peace Corps, Volunteer and Staff Payroll Services Branch.

13. Figures on PCV presence in Central America from House document H381-88, *op. cit.*, and Schwarz, *op. cit.*, p. 230.

14. The latest attack for which there is information was in 1990, when a PCV was gang-raped by four Honduran soldiers. See: Schwarz, *op. cit.*, p. 233.

15. See: Audrey Bronstein, *Triple Struggle* (Boston: South End Press, 1982).

16. House document H381-88, *op. cit.*

17. *Ibid.*

18. Mary Powers (Honduras, 1987-89), interview, September 25, 1991.

19. Cynthia Lawrence (Honduras, 1987-89), interview, September 18, 1991.

The Peace Corps went to great and sometimes absurd lengths to promote the fiction that its work and agenda were apolitical. But, like the government employees they actually were, the "volunteers" were expected loyally to toe the U.S. line. Overstepping that sometimes explicit, sometimes unspoken, line brought official censure. One trainee was thrown out of the organization after he visited an off-limits Salvadoran refugee camp in Honduras.²⁰ Another was screamed at by a "livid, totally out of control, purple-with-rage" Peter Stevens after she dared to write her Congressperson that "Honduras needs jobs, education [and] health care...not military aid."²¹ Kathryn Bert reported being harassed by the Peace Corps because she had been arrested for protesting at the Nevada atomic test site before becoming a volunteer. "They made me sign a letter pledging I would not get involved in politics while in Honduras," she said.²²

Intelligence Links

A far more serious issue was how closely the agenda of the Peace Corps was linked to that of intelligence agencies like the CIA. PCVs were at times required to collect and pass on information which, in the context of death squad politics, could result in the killing of the people whom they were supposed to assist.

Sam Brown, head of ACTION during the Carter administration, stated in 1977 that the CIA had "assured" him that it had not used the Peace Corps for cover since 1975. (Emphasis added.) This bare-bones pledge was given under pressure from the Church Committee investigating Intelligence agencies. It was the first official acknowledgment that the CIA had in fact used the Peace Corps.²³

Since Peace Corps volunteers worked closely with the people, volunteers often had information that could be valuable to intelligence agencies. In Honduras, one couple came under heavy pressure to turn over names of "the communists" after their language classes became a vehicle for genuine community organizing. In September 1987, Sara Bicchieri and her husband Marco began their stint with the Peace Corps teaching special education in northern Honduras. Hardly naive to U.S. intentions in the region, the Bicchieris

still hoped, as Marco says, "to train some teachers and to help people, as the Peace Corps says, help themselves."²⁴

"It was clear," the Bicchieris explain, "that the teachers [we trained] were interested not only in teaching skills but also addressing the real reasons their students could not learn: hunger and the fact that young people have to work."

Word of these discussions reached Peace Corps higher-ups and the Bicchieris were hauled up before the Peace Corps deputy director for Honduras, Michael Jenkins, and sector boss, Ana Rosa de Ortiz.

"Ana Rosa was pissed," Marco recalls. "She referred to whoever would raise such issues as 'malcreados and delinquentes' [troublemakers and delinquents]. Then she glared at us and said, 'I know there were communist agitators and I want the names.'"

The Bicchieris said nothing, and it was clear their days were numbered in the Peace Corps. They cut their tour of duty short, departing Honduras shortly after the confrontation with Jenkins and de Ortiz in April 1989. "It was difficult to leave the teachers we were working with. Good work was taking place, but our Honduran friends supported us in why we had to leave. They understood."

The myths of autonomy and development ran together in an elaborate, U.S.-sponsored scheme which was not only an insult to Hondurans but dangerous for those whose names were passed along. The U.S. desperately needed a good image in Honduras, and the Peace Corps was there to provide it. The primary objective was to avoid, in Ruppe's words, "bad public awareness or controversy."²⁵ If a development project was actually successful, all the better for the image.

Bush and Eastern Europe

With the Bush administration, Paul D. Coverdell took the Peace Corps helm. Coverdell, a Georgia businessman, former state senator and chair of the Georgia Republican Party,²⁶ promises to dress the Peace Corps for success in the "free-enterprise" 1990s.

The Peace Corps is now a conspicuous part of public statements on U.S. plans for Eastern Europe. Bush set the tone in a Rose Garden reception for the first groups traveling to Poland in June 1990 when he praised the volunteers for teaching English, "the language of commerce and understanding."²⁷

Coverdell also saw the "opening up of Eastern Europe" as a great opportunity. "It is as if," he said, "the Peace Corps has

[G]ive utmost attention and emphasis to programs designed to counter Communist indirect aggression [through]...support of local police forces for internal security and counter-insurgency purposes. J.F.K. policy document

20. Anonymous former PCV (Honduras, 1983), interview, February 2, 1991.

21. Mary Shoemaker (Honduras, 1982-86), quoted in Schwarz, *op. cit.*, pp. 240-41.

22. Kathryn Bert (Honduras, 1987-89), interview, September 26, 1991.

23. *CAIB*, Number 13 (July-August 1981), p. 53. In March 1972, despite an official prohibition on hiring intelligence personnel, William H. Crosson, Jr. was named Peace Corps Country Director in Zaire. When news that he was a 30 year U.S. Army man and senior counterintelligence officer leaked out, he was recalled to Washington by Director Sam Brown. ("Crosson Intelligence Connections Disclosed," *Southern Africa*, April 1977, p. 12.)

24. Sara and Marco Bicchieri (Honduras, 1987-89), interviewed by author, September 30, 1991.

25. Loret Miller Ruppe, quoted in Schwarz, *op. cit.*, p. 231.

26. For further background, including Coverdell's military service, see: *Public Papers of the Presidents*, George Bush, Vol. 1, p. 18; *New York Times*, January 19, 1989, p. II:9; and *New York Times*, April 30, 1990, p. A8.

27. Bush commended the PCVs for their commitment: "...your invest-

been in training for this historical moment."²⁸ "From Moscow to Managua," Coverdell proclaimed, "communism is out; democracy and free enterprise are in."²⁹

Coverdell was as solidly pro-business³⁰ as his predecessor, Loret Miller Ruppe, now ambassador to Norway. When he decided to run for the U.S. Senate in 1992, Coverdell left the Peace Corps. Elaine L. Chao was confirmed by the U.S. Senate on October 8, 1991 to replace him. Chao also has corporate ties and political connections. She worked with Citicorp, Gulf Oil, BankAmerica and served on Reagan's policy staff in 1983 and 1984. Under Bush, she was deputy secretary of transportation.

Before leaving the Peace Corps, Coverdell outlined the Citizens Democracy Corps (CDC), a U.S. government organization "which will serve as a clearing house for potential investors in Eastern Europe."³¹ It is only one of an array of "good" institutions of U.S. foreign policy designed to mine opportunities in Eastern Europe. The Polish-American Enterprise Fund, the Trade and Development Program, and the old stand-by, food aid, will lay the groundwork for U.S. corporate and foreign policy interests.

The expanding role of the Peace Corps in Eastern Europe, which Chao is expected to push, is backed by increased appropriations for Fiscal Years 1992 and 1993. The House has recommended \$200 million, and the Senate \$207 mil-

lion. ³² With this kind of support, the Peace Corps may well reach its long-desired 10,000 volunteer goal by 1997.

Sixty PCVs each are now in Poland and Hungary for a 1990-92 tour. Czechoslovakia was the third country in the region to receive volunteers and missions to Yugoslavia, Germany and Bulgaria are in the works.

Previous Peace Corps forays into the world of free enterprise offer insight on what to expect from Chao's plans for Eastern Europe. Two of Ruppe's initiatives, the African Food System Initiative (AFSI) and the Small Enterprise Development program, or SED, resulted in more damage than help for the communities on which they were imposed. By stressing export agriculture and production, however, they did successfully mesh with U.S. economic objectives. The irony of the current attempts "to help" is not lost upon the PCVs who are supposed to carry out the aid. Some of the volunteers bound for Poland described Bush's Rose Garden speech as "paternalistic" and "arrogant."³³

At best, the Peace Corps stands as a compromised institution, inextricably linked to larger objectives of U.S. foreign policy. At worst, the Corps' malevolent disruption of autonomous Third World development to serve the First World agenda condemns the 30 year old organization. Navigating between these two poles, individual Peace Corps volunteers as well as communities in the "targeted countries" have attempted to make the most of what resources do trickle down. The renewed and confirmed politicization of the Peace Corps by the Bush administration serves as a warning that a watchful eye must be kept on the Corps and other "good guys" of U.S. foreign policy.

32. U.S. Senate document S383-5, July 2, 1991. Section 653 of the Senate's version includes a suggestive line item: \$7 million for FY 1992 and 1993 should be used to finance "cooperative economic projects" among the United States, Eastern Europe and Israel. Although Israeli cooperation with U.S. foreign policy in other Peace Corps client countries, such as Guatemala, is well-documented, U.S. collaboration with Israel on Eastern Europe development programs seems to be new.

33. For fuller treatment of AFSI, see Schwarz, *op. cit.*, Chapter 14. PCV quoted in Schwarz, *op. cit.*, pp. 275-76.



Peace Corps/Paul Conklin

One of the first Peace Corps volunteers in Hungary teaches English, the language of commerce and understanding, in a Budapest suburb.

ment is America's investment in the consolidation of democracy and independence in central and eastern Europe." Cf. *Public Papers of the Presidents*, George Bush, Vol. 2.

28. Paul D. Coverdell, testimony before House National Security Subcommittee, House document H401-31 (May 22, 1990).

29. Paul D. Coverdell, cover letter, "U.S. Peace Corps Congressional Presentation, FY92." In his first days, Coverdell suggested that the official name, "Peace Corps," be reworded "The United States Peace Corps," explaining, "I do not believe we should hide the name of the country that has sponsored the wonderful things we have done around the world."

30. Cathy Barbano, a PCV in the Dominican Republic from 1981-83 described Ruppe as a "staunch ally of big business." See: Cathy Barbano, "Rotten at the Corps," *Links*, Journal of the National Central America Health Rights Network, Vol. 5, No. 4 (Winter 1988-89), p. 8.

31. Paul D. Coverdell, in House document H401-31 (May 22, 1990).

USIA: Propaganda As Public Diplomacy

Robin Andersen

The way the former Director of the United States Information Agency (USIA), Charles Z. Wick, chose to explain his agency's project was: "We are telling the world about the meaning of freedom."¹ And a USIA videotape produced in the early 1980s for the benefit of Congress (to be used for promotion during budget hearings) referred to the agency's mission this way: "President Dwight D. Eisenhower...believed that America's message of freedom and opportunity could win the war of ideas, and help prevent war among nations."²

Even though the USIA has been portrayed as a beacon of light "to a world hungry for truth, and anxious for freedom," in fact the agency's *raison d'être*, from its inception, was much less noble. According to international communications scholar Laurien Alexandre, "the USIA was part of a massive media counterthrust against the 'Red Menace'...from the Russian Revolution through the Cold War to the Reagan Doctrine."³ In fact, she asserts that the historical anticommunism used to justify international information policy was never intended to bring truth to those locked behind the iron (and later sugar-cane) curtain. Rather, it served

to undermine socialist and resistance movements, to alter political perceptions and to create an acquiescent public...International communication and public relations packaging have historically been marshalled in this campaign of ideologically inspired misrepresentations, lies and distortions designed to contain, rollback and defeat the movement of peoples challenging U.S. economic, political and cultural hegemony.⁴

Postwar Propaganda

The USIA was established after World War II in the virulent anticommunist, anti-Soviet atmosphere of the times. It developed as a consequence of President Truman's "Campaign Truth." In order to "combat communist distortions"

and "promote the truth about America," \$121 million was appropriated in 1950 to build an aggressive U.S. propaganda apparatus.⁵ Various information programs were developed at the Department of State, and in 1953 these programs, together with the existing broadcast service, the Voice of America (VOA—established in 1942) were consolidated under the USIA. The agency, and its flagship service, the VOA, have been the U.S. government's external voice of anticommunism since that time.

The break-up of the domestic Cold War consensus caused by the war in Southeast Asia had repercussions for USIA. Without the clarity of the Cold War mission, USIA suffered budgetary cutbacks, demoralization and general disarray. The agency's identity crisis was felt most dramatically in VOA's news departments. Some editors and reporters felt they were professionals committed to "objectivity," others accepted their new role as pro-detente diplomats, while an older generation still carried on as cold warriors.

During this period the VOA was revamped. Its new charter, signed into law in 1976 by President Ford reads "VOA news will be accurate, objective, and comprehensive," and further that the VOA "will represent America, not any single segment of American society," by presenting "responsible discussion and opinion" on U.S. policies.⁶

The Reagan-Bush Era

Carter's detente policies were quickly rolled back with Reagan's entry into the White House. Under Carter, the USIA had been cut out of Washington policymaking forums and reduced to a "bare-bones operation."⁷ But the Reagan White House reasserted the USIA's propaganda function as a key element of foreign policy. Reagan's new director, Charles Z. Wick had access to the highest levels of the U.S. government.

In 1981, the USIA received an enormous injection of funding and support, enjoying one of the largest budget hikes given to any federal agency. Its budget grew 42 percent in the first fiscal year alone. In the previous 15 years, the budget had declined 27 percent, and the staff size was 37 percent below the 1967 level.⁸ By 1989, its budget had skyrocketed to its

Robin Andersen is a media critic who lives in New York. This article was written with research assistance from John Gowan.

1. Charles Z. Wick, "The Power of Information in the Quest for Peace," *Vital Speeches of the Day*, Vol. 51, No. 17, June 15, 1985, p. 520.

2. Charles Z. Wick, "The War of Ideas: America's Arsenal," *Vital Speeches of the Day*, Vol. 52 No. 1, October 15, 1985, p. 16.

3. Laurien Alexandre, "Anti-Communism and the Voice of America: The Radio's *Raison d'être*," *The Ideology of International Communications*, Laurien Alexandre, ed. (New York: Institute for Media Analysis, Inc., 1991), Monograph Series, No. 4, p. 1.

4. *Ibid.*

5. "Anti-Communism and the Voice of America," *op. cit.*, p. 1.

6. *Ibid.*

7. Carolyn Weaver, "When the Voice of America Ignores its Charter," *Columbia Journalism Review*, November/December 1988, p. 36.

8. "USIA: A Battered But Powerful Propaganda Tool," *US News and World Report*, March 5, 1984, p. 58.

present level of approximately one billion dollars. With this largesse, the agency was expected to accomplish the public relations feat of portraying the U.S. government's anti-Soviet and militaristic foreign policy—which came to be known as the Reagan Doctrine—as ultimately reasonable and democratic.

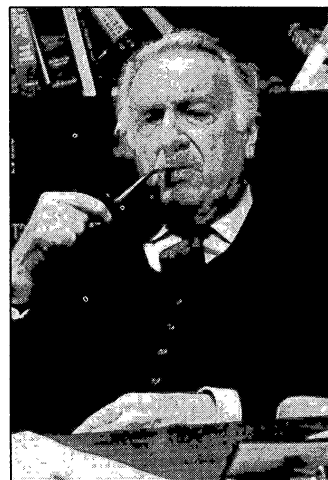
But in the 1980s, USIA activities were no longer to be restricted to foreign policy. They were also incorporated into the newly developing domestic “public diplomacy” operation. According to Alexandre, “Public diplomacy is the relatively new and rather innocuous sounding term used by Reagan officials to describe the very old practice of propaganda.”¹⁰

Participation in this internal propaganda apparatus included the highest government echelons: the NSC, CIA, Departments of Defense and State, and USAID. Walter Raymond, a veteran CIA overseas propaganda specialist, was brought in to head the domestic strategy sessions which involved the extensive manipulation of the American media for the purposes of creating a climate of opinion favorable to Reagan's foreign policies.¹¹ Therefore, it is no longer possible to view the activities of the USIA in isolation from its role within the entire policymaking establishment of the executive branch. Propaganda is fashioned along with the domestic and foreign policies it serves to justify.

Charles Wick's Blacklist

One of the great ironies of the USIA in the 1980s was that even in the face of its weighty assignment to put a humane face on the Reagan Doctrine, the agency could not quite manage its own public relations image. The continued bad press generated by director Charles Z. Wick compelled *Newsweek* magazine to call “all publicity agents: You're needed in Washington. After all, someone should create a new image for America's chief image maker.”¹² At issue was Wick's compilation of a blacklist, and his secret taping of hundreds of phone conversations. Even though these actions were far closer to those ascribed to disinformation specialists in the KGB than to a department responsible for accuracy and openness abroad, Wick managed to weather the storm and go on to push through TV Marti and other USIA programs.

The scandalous press accounts remained focused on the flamboyant personality quirks of Wick himself and neglected to understand, much less criticize, the workings of the agency he directed. But the secret tapings and the blacklist were not personal idiosyncrasies; they revealed the agency's actual purpose. Even though Wick's numerous public speeches pro-



Coretta Scott King and Walter Cronkite were on the official USIA blacklist of people unfit to represent the U.S. abroad.

claimed public diplomacy under the USIA to be the expression of freedom through democratic ideas and discussions—the international equivalent of the marketplace of ideas at home—the agency's mission was the dissemination of the narrow views of the executive branch.

The blacklist is one of the best illustrations of the divergence between the stated goals of public diplomacy and the real ones. It functioned to exclude scholars and educators whose opinions and analyses fell outside the narrowly defined spectrum of discourse defined by the Reagan White House. Those listed were considered unfit to represent the U.S. abroad.

Under Carter a State Department program, American Specialists, was merged with a USIA program, Volunteer Speakers. The new speakers program was called American Participants, or AmParts, which was then allowed to be administered by the USIA director, instead of a nonpartisan board of scholars. After pressure was brought by certain members of Congress who feared that whatever administration was in power might use the program for their own political propaganda, Carter signed an executive order. “The new Agency's activities,” it stated, “...will not be given over to the advancement of the views of any one group, any one party, or any one administration. The agency must not operate in a covert, manipulative, or propagandistic way.”¹³

But AmParts was quickly utilized as a platform for the Reagan line abroad. The blacklist was instituted after an incident in the summer of 1981 when it was discovered that four U.S. economists touring Japan courtesy of AmParts “were reported in a USIA cable to have been ‘uniform in their criticism of U.S. economic policies and skeptical of the effectiveness of supplyside economics...’”¹⁴ From this incident the blacklist evolved. A host of Americans from Walter Cronkite to Coretta Scott King were deemed too radical to represent

9. *Ibid.*

10. Laurien Alexandre, “In the Service of the State: Public Diplomacy, Government Media and Ronald Reagan,” *Media, Culture and Society*, Vol. 9 (1987), p. 30.

11. See: Robin Andersen, “Propaganda and the Media: Reagan's Public Diplomacy,” *CAIB*, No. 31 (Winter 1989), pp. 20-24.

Since July 1989, Raymond has been “senior coordinator” of the president's Eastern European Initiative. This “government-wide effort to help Eastern Europe develop democratic institutions” is housed on the seventh floor of USIA headquarters.

12. “Of Blacklists and Charlie Wick,” *Newsweek*, March 12, 1984, p. 36.

13. Jonathan Rosenblum, “The Origins of the ‘Blacklist:’ USIA Today,” *The New Republic*, Vol. 191, July 9, 1984, p. 7.

14. *Ibid.*, p. 8.



Associated Press

Medical student "rescued" by U.S. invasionary forces in Grenada kisses the ground back home.

American democracy abroad. Other "liberals" targeted were ABC's David Brinkley, the *Washington Post's* Ben Bradlee and *New York Times* columnist Tom Wicker. (Not surprisingly, former CIA employee Philip Agee was also excluded.) At the same time, in speech after speech, Wick condemned government controlled propaganda, "The message of our product is larger than any society or government. It is, at bottom, the message of freedom itself, and it resides in the soul of every man as an inner measure of his highest and most noble aspirations."¹⁵

The public statements made by Director Wick in defense of the blacklist and its subsequent cover-up, revealed an attitude toward journalism and truthfulness entirely incompatible with the stated goals of the agency. When accused of lying to reporters by denying that a blacklist existed, his response was telling. "I regard your premise as completely unfair. I did not lie about it...I do not regard [a reporter]...as a proper forum for me to make an accountable statement..." (Emphasis added.)¹⁶

But Wick's personal disdain for the Fourth Estate was only the most public indication of his agency's propensity for ideology over information. A former White House correspondent for Radio Martí learned that the pursuit of professional journalism at that agency was inappropriate behavior.

Reagan's Phantom Interview

Annette Lopez-Muñoz had requested an interview with President Reagan. After months of delay the interview finally took place, but she was not allowed to ask any questions. Instead, on her way to the Cabinet room she was presented with the text of an interview complete with questions and answers already written by the National Security Council. Ernesto Betancourt, then head of Radio Martí, played the role of journalist while Charles Wick directed the episode. President Reagan read only the first paragraph of each response because the answers were to be translated into Spanish. Reagan did not even have to mouth the words. When she

15. Charles Z. Wick, "Glasnost: The Challenge to U.S. Public Diplomacy," *Vital Speeches of the Day*, Vol. 53, No. 14, May 1, 1987, p. 419.

16. "Of Blacklists and Charlie Wick," *op. cit.*, pp. 36-7

complained to a superior about the NSC's control of the interview, the response was, "You have to understand Annette, at this level everything is managed."¹⁷

In contrast to the agency's true attitude toward the free press are Charles Wick's prepared statements promoting USIA's Worldnet: "These spontaneous, and uncensored, satellite press conferences send a powerful message to the world about freedom of the press and how our country welcomes dissent and open debate."¹⁸

Censoring Documentary Films

Just how far the USIA goes to welcome public debate is evident from the agency's attempt to block independent U.S. documentary filmmakers. In May of 1988 it took a federal appeals court in San Francisco to halt the USIA from engaging in what the court called a "virtual license to engage in censorship."¹⁹ At issue were USIA regulations used to decide the tax-exempt status of documentary films. The USIA regulations denied certification for duty-free export status to films it

The USIA was expected to accomplish the public relations feat of portraying the U.S. government's anti-Soviet and militaristic foreign policy as ultimately reasonable and democratic.

deemed "propaganda." But the appellate court called the regulations "content based" and thus forbidden under the First Amendment. The regulations limited "expressions and opinions on issues of public controversy."²⁰ The USIA had approved films which were pro-nuclear power and had denied certification to anti-nuclear films. Other films denied certification depicted U.S. urban drug problems, an award-winning film about the dangers of uranium mining, and "From the Ashes...Nicaragua Today," a film the agency felt left the impression that the United States had been the aggressor in the war against Nicaragua. At the same time the USIA engaged in economic censorship of American documentary films on the basis of content, it was accusing the Soviet Union of exactly the same thing. "Is it 'glasnost' when our music, movies, art and literature destined for Russia, are censored, screened, and excluded on the basis of political content?"²¹

17. Annette Lopez-Munoz, "The Phantom Interview," *The New Republic*, Vol. 196, June 29, 1987, p. 11.

18. Wick, "The Power of Information...," *op. cit.*, p. 520.

19. Jane Gross, "Appeals Court Backs Film Makers Over U.S.," *New York Times*, May 18, 1988, p. C14.

20. *Ibid.*

21. Wick, "Glasnost," *op. cit.*, p. 420.

Worldnet and the Invasion of Grenada

In Wick's words, "Worldnet was created during the height of the Grenada rescue mission, when it became apparent to me that our motives were misunderstood in Europe. Somehow we needed to do a better job of explaining our point of view—and quickly! We needed the dramatic and visual impact of satellite television."²²

When U.S. troops hit Grenadian beaches in October 1983 and for three days thereafter, Pentagon press managers excluded the press from the island. Because no independent footage was available, the government was even more free than usual to manufacture and disseminate its own version of events. The controlled coverage served to confirm Reagan's assertion that Grenada was a Soviet-Cuban island stronghold subverting democracy in our hemisphere. Only months and years later did it emerge that all of the U.S. justifications for the invasion were unfounded. The number of Cubans there had been grossly exaggerated and were in no event planning a take-over.²³ The large quantity of guns intended for international terrorism "documented" by Pentagon photographers turned out to be a small quantity of antiquated weapons.²⁴ And the U.S. medical students who provided a great photo opportunity when they were "rescued," turned out to have been in no danger, except that occasioned by the U.S. invasion itself.

That Worldnet was born as the international information component of a military action, to justify the U.S. military invasion of Grenada, lays bare its true role. In fact promotion of peaceful coexistence is not the goal of this "war of words." On the contrary, the U.S. propaganda apparatus exists to facilitate, support and justify an aggressive, militaristic foreign policy. International propaganda disseminated by USIA in the 1980s became a powerful component of those policies.

Of Propaganda and Credibility

This propaganda success in Grenada marked the first stage of press management which would lead finally to the ability of the military to carry out the invasion of Panama and the Gulf War unencumbered by the media. The power of television images was viewed as key to the creation of favorable public opinion, and so radio, the longtime staple for propaganda dissemination, had to make room for video. Of course propagandists cannot admit the success of their manipulations, especially to the U.S. public, which prides itself on being able to detect the crass maneuvers of propagandists. Indeed most people in the U.S. believe they are protected from propaganda, and U.S. media legitimization rests on its independence. So at the same time that Public Diplomacy created favorable media coverage of Reagan's

Of Patronage and Public Resources

If the USIA and VOA were primarily journalistic enterprises designed to tell the world about freedom and American democracy, they would be headed by seasoned professionals, men and women of proven integrity and uncompromising standards. That is not the case at the agency. Instead, top appointments directing the largesse of public funding have been used to reward Reagan/Bush loyalists, cronies and fundraisers. A friend of the Reagans since the 1950s, Wick did not, however, enter politics until 1979, as a fundraiser for the Reagan campaign. With his business connections in finance and mortgage companies, Wick is reported to have raised \$10 million. With no experience in journalism, directing the USIA was nevertheless his reward.

In 1989, after leaving his position as vice-chair of the Board at Bristol-Myers Company, Bruce Gelb took over from Wick as head of USIA. His principal qualification for the job was also fundraising, to the tune of \$3 million as the co-chair of the New York State finance committee for the Bush 1982 campaign. Also like Wick, he has no background in news, but in the late 1950s he was the advertising manager for Clairol hair coloring products. In 1959 his family took control of Bristol-Myers, which in 1976 was served with a lawsuit from the Sisters of the Precious Blood over sales of infant formula in the Third World. Even though Bristol-Myers denied that Gelb was responsible for marketing the product, it is widely felt that he had to have known about the company's actions. The Sisters revealed three outright lies the company told in justifying its sales. In addition, the company disseminated an article in *Fortune* magazine that described church groups protesting the sales as "Marxists marching under the banner of Christ."¹ These issues were public record at the time of his appointment, but nevertheless Congress confirmed the nomination.

After just two years on the job, Gelb was replaced in May by the agency's 12th chief, Henry Catto. President of H&C Communications, a TV film production company, Catto served in a variety of posts for successive administrations: 1969, deputy representative at the Organization of American States; 1971-73, ambassador to El Salvador; 1974-76, White House protocol chief; 1976-77, U.S. ambassador at the United Nations in Geneva; 1981-83, Reagan's first official spokesperson at the Pentagon; and 1989 until 1991, when he took over as head of the USIA, ambassador to the United Kingdom.

22. Wick, "The Power of Information," *op. cit.*, p. 520.

23. Anthony Marro, "When the Government Tells Lies," *Columbia Journalism Review*, March/April 1985, p. 39.

24. *Ibid.*, p. 38.

1. "USIA: A Battered But Powerful Propaganda Tool," *op. cit.*, p. 58, and Wick, "Glasnost: The Challenge...", *op. cit.*, p. 419.

The USIA's Assets

The USIA is a far-flung empire. The VOA broadcasts in 42 languages and claims to reach 130 million listeners. USIA publishes 14 magazines in 20 languages, and operates approximately 150 libraries in over 80 nations. It has its own foreign service corps with more than 200 posts in 127 countries, and a staff of about 8,700 worldwide, 5,100 of them Americans.

In addition, it sponsors people-to-people exchanges, overseas speakers programs, cultural presentations and exhibits, and maintains cultural centers in about 100 countries. It has three foreign press centers in the U.S. serving some 3,000 foreign correspondents. Radio and TV Martí were created in 1985 and 1990 respectively, to broadcast the U.S. government's position to Cuba.¹ Worldnet sends television interviews with top U.S. government officials via satellite to hotels and embassies around the world.

1. *New York Times*, September 26, 1991, pp. A1, 24.

policies in Central America, Wick felt compelled to assert that "If you think you can manipulate the American media — talk to me afterwards—I'd like to sell you the Brooklyn Bridge."²⁵

The mendacity of Wick's denials of his own success becomes apparent when compared to his assertion that the Soviets, not the Reagan administration, were in fact able to manipulate the U.S. media. "The Soviets have stepped up their use of Western methods of public diplomacy to take their case to the U.S. people...The *New York Times* has called Mr. Gorbachev 'a PR Commissar's Dream.'"²⁶ The vast increases in the USIA budget during the 1980s were justified by assertions that the Soviets had indeed been successful at information manipulation, even of the American press.

TV Martí

TV Martí is probably the most inflammatory international broadcast program at USIA. It operates in violation of a United Nations-sponsored treaty signed by both Cuba and the U.S. in 1982 and was "adopted without authorizing legislation or hearings by the appropriate congressional committees."²⁷

The situation is potentially explosive. The U.S. says it is defending the rights of Cubans to free information. In fact, Cuba already receives CNN and picks up commercial stations from southern Florida. Cuba views the video invasion as a violation of national sovereignty and has threatened to

retaliate by disrupting U.S. broadcasts "from New York to California." The U.S. in turn has prepared an "active option" of "surgically removing" the offending Cuban transmitters.²⁸

TV Martí stands as a dangerous Bush administration boondoggle. Millions of dollars a year are thrown away to please a right-wing anti-Castro constituency. "Its only purpose," observed USIA scholar John Spicer Nichols, "is to pay off George Bush's campaign promises to the rabidly anticommunist Cuban-American community in Florida..."²⁹

The public relations firm, Black, Manafort, Stone, and Kelly, lobbied on behalf of TV Martí's advocates during Senate Appropriations Committee hearings. President Bush's then campaign manager, Lee Atwater, was a former Black, Manafort business partner. The PR firm's lobbyist Stuart Sweet also represented Jorge Mas Canosa, a Miami Cuban backing TV Martí.³⁰ According to Federal Election Commission records, Mas Canosa "gave \$6,000 to Mr. Bush and his political action committee."³¹ The most absurd fact currently is that the USIA continues to broadcast a signal which is never received; it has been successfully blocked by the Cuban government.

The Limits of Propaganda

In 1983, neither the Soviet Union nor Cuba was the reason the U.S. invaded Grenada, as Worldnet would have the world believe. Melvin A. Goodman, who was chief of the CIA's Soviet-Third World Division under Robert Gates, testified at Gates' confirmation hearings that the "bleak landscape of an expansionist Soviet Union" painted by Gates while CIA Deputy Director in the 1980s was "inconsistent with agency assessments."³² USIA propaganda does not bring the light of truth and hope to those people whose governments do not believe in the Western renditions of freedom of speech. Rather, it exists to block international criticism of its global military hegemony through the most blatant form of information manipulation. But even an immense international propaganda apparatus cannot sell the U.S. to an increasingly skeptical world on the receiving end of its policies. No amount of propaganda will persuade the Arab people of the justness of the U.S. system in face of the massacre of 200,000 Iraqis. The Soviet Union can in no way be considered a threat to U.S. hegemony, and with the absence of the historical justification for the USIA, reason would predict that the agency is at least being scaled back. But according to John Spicer Nichols, no budget cuts are planned. The billion-plus dollars a year spent on propaganda would be unnecessary if the U.S. were sincerely committed to peace with the world community. ●

28. John Spicer Nichols, "Video Invasion," *The Nation*, April 2, 1990, p. 441.
29. *Ibid.*, p. 442.

30. The authoritarian multimillionaire, Mas Canosa, although disliked and feared by many anti-Castro Cuban exiles, has openly declared himself available for the position of Fidel Castro's successor.

31. Bob Davis, "Television Groups Entangle on Signal to Cuba," *Wall Street Journal*, June 16, 1988.

32. *New York Times*, September 26, 1991, pp. A1, 24.

25. Wick, "The War of Ideas," *op. cit.*, p. 19.

26. *Ibid.*

27. *Washington Post*, January 25, 1989, p. A19.

BCCI Funded Arms Dealer and Coffee Smuggler

Jack Colhoun

The Bank of Credit and Commerce International was known in intelligence circles in the 1980s as the "Bank of Crooks and Criminals International." An examination of BCCI's role in providing financial services for Munther Ismael Bilbeisi, a Jordanian arms dealer and coffee smuggler, shows why the nickname is well deserved.

"Bilbeisi violated the laws of several countries in the course of his activities. He evaded taxes and smuggled coffee into the U.S. He evaded taxes in Guatemala, Honduras and El Salvador. He bribed officials to arrange [an] arms transaction in Guatemala and failed to comply with U.S. controls on arms exports," James Dougherty testified October 18, 1991 to a Senate Foreign Relations subcommittee chaired by Senator John Kerry (D-Mass.).

Dougherty, a Miami Beach, Florida-based attorney, has conducted a four year investigation of Bilbeisi's activities for Lloyd's of London, the international insurer.

"What this case shows is how central an accommodating bank is to criminal activity. BCCI gave Bilbeisi the credit to do business. He worked with their capital, not his own. In turn they took a share of the profit. BCCI prepared documents which were essential to the shipment and then interpreted them loosely so that a false destination would not impede payment. It used its branch network to hide the profits abroad and its cashier's checks to turn profits into untaxed, non-traceable cash," Dougherty asserted.

Bilbeisi obtained a \$5.2 million letter of credit from BCCI-Miami in 1988 to finance the sale to Guatemala of three U.S.-made Sikorski S-76 helicopters, owned by the Royal Jordanian Air Force. Although U.S. law bars the sale of offensive weapons to Guatemala because of that government's egregious human rights violations, Bilbeisi circumvented that ban. The helicopter deal included spare parts that enabled Guatemala to turn the helicopters into gunships for use by the government of then President Vinicio Cerezo against Guatemalan liberation fighters and suspected sympathizers. The BCCI-financed arms deal did not include end-user certificates required by the State Department.

An October 17, 1988 memorandum, released by Dougherty, from Alberto Coppo, a Bilbeisi business associate in Guatemala, outlined bribes paid to facilitate the deal. Included among the list of Guatemalan government and military officials is the notation "[\$]270,000 to President's brother," Milton Cerezo. The memo also indicated \$400,000 was earmarked as a kickback for BCCI-Miami.

Jack Colhoun is the Washington correspondent for the *Guardian* news-weekly. He has a Ph.D. in U.S. history, specializing in post-World War II foreign and military policy.

BCCI also served as a "front" for Bilbeisi's illegal coffee smuggling scam from 1983 to 1987. These coffee transactions, financed in part by bank guarantees issued by BCCI-Amman, Jordan, were approved by BCCI's credit office in London.

The bank issued more than \$100 million in letters of credit to finance the purchase of coffee from Central America, which was smuggled into the United States.¹ U.S. shippers, brokers and roasters, as well as BCCI officials, received "kick-backs" from Bilbeisi.

During this period (1983-85), Dougherty revealed that Bilbeisi had on his payroll two former U.S. national security officials working in Central America: retired Army Lt. Gen. James Vaught and former CIA official William Totten.²

Dougherty charged that Amjad Awan, former Panamanian leader Manuel Noriega's personal banker and BCCI-Panama official, participated in the coffee swindle. He noted BCCI officials in Miami and Boca Raton, Florida were also implicated in the coffee smuggling conspiracy.

Bilbeisi contracted with Lloyd's of London to insure the inland and ocean transit and the warehouse storage of the coffee. By claiming in the insurance contract that the Central American coffee was destined for Aqaba, Jordan and other Middle Eastern ports, he violated U.S. law prohibiting the importation of goods using false bills of lading.

Dougherty released two documents written by U.S. Customs Service agent Francisco Gonzalez — dated June 15 and June 22, 1983 — which describe the Bilbeisi coffee smuggling operation. Dougherty contended he "repeatedly notified" the Customs Service, the Internal Revenue Service and the Justice Department about Bilbeisi's coffee swindle in 1989-91. The Reagan and Bush administrations, however, took no steps against Bilbeisi until August 1991 when he was indicted for tax evasion — after he had already left the U.S.

"The fact that Amjad Awan and BCCI were simultaneously personal bankers to both Noriega and Bilbeisi may be a coincidence," Kerry stated at the hearing. "But it is also possible that U.S. government agencies may have not been able to address the issues raised by the information they had on Bilbeisi and BCCI in the early 1980s because of the Noriega connection." ●

1. Under the International Coffee Agreement there are two international prices for coffee — cheaper "non-agreement" coffee and more expensive "agreement" coffee. Bilbeisi bought at non-agreement prices from El Salvador, Guatemala and Honduras and resold it at the agreement prices in the U.S.

2. In 1980, Vaught had been slated to command the Desert II Operation under Carter before that rescue operation for the U.S. hostages in Iran was cancelled. "Although...Vaught would serve as the nominal commander of the operation, the deputy would in fact exercise primary responsibility. His name was Richard V. Secord..." Gary Sick, *October Surprise: America's Hostages in Iran and the Election of Ronald Reagan* (New York: Times Books, 1991), p. 20.

Ménage à Trois: Oil Money, BCCI, and the CIA

Fred Dexter

In early August 1991, the global scandal surrounding the Bank of Credit and Commerce International (BCCI) hit the headlines, and linked the powerful financial institution with the CIA. Acting CIA director Richard Kerr quickly decided to go public with a part of the Agency's relationship to what prosecutors have called the largest bank fraud of all time.¹

His choice of forum, a lecture to a group of U.S. high school students meeting at the National Press Club in Washington, was odd but rational. His chosen audience was obviously less prepared than journalists or members of Congress to ask tough questions about the Agency's relationship to the drug-corrupted bank. Within this context, Kerr could put the information out in such a way that the CIA had total control over what was said and could thus cast it in an entirely positive light.

Kerr told the students that the bank's global reach and ties to various Middle Eastern groups early on made it a key vehicle for intelligence-gathering by the Agency. At the same time, the Agency expanded its links with the bank, Kerr explained, both as a source for information on drug money laundering and drug trafficking, and as a mechanism for moving U.S. government funds. Because the bank operated branches in so many countries—some 73 around the world—the CIA used it also for moving Agency monies to its local assets. When the CIA found out the bank was engaged in improper activities, explained Kerr, it passed the information to federal law enforcement. Once it determined that the bank's activities were criminal, the acting director stated, the CIA of course began reducing its operations with the bank, and stopped them completely by the end of 1988.

Acting Director Kerr had indeed chosen his audience well. None of the high school students challenged his superficial account of the CIA's role with BCCI.

Among staff and members of the Senate Select Committee on Intelligence, however, there were grumblings of skepticism. In August 1991, as part of its review of the nomination of Robert Gates for DCI, the committee began an investiga-

tion and an audit. The results of that audit are still secret, but some scattered facts have emerged from the public record, and are therefore available to Senate Intelligence staff. Taken together, they suggest a rather different picture of the CIA's role.

There is evidence, for example, that from its 1972 inception, BCCI was a CIA-related operation designed to strengthen ties between the U.S. and conservative regimes in the Middle East. By the 1980s the Bank was being used by the CIA for money transfers, and may also have become one of William Casey's off-the-books operations.

There is evidence BCCI was an Agency-related operation designed to strengthen ties between the U.S. and conservative regimes in the Middle East.

The Background

To understand this relationship between the bank and the Agency, one has to go back in time to the mid-1970s—a period when the U.S. was suffering from oil shocks and felt threatened by the OPEC cartel. At the same time the Arab states were deeply worried by a variety of threats to their stability. These oil-rich states, especially the United Arab Emirates, were as vulnerable as they were rich. They felt imperiled simultaneously by Islamic fundamentalism, militant Marxism, military coups, pan-Arab nationalism, as well as Cold War dynamics in the region.

Between World War I and the 1970s, the United Kingdom protected the rulers of the oil-rich states and imposed stability. By the mid-1970s, with Britain in decline, the sheikhs were reluctantly forced to look to the U.S. for backing. Because of the U.S. tilt toward Israel, they viewed the U.S. as an unreliable ally at best and as a potential antagonist at worst. They were prepared, however, to enter into a pragmatic alliance. The U.S. was in a far stronger position than any other country to offer the economic and political prizes most cherished by the Middle East regimes: a free flow of oil, arms, and stability.

Within the CIA also, a pragmatic perspective on the problematic relationship was gaining prominence. Aside from any ideological anticommunism, these elements feared that if certain Arab states drifted toward the Soviets for support to prop them up against internal and external threats, the U.S. would be increasingly vulnerable to the use of oil as a weapon. A convergence of interests was shaping up.

Into this picture came Agha Hassan Abedi, an Indian-born Pakistani banker who had lost his United Bank of Pakistan when it was nationalized by Zulfikar Ali Bhutto in 1971. Abedi, who had been placed under house arrest by

This article presents the opinion and analysis of a Washington insider who prefers a pseudonym.

1. George Lardner, Jr., "CIA Probed, Used BCCI, Official Says," *Washington Post*, August 3, 1991, p. 1.

Bhutto in the late 1960s, was determined that what had happened to him and his holdings would never occur again.

Abedi needed capital to start a new bank. The oil-rich sheikhs needed a good banker to manage their petrodollars. The CIA needed a mechanism for getting better intelligence on the Third World and to move money for operations there. The result: a ménage à trois joining Middle Eastern money, Pakistani banking expertise, and the CIA.

The Evidence

By the time of the Carter administration, BCCI was trying to get a U.S. foothold. Its first try—an application to take over Financial General Bankshares—was rejected, in part because of the suspicions of federal regulators that BCCI wasn't a normal financial institution. In 1979, BCCI applied for a second time to take over First American Bank of Washington, D.C.—a move which was ostensibly undertaken by Credit and Commerce American Holders (CCAH), a group of “wealthy Middle Eastern investors,” but which was bankrolled through BCCI.

The head of the CCAH investor group, Kamal Adham, was brother to King Faisal's wife. He was also a trusted adviser to Faisal and head of the Saudi General Intelligence Department (GID).² While in this position, Adham developed close ties to the CIA and to the Middle Eastern intelligence community generally. Adham's intelligence background was never disclosed in the written record presented to the Federal Reserve Board.

After leaving the Saudi government in 1977, Adham employed Raymond Close, a 26 year CIA veteran who had been the station chief in Saudi Arabia since 1972 and had “retired” in 1977. Close's resume included assignments in Lebanon, Egypt, and four years in Pakistan.³

According to numerous press accounts, including BBC broadcasts in March 1979, Adham was the late King Faisal's right-hand man,⁴ and at one time made payments to then-Egyptian Vice President Anwar Sadat.⁵ Federal Reserve documents on CCAH dated 1981 confirm that Adham came under investigation in the U.S. in the 1970s when he allegedly accepted bribes from Lockheed and possibly other U.S. companies to help them win Saudi government contracts. As the Iran-Contra inquiries have shown, Saudi Arabia was to become one of Washington's favorite sources of vast, unvouchered monies for secret operations during the Reagan era.⁶

Striking a Deal

The question arises as to whether there was more at stake in the Arab investment group's decision to take over the First

American Bank than simple financial planning. The incredibly fast rise of the bank's power and its usefulness in linking the specific foreign policy goals of both the oil-rich Arab Gulf states and the U.S. suggests a more complicated picture.

When BCCI took over First American in 1979, Clark Clifford who served as its chair, told the Federal Reserve that CCAH wanted to invest petrodollars back into the U.S. The influential former Secretary of Defense in the Johnson administration claimed that he had been encouraged to work with the bank by State Department personnel and other unspecified U.S. officials. They predicted positive economic consequences for the U.S. from the entry of BCCI.

The hearings conducted on the First American takeover were held precisely at the time—in 1977 and 1978—that the Camp David accords were being negotiated. Anwar Sadat, the Egyptian president whose cooperation was a key factor in that agreement,⁷ was closely connected to both the CIA and Kamal Adham.

It is this timing that caused insiders at the bank to believe that the Arab takeover of First American was part of a four-way deal involving BCCI, Sadat, the Arab sheikhs represented by Kamal Adham, and the CIA. Under the terms of the deal, all players would get what they needed most, while giving up very little.

Specifically, the sheikhs, through BCCI, would buy a major Washington bank. It would be run by the most respected Washington insider, Clark Clifford, who had previously helped Arab-compatriot Algeria with various business dealings in the mid-1970s. Clifford was paid handsomely in both cash and benefits. The sheikhs would also get the security that financial leverage brings. Billions in U.S. assets might yield significant political influence in Washington.

Sadat needed peace to relieve the pressure that military spending was placing on the Egyptian economy. But he also needed reassurance that after the negotiations, he would not be isolated and vulnerable within the Arab world. On this point U.S. assurances, in light of Washington's historic tilt toward Israel, were not meaningful. Assurances from Kamal Adham, former head of Saudi intelligence, together with the implicit endorsement of closer ties with the U.S. represented by the Arab sheikhs who joined Adham in the D.C. bank takeover, carried far more weight.

Thus, a deal may have been struck whereby Sadat received assurances from Adham, together with evidence of the collective sign-off by the other Gulf oil-rich Arab states whose political heads were now putting their names and resources into a U.S. bank headed by a prominent U.S. political figure, Clark Clifford.

BCCI needed assets, and it needed to court influential officials in order to enhance its ability to conduct business everywhere in the world. It already had the Arab leaders in tow. The First American deal, at the time of the Camp David

panded Despite Aid Cutoff; Administration Hid Details From Congress,” *Washington Post*, May 26, 1987, p. A1; Steven V. Roberts, “Prop For US Policy: Secret Saudi Funds,” *New York Times*, June 21, 1987, p. A1.

7. Bob Woodward, *The Veil: The Secret Wars of the CIA, 1981-1987* (New York: Simon and Schuster, 1987), pp. 168-69, 312-13.

2. *Washington Post*, October, 24, 1991, p. A25.

3. Wilbur Crane Eveland, *Ropes of Sand: America's Failure in the Middle East* (New York: Norton, 1980), pp. 331-32; Philip Agee and Louis Wolf, *Dirty Work: The CIA in Western Europe* (Secaucus, N.J.: Lyle Stuart, 1978), pp. 403-04; and Duncan Campbell, “BP sets up Saudi secret police,” *New Statesman*, March 23, 1979, pp. 384-86.

4. Campbell, *op. cit.*; Larry Gurwin, “Who Really Owns First American Bank,” *Regardie's*, May 1990, pp. 69-71.

5. *Newsweek*, March 12, 1979, p. 26.

6. Walter Pincus and Dan Morgan, “Using Saudi Funds, Contras Ex-

accord, gave BCCI its beachhead in the United States—a position protected by a symbiotic relationship with the CIA and the gilt-edge presence of U.S. power broker Clifford.

And so a deal was reached that accommodated everyone. At least that's the theory. But apart from Adham's demonstrated involvement with Clifford, with Sadat, and with BCCI, why else should one suspect that the CIA was somehow connected with BCCI's leap into the United States?

Other Intelligence Links

The fact was, Adham was not the only member of the CCAH investment group with intelligence ties. A second principal original shareholder was Mohammed Rahim Motaghi Irvani. The Iranian national was listed in an SEC filing as a five percent shareholder, and as Chair of the Board and Managing Director of CCAH—the entity which would in 1981 take over Financial General Bankshares. At the same time, he was also the principal partner of Richard Helms in the Safeer company, a Washington-based international consulting firm formed by Helms in 1977.⁸

Mere coincidence? Perhaps, but add the fact that as of 1982—when no other U.S. agency had any information on the relationship—the CIA somehow knew that First American had been secretly taken over by BCCI, according to Acting Director Kerr. And add again the second fact that some time in the 1970s, the CIA itself, according to informed sources, began to use BCCI.⁹

Consider also the recent statement by Iran-Contra Special Prosecutor Lawrence Walsh that BCCI was used by the U.S. to provide weapons to Iran by financing some \$10 million in transactions via Monte Carlo. Press accounts suggest these transactions went through Middle Eastern arms broker Adnan Khashoggi.

Did Gates Cover for BCCI?

Giving additional clarity to the emerging pattern are the statements by former Customs Commissioner William von Raab to the Senate Foreign Relations Committee on August 1, 1991. In the course of his Customs investigation of BCCI for suspected drug money laundering, von Raab discovered CIA accounts. When then CIA Deputy Director Robert Gates discussed BCCI with von Raab in 1988, he had neglected to inform the Customs official about these accounts.¹⁰

Add to this BCCI's habit of making pay-offs to prominent public officials in a variety of countries around the world—pay-offs which BCCI insiders claim went to people close to the CIA—like General Zia ul-Haq of Pakistan, Manuel Noriega of Panama, and the leaders of the Afghan Mujahedeen.

Finally, consider the odd sale of the BCCI affiliate Banque de Commerce et Placements (BCP) in Geneva only two weeks after the closure of BCCI on July 5, 1991.

8. Helms was CIA director from 1966 to 1973 and ambassador to Iran until 1976. In Farsi and Arabic, "safeer" means ambassador.

9. Lardner, *op. cit.*

10. Alan Friedman, Lionel Barber and Tara Sonenshine, "CIA may have stalled global probe of BCCI," *Financial Times* (London), July 15, 1991, p. 1.

It seems that the President of BCP, Alfred Hartmann, was simultaneously on the Board of Directors of BCCI and Banco Nazionale del Lavoro (BNL), the Italian bank involved in illegally financing arms sales to Iraq.¹¹ Interestingly, Hartmann also served on the board of a New York bank, Inter-maritime, owned by none other than Bruce Rappaport, a Swiss/Israeli businessman who was a frequent companion of CIA Director William Casey. In 1986, Casey used Rappaport to control the \$10 million the Sultan of Brunei gave "Mr. Kenilworth" (Assistant Secretary of State Elliott Abrams' pseudonym) for the Contras. The funds were then supposedly "lost," before re-discovery during the Iran-Contra affair.¹²

The remarkably well-connected Mr. Hartmann helped arrange the sale of BCP to a Turkish bank, Cukarova, at a speed which all but ruled out due diligence. Cukarova owned a company called "Enda," which in turn owned a company called "EnTrade," a New York-based trading company, which in turn handled financial transactions for the arming of Iraq by employees of none other than BNL—Hartmann's other board of directorship. What other bank was found to have been involved with BNL in the U.S. in funding Iraqi arms transactions? BCCI.

One issue faced by Robert Gates in his confirmation hearings in the Fall of 1991 was the degree to which officials of the U.S. intelligence community may have assisted Iraq with dual-use technology and other help in its war against Iran. Accordingly, the BCCI-BNL-BCP connection becomes one more oddity leading back to the underlying issue of just what and how extensive was the BCCI connection to the CIA.

Kerr told the high school students that the CIA was conducting surveillance and gathering intelligence through BCCI. He neglected to tell them on whom, to what end, and with what result. Kerr and the CIA still have not answered some troubling questions: Did that surveillance reveal weapons sales to Iraqi entities within the United States? Was BCCI's involvement with Iraqi arms sales and the BNL affair another part of a Casey-inspired off-the-books operation?

Other important and as yet unanswered questions arise regarding the use of BCCI by China, Pakistan, and South Africa for weapons sales and purchases or sales of dangerous technologies; and additionally by Pakistan and South Africa to funnel U.S. funds to the Mujahedeen. Further investigation is also needed into BCCI's pervasive involvement with laundering funds for the various business enterprises of former CIA asset Manuel Noriega.

Camp David, the secret purchase of a major Washington, D.C. bank, Iran-Contra, arms sales to Iraq, Iran, Noriega, China, Pakistan, the Afghan Mujahedeen. It is no wonder that the CIA prefers to limit its testimony to appearances before teenagers, and to keep its books closed to more formidable inquiries about its role in the BCCI scandal. ●

11. Jack Colhoun, "The Bush Administration and U.S. Exports to Iraq: Trading With the Enemy," *CAIB*, Number 37, (Summer 1991), pp. 22-3.

12. Holly Sklar, *Washington's War on Nicaragua* (Boston: South End Press, 1988), p. 230.

FBI Involvement in the Supreme Court

Alexander Charns

Editor's note: Alexander Charns has been researching and writing about FBI meddling in Supreme Court politics for the past seven years. Via Freedom of Information Act (FOIA) lawsuits he has obtained the FBI's subject file on the federal judiciary, and a similar massive FBI file entitled "Supreme Court." Within weeks of the Souter nomination last year, Charns received 3,898 pages of records from an FBI file entitled "Federal Judges." They spanned the half-century from 1939 to the present. This remarkable collection of police documents, as well as records on every deceased Supreme Court justice since the 1930s, form the basis for his analysis.



FBI Director J. Edgar Hoover (left) with longtime collaborator, Chief Justice Warren Burger.

evidence. Through illegal surveillance and backchannel politics, the FBI has long had an invisible influence over the character of the Court, and thus the interpretation of law in the United States.

In the wake of the Thomas fiasco, it is imperative that the role of the FBI in the confirmation process be thoroughly examined.

Policing the Liberals

Under Director J. Edgar Hoover the FBI used a good cop-bad cop approach with the Supreme Court, offering personal favors to some of the justices while spying on others. The Bureau used Court employees¹ and at least one justice² as informers. It also kept tabs on those justices and law clerks whom it perceived as too

In the selection of Supreme Court justices, the FBI background investigation has become a routine but highly important element of the confirmation process, as the Clarence Thomas hearings attest. Never has the deep conflict of interest involved been so clear. But this conflict has a long and hidden history, as FBI files pertaining to the court are making increasingly clear.

The FBI cannot help but be politicized by its mission as an investigatory law enforcement agency. From the Bureau's point of view, pro-law-and-order judges are desirable; pro-FBI judges are preferable. The FBI has exerted substantial and effective effort to expand its circle of friends in the judiciary. The much-cherished myth of a Supreme Court isolated from the political chicanery of the executive and legislative branches is being crushed by the weight of historical

liberal. Information was collected, sometimes inadvertently about Court politics through warrantless wiretaps placed on friends and associates of the justices. Much of this information was passed on to the White House.³ The mail of Justice William O. Douglas was intercepted and opened on at least one occasion.⁴

In the late 1950s, in response to Warren Court rulings which he viewed as unacceptable,⁵ Hoover attempted to gain a larger role in the confirmation process in order to encourage

Alexander Charns' book *Cloak & Gavel* about the FBI and Supreme Court will be published by the University of Illinois Press in 1992. He is a lawyer in Durham, North Carolina, and a research associate of the Institute for Southern Studies in Durham. Research for this article was funded in part by a grant from the J. Roderick MacArthur Foundation.

1. During the trial of the Rosenbergs, the Supreme Court Clerk, Marshal, and Police Captain were all FBI informants. SAC, WFO to Director, Julius Rosenberg, *et al.*, June 23, 1953, 62-27585-30.

2. Fred Black folder, Hoover memo dated June 14, 1966, marked Personal and Confidential, transferred prior to his death to Official and Confidential file.

3. Thomas Corcoran Technical Surveillance folder, Hoover's Official and Confidential files.

4. Declaration of Katherine M. Stricker (CIA), Defendant: Ninth Status Report, p. 23, Charns v. U.S. Department of Justice, U.S.M.D.N. Civ. 89-208-D.

5. *E.g.*: *Jencks v. U.S.* 353 U.S. 657 (1957); *Yates v. U.S.*, 354 U.S. 298 (1957).

the selection of Justices more sympathetic to the Bureau's point of view. Although surveillance of the Justices seems to have ceased after Hoover's death, FBI favors continued into the 1980s under Director William Webster. One such favor, granted to Justice Burger in 1985, was FBI assistance in bringing oriental rugs back from London.⁶

The FOIA Paper Trail

The Federal Judges File obtained by the author last year under the Freedom of Information Act contains evidence of improper collection of political and personal information

Fortas, whom Hoover referred to privately as a liberal "nut," had worked closely with FBI Assistant Director DeLoach...

about many federal judges. Documents in the file show that even after Director and former judge William Sessions' arrival at FBI Headquarters in 1987, the Bureau continued to engage in "public relations" and "liaison" activities designed to curry favor with members of the judiciary. These files do not involve Clarence Thomas, since the last document released is dated 1989, before Thomas became a federal judge. But the investigative process they reveal raises important questions about the FBI's investigation of Thomas and the Senate's constitutional duty to uphold the doctrine of advice and consent.

The "Do Not File" Files

As any filer of a FOIA request knows, many documents are not released, and of those released, many are often heavily censored. In the case of the Bureau's Federal Judges Files, most documents released had a few deletions. Some were completely blacked out. In addition to these two formidable obstacles to obtaining relevant information, there is a third and ultimate control on the historical record. Hoover kept a parallel filing system called "Do Not File" files which, like Agent 007's "For Your Eyes Only" documents, did not officially exist.⁷ Hoover did not destroy his "Eyes Only" files — but kept them in his own office. These survived, but his most confidential records, marked "personal and confidential," were destroyed after his death.⁸ Memos from Hoover's "official and confidential" files contain a strange and disturbing Senate confirmation story involving Associate Justice Abe Fortas' nomination as chief justice in 1968. In the course of

litigation for FBI records about the Supreme Court, the FBI, as a "courtesy," sent the author copies of some of Hoover's "Official and Confidential" memos that were being released to Marquette University Professor Athan Theoharis, author of *From the Secret Files of J. Edgar Hoover*. These memos record that in 1966, Justice Abe Fortas reported to FBI Assistant Director Cartha DeLoach and to President Lyndon Johnson about confidential Supreme Court conference discussions in a pending case. The case involved an illegal FBI bugging of a Washington D.C. lobbyist in 1963. DeLoach convinced Fortas that LBJ's nemesis, former Attorney

General Robert Kennedy, had authorized the eavesdropping. Fortas, an LBJ adviser even while on the Court, was prepared to use that information against Kennedy. Justice Fortas, whom Hoover referred to privately as a liberal "nut," had worked closely with FBI Assistant Director DeLoach while Fortas was on the Court and before he became a justice. Hoover was a pragmatist, and needed Fortas's help. By discussing pending Court business with

the White House and the FBI, Fortas violated constitutional separation of powers between the executive and judicial branches of government.

Two years later, during his Senate testimony, Chief Justice designate Fortas denied talking to President Johnson about Supreme Court business. Hoover and DeLoach were never asked by the Senate about Fortas' activities. In fact, no supplemental FBI report was requested by the President or by Attorney General Ramsey Clark. But LBJ, Hoover, and DeLoach knew that Fortas had talked to the President about a pending case. There is even some evidence indicating that DeLoach tried to assist Fortas' unsuccessful confirmation efforts.

Getting Involved in Covert Court Politics

From the FOIA record, it does not appear that the FBI sought the job of conducting judicial background investigations of Supreme Court nominees. As far back as 1930, nominees for the lower federal courts had been investigated by the FBI at the request of the Attorney General. In 1937, the FBI was criticized for not having discovered that Hugo Black had once been a member of the Ku Klux Klan, even though the Bureau apparently had not been asked to investigate. Black, a senator from Alabama, was nominated and confirmed in that year. From the thirties through the late fifties, background investigations were occasionally requested, but not until the Eisenhower administration did FBI investigations of High Court nominees become a regular practice.

In 1954, the Senate Judiciary Committee complained that it did not have an FBI report about Earl Warren, Republican governor of California and President Eisenhower's nominee for Chief Justice. When it requested one, the FBI was in a tight spot. Its relations with Warren had been less than exemplary. At the time Warren was a law-and-order man and a com-

6. Legat London to Director, Attn. Liaison Unit, Liaison Matter, August 22, 1985, 62-27585-NR.

7. Athan Theoharis, *From the Secret Files of J. Edgar Hoover*, (Chicago: Ivan R. Dee, 1991).

8. *Ibid.*

mitted anticommunist. In the late 1940s and early 1950s, the FBI had a secret program called "Cooperation with Governor Earl Warren" to provide Warren with FBI information about his political enemies and to help him make political appointments. One thousand pages of records showing Warren's cozy relations with the Bureau were not mentioned in the final FBI report to the Senate. Both Ike and J. Edgar eventually came to regret their enthusiasm for Warren, because of his liberal court rulings.

Warren Burger, a Friend in Need...

The case of Warren Burger suggests that the FBI's files about federal judges continued to serve a political function even after judges made it to the Supreme Court. In 1955 Burger was a U.S. assistant attorney general, 14 years away from being Chief Justice of the United States. According to an FBI memo, Burger was preparing for oral argument before the High Court in the case of *Peters vs. Hobby*,⁹ which concerned anonymous informers relied on by the government Loyalty Review Board in proceedings against government employees. Burger wanted to impress upon the Court the importance of confidential sources. To make his case, Assistant Attorney General Burger asked the FBI if it "had ever interviewed a Supreme Court Justice who had furnished...information in confidence." If fellow justices were sometimes moved to play the part of anonymous informant, then surely the practice couldn't be automatically proscribed for less distinguished citizens.

In a follow-up memo addressing Burger's request, Assistant FBI Director Louis Nichols recalled that one justice had "furnished information to [him] in confidence."¹⁰ Hoover and Nichols named a few other such judges. Hoover agreed to poll top Bureau officials about information received from justices and furnish their answers to Burger. Despite his unusual method of preparing for oral argument, the Court ruled against Warren Burger.

Hoover's Wish List

Another means of meddling was the FBI list of preferred nominees. Three years after *Peters vs. Hobby*, Warren Burger, by then a federal appeals judge, had his name placed in the top spot on an FBI all-star list of eighteen "outstanding judges."¹¹ At Hoover's request, the list had been culled from the Bureau's file on federal judges. The list was used to select pro-FBI emissaries at public events, judicial conferences and apparently for Hoover's High Court selections.

In 1958, less than six months after Hoover's all-star list was first compiled, federal Judge Potter Stewart, who according to FBI files had "not rendered any opinions which can be

construed as anti-law enforcement or anti-Bureau," was nominated and confirmed. Described as "extremely friendly" by the FBI, Stewart was high on Hoover's wish list. Fellow Ohioan, federal Judge John H. Druffel, was ranked as an FBI favorite as well. Druffel had served as an unpaid informer for the FBI in its investigation of a "left-wing" ring of law clerks at the High Court the year before.¹² The left-wing ring never materialized, nor was Druffel ever nominated.

As with its reports based on background investigations of judicial nominees, the content of the FBI file on judges has always been political, bounded by instructions from the attor-

Had the Committee been interested in a thorough investigation of the charges, it would have conducted one, rather than initially relying on the FBI, whose "client" is President George Bush.

ney general and the president about what to look for and how far to dig. During Prohibition for example, Hoover ordered his men to make a "discreet very thorough investigation" about the qualifications for federal circuit court judge, including whether the applicants drank alcohol or otherwise opposed the Eighteenth Amendment banning the manufacture, sale and transportation of alcoholic beverages in the U.S.

Like any institution, the FBI is not without its ideological divisions. In 1965 the Justice Department sent a memo to the FBI requiring that all background investigations for federal judges include information about the prospective nominee's position on civil rights. Black leaders were to be sought out for their comments about the nominee so that President Johnson could avoid criticism from them later on. This particular presidential imperative, the result of a powerful grassroots civil rights movement, was not particularly popular within the FBI. Normally for the Bureau, a nominee's segregationist background was not considered an impediment and was not normally included in the FBI briefing to the attorney general about the nominee.¹³

Assisting Those With Good Potential

In 1968 a federal judge wrote to Hoover: "Recently, I...completed the trial of a case involving...organized crime and I am now presiding in a somewhat similar case. There have been a few occasions when I felt I needed to know some collateral information to assist me in the progress of the case, and I thought it suitable to tell you that I have had the usual splendid coopera-

9. 349 U.S. 331 (1955).

10. L.B. Nichols to Tolson, Federal Judges, March 29, 1955, 62-53025-NR.

11. G.C. Callan to Rosen, Outstanding Judges, May 26, 1958, 62-53025-508.

12. Tolson to Nichols, May 23, 1957, 62-27585-61X; SAC, Cincinnati to Director, June 15, 1960, 62-56933-NR. Allegations of a "left-wing" ring among court clerks proved groundless.

13. See: G. Harrold Carswell FBI file, 77-74002.



Associated Press

Senator John Danforth (R-Missouri), congratulates Clarence Thomas following the Senate vote in favor of confirmation. Thomas is followed by his wife, Virginia.

tion of [your] staff. You may be sure I appreciate the ability to avail myself of these services when required." The file describes the judge as a "firm supporter and good friend of the FBI."¹⁴ Such a relationship can reasonably be expected to influence any investigation the FBI might be required to produce.

Whether congressional complaisance about this ugly history of FBI intervention in the politics of the Supreme Court has been the result of laziness, Cold War ideology, fear, or simple ignorance is difficult to document. Clearly however, the result has been to reinforce the trend toward consolidation and concentration of executive power at the expense of the other branches. The Rehnquist Court is becoming J. Edgar Hoover's dream court, and the Thomas confirmation hearings show that the Senate is content to allow this march to the right.

The original FBI background investigation of Thomas for the position of Associate Justice did not uncover Professor Anita Hill's sexual harassment allegations.¹⁵ Neither are there any reports that prior FBI investigations of Thomas uncovered these charges when he was nominated to head the Equal Employment Opportunity Commission, nor when he was named to serve on the D.C. Circuit Court of Appeals. *Newsday* reporter Timothy Phelps learned of the harassment

charges almost two months before the Senate or the FBI did. Phelps said that the "FBI and Senate could have done the same" if they had conducted an adequate investigation.¹⁶ Only after the group Alliance for Justice brought Anita Hill to the attention of the Judiciary Committee did Committee chair Joseph Biden ask the White House to have the FBI investigate the charges.¹⁷

Had the Judiciary Committee been interested in a thorough, independent investigation of the charges, it would have conducted one, rather than initially relying on the FBI, whose "client" is President George Bush, not the Senate.¹⁸ Without the press leak of Hill's statement to Senate staffers, it is probable that no full Judiciary Committee investigation would have occurred.

The FBI's conflict of interest in this matter was clear. White House counsel staff, with help from Justice Department

lawyers and Senate Republican staffers, amassed information with which to attack Anita Hill in the televised hearings.¹⁹ The FBI, a component of the Justice Department, was charged with impartially investigating the charges, while Justice Department lawyers were busy assembling a campaign of character assassination.

Last Thoughts

The Senate's reliance on the FBI background investigations of Supreme Court nominees was and is a bad policy. It discourages the Senate from doing its own investigation and has in the past been used to deliberately mislead the Senate Judiciary Committee.

It is the president's constitutional prerogative to nominate candidates, but the Senate must make the final decision on their fitness to serve. As such, the Senate is ultimately responsible for conducting an independent investigation. Advice and consent requires nothing less. ●

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16. Timothy Phelps, *Nightline* (ABC), October 16, 1991.

17. Neil A. Lewis, "Judge's Backers Seek to Undercut Hill," *New York Times*, October 13, 1991, p. 8A.

18. FBI Assistant Director William Baker used this remarkably candid vocabulary during his appearance on *Nightline*.

19. Andrew Rosenthal, "White House devises counterattacks on Hill," *News & Observer*, (Raleigh, N.C.), October 14, 1991. Also: *New York Times News Service*, October 14, 1991, p. A1.

14. Federal judge's letter to Hoover, February 9, 1968, 62-53025-711.

15. William Baker, Assistant Director, FBI, *Nightline* (ABC), October 16, 1991.

The Mysterious Death of Danny Casolaro

David MacMichael

Joseph Daniel Casolaro was one of many freelance investigative reporters stirring the witches' brew of scandal simmering in the nation's capitol. He was also an aspiring novelist, newsletter publisher, and freelance writer for publications running the gamut from the now defunct *Washington Star* to the *National Enquirer*. From a well-to-do family (his father, a doctor, had invested well in northern Virginia real estate), he was 44 years old, divorced, and living alone comfortably on a five-acre estate in Fairfax County, Virginia — home to the CIA.

Casolaro was working on a book aimed at exposing what he called "The Octopus," a group of less than a dozen shadowy figures whose machinations figured heavily, he claimed, in the Inslaw case, Iran-Contra, BCCI, and the October Surprise.

Death Scene, With Instant Embalming

In the first week of August, Casolaro told friends and acquaintances that he was going to West Virginia to meet a source who would provide a key piece of evidence he needed to complete his investigation. He drove to Martinsburg, West Virginia, on Thursday, August 8, and checked into room 517 of the Sheraton Hotel. Two days later, at 12:51 p.m., hotel employees found his naked body in a bathtub full of bloody water. Time of death has been estimated at about 9:00 a.m.¹

Both arms and wrists had been slashed a total of at least 12 times; one of the cuts went so deep that it severed a tendon.² Press accounts differ on minor details of the scene, but there was apparently no evidence of struggle. There was a four-sentence suicide note in the bedroom.

Hotel management called the Martinsburg police who brought along the local coroner, Sandra Brining, a registered nurse. Ms. Brining ruled the death a suicide, took small blood and urine samples, and released the body to the Brown Funeral Home. Without authorization from officials or Casolaro's next of kin, the funeral home embalmed the body as a "courtesy to the family," according to Brining's statement at an August 15 press conference in Martinsburg.

David MacMichael is a former CIA estimates officer. He is the Washington representative of the Association of National Security Alumni, and editor of its bimonthly newsletter, *Unclassified*.

1. "Source May Have Disappointed Casolaro," *Washington Post*, August 25, 1991, p. A20.

2. David Corn refers to "an X-acto blade...not sold locally." ("End of Story: The Dark World of Danny Casolaro," *Nation*, October 28, 1991, p. 511.) James Ridgeway and Doug Vaughan refer to "a single-edge razor blade — the kind used to scrape windows or slice open packages..." ("The Last Days of Danny Casolaro," *Village Voice*, October 15, 1991, p. 32.) Some accounts mention a broken beer bottle, others a broken motel tumbler.

Martinsburg police notified the next of kin, Dr. Anthony Casolaro, also of Fairfax, of his brother's death on Monday, August 12. Casolaro says that police explanations for the delay, like the hasty, unauthorized and illegal embalming, seemed either extraordinarily inefficient or highly suspicious. West Virginia state law requires that next of kin be notified before a body can be embalmed.³

Casolaro requested a second examination, which was performed by West Virginia state medical examiner Jack Frost, who stated at the same August 15 press conference that the evidence was "not inconsistent" with suicide. At the same time, he declared that he "could not rule out foul play" and admitted that performing a conclusive autopsy on an embalmed body is almost impossible.⁴

Anthony Casolaro publicly stated his disbelief that his gregarious and high-spirited brother could have committed suicide. Danny was so afraid of blood, he said, that he refused to allow samples to be drawn for medical purposes, and would never have chosen, in any case, to slash his veins a dozen times. Other relatives and friends offered the same assessment: Danny Casolaro was not the suicidal type. Moreover, added a former girlfriend, he hated to be seen in the nude.⁵

Brining's blood samples showed traces of an anti-depressant drug and the non-prescription painkiller Tylenol 3. Casolaro stated that his brother was not depressed and his medical record showed no prescription for anti-depressants. On the other hand, as Ridgeway and Vaughan reported after examination of Casolaro's medical records and conversations with his personal physician (his brother's professional partner), there was clear evidence that the reporter had been in the earlier stages of multiple sclerosis (MS). He had experienced incidents of loss of vision, a couple of severe falls, numbness in one leg, and persistent headaches. His resistance to blood tests could conceivably be attributed to fear that a diagnosis of MS might be confirmed.

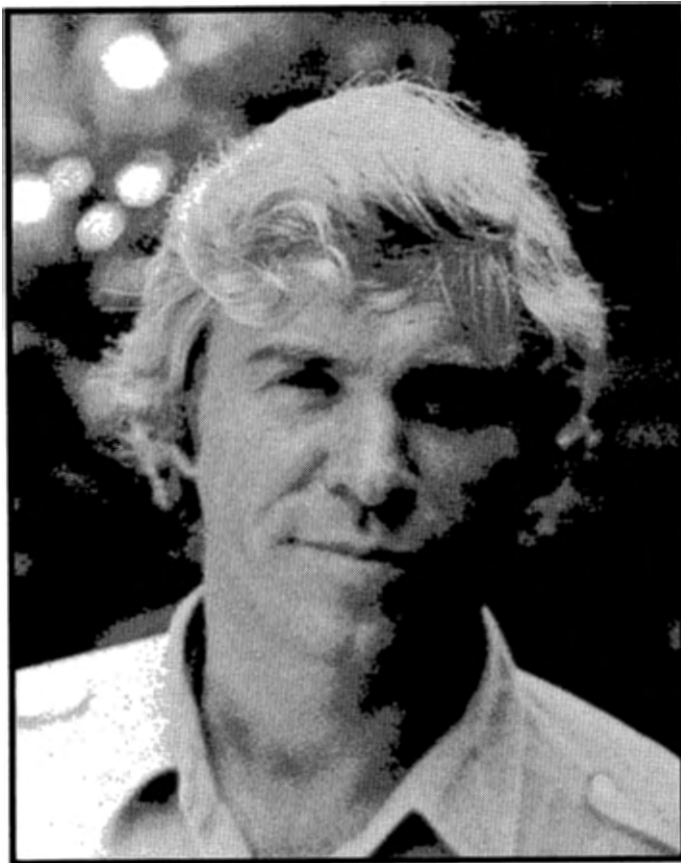
Some press reports hinted at an alcohol problem.⁶ Most accounts, however, suggest that he enjoyed the company in bars more than the alcohol; according to friends, he would nurse a few beers all afternoon or take four hours to finish a

3. Ridgeway and Vaughan, *op. cit.*, p. 38.

4. Author's conversation with freelance reporter Steve Badrich, who attended the press conference.

5. Kim Masters, "The Unlikely Suicide," *Washington Post*, August 31, 1991, p. D1.

6. Robert O'Harrow, Jr. and Gary Lee, "Frequent drinking marked writer Casolaro's final days," *Washington Post*, August 25, 1991, p. A19.



Joseph Daniel Casolaro

bottle of wine.⁷ Other accounts speculated that his inability to interest publishers in the book he planned to write had made him despondent.⁸ He was also alleged to have been worried about his financial situation. He had borrowed heavily to finance his research and publishers' rejections were a blow. In a letter to his agent he referred to his debts: "In September I'll be looking into the face of an oncoming train." Friends, however, dismissed the allegations — debt was Casolaro's usual condition and he was given to overstatement. Said one friend, "Danny would not off himself over money problems."⁹ Also, he was negotiating the subdivision of his five acres, a deal that should have netted him several hundred thousand dollars. His employment of a full-time housekeeper suggests that he was not severely strapped.

Casolaro had spoken to family and friends of the danger of his investigations, warning them not to believe it if he died of an "accident." But one of Casolaro's sources claims that despite being cautioned, the reporter was cavalier about taking safety measures.¹⁰

In April 1991, Casolaro told longtime friend and former

7. Masters, *op. cit.*

8. R. Drummond Ayres, Jr., "As U.S. Battles Computer Company, Writer Takes Vision of Evil to Grave," *New York Times*, September 3, 1991, p. D12.

9. Masters, *op. cit.*

10. Raymond Lavas, one of Casolaro's sources in the California electronics industry; telephone conversation with the author.

business associate, Pat Clawson that he had uncovered a "web of corruption" while investigating the Inslaw case. The "web" involved top-ranking Justice Department officials, New York organized crime figures, and Medellin Cartel drug traffickers, jointly bankrolling "off-the-books" intelligence projects, including Iran-Contra. Their fund-raising schemes, Casolaro said, included: software exports restricted under the Export Control Act, gunrunning, illegal arms sales, bogus mineral and oil investment scams, and drug-smuggling through Canada. Monies generated were so immense, Casolaro said, that government officials regularly skimmed off a hefty percentage. None of this has thus far been documented.

Coincidental Deaths or Parallel Murders?

Casolaro's death was promptly linked to that of other journalists in Guatemala and Chile. On July 29, 1991, Lawrence Ng, a stringer for the London *Financial Times*, was found shot dead in the bathtub of his Guatemala City apartment. Ng had been probing BCCI connections to arms sales in Guatemala.¹¹ [See Colhoun, p. 45.] Jack Anderson and Dale Van Atta have attempted to link Casolaro's death to that of British military aviation writer Jonathan Moyle — also ruled a suicide when he was found in March 1990 hanging in the closet of his hotel room in Santiago, Chile.¹² Moyle was looking into the activities of Chilean arms dealer Carlos Cardoen, who figures prominently in the Inslaw case.

Anderson and Van Atta take seriously the possibility that both reporters were murdered and that both had been tracking the same "octopus."¹³ Both were investigating the activities of Cardoen, a suspected conduit for arms sold to Iraq. According to an affidavit filed in the Inslaw case, Cardoen also played a role in the sale of Inslaw's purloined software to Iraq.¹⁴

Both Casolaro and Moyle had communicated with Anderson, who believed they were "no further along in the story" than others. "On the surface," Anderson and Van Atta wrote, "neither man had evidence worth killing for."

British journalist David Akerman disagrees, arguing that Moyle had uncovered information on connections between leading British arms makers and Cardoen, who used British licenses to manufacture high-technology weaponry for illegal delivery to Iraq.¹⁵ Because the illegal weapons transfers were generally known among arms dealers, public disclosure would have been sufficiently embarrassing and financially damaging to have placed Moyle's life in jeopardy. There are those who feel just as strongly about the facts surrounding the death of Danny Casolaro.

11. Rocco Parascandola, "Who killed investigative reporters?" *New York Post*, August 15, 1991, p. 4; Dan Bischoff, "One more dead man," *Village Voice*, August 27, 1991, p. 22.

12. Jack Anderson and Dale Van Atta, "Another casualty in the 'Octopus' case," *Washington Post*, August 28, 1991, p. D16.

13. *Ibid.* Also, ABC-TV, *Nightline*, September 13, 1991.

14. Affidavit of Ari Ben-Menashe, "Inslaw v. United States of America, and the United States Department of Justice, Adversary Proceeding No. 86-0069," United States Bankruptcy Court, Washington, D.C.

15. David Akerman, "The disquieting death of Jonathan Moyle," *Image*, London, July 28, 1991.

The Inslaw Morass

The most politically volatile side of this story is Casolaro's extensive investigation into the Inslaw case. Elliot Richardson is legal counsel to the Washington, D.C.-based computer software company, Inslaw. Widely respected for his ethics and legal expertise, Richardson quit as Nixon's Attorney General in 1973 rather than carry out the order to fire Watergate Special Prosecutor Archibald Cox. In a recent radio interview, Richardson was asked if he believed Casolaro killed himself. He answered:

I don't. I think everything we know makes it much more likely that he was eliminated by a person or persons unknown who feared that he was about to disclose information that would be severely damaging...he told [friends] separately that he had in hand or ready, significant hard evidence pointing to the connections between Inslaw and these other events [Iran-Contra, BCCI, October Surprise]. He said he was going to West Virginia to get additional evidence that would really lock this whole picture into place. Now, that I think is the most significant piece of information we have. There's no reason to suppose that he was lying to his friends. Why should he? And there's no reason to suppose that they lied in saying that this is what he told them.¹⁶

The Inslaw case involves charges that the Justice Department, under Attorney General Edwin Meese, stole the powerful database software PROMIS (Prosecutor's Management Information System) from Inslaw. When a federal bankruptcy court ruled in Inslaw's favor in 1987, presiding Judge George Francis Bason concluded that the Justice Department "took, converted and stole" the software "through trickery, fraud and deceit."¹⁷

Allegations about the theft of PROMIS have suggested three possible motives: To fund off-the-shelf covert operations; to market a "trojan horse" database to friendly foreign security agencies, which could then be easily monitored by the National Security Agency,¹⁸ and to pay off Reagan Attorney General Edwin Meese's political crony, Dr. Earl Brian. Now president of the floundering United Press International, Earl Brian has longstanding ties to Reagan and served in his cabinet when Reagan was governor of California.

Whatever its motivations, the Justice Department has twice been found guilty of the theft and was ordered to pay Inslaw \$6.8 million, plus legal fees. In 1989, the decision was upheld by federal judge William Bryant who said, "the government acted willfully and fraudulently..."¹⁹ Under both Edwin Meese and Richard Thornburgh, the Justice Department stonewalled efforts to investigate, refusing to release documents either to Senator Sam Nunn's Government Affairs

Investigations Subcommittee or to Congressman Jack Brooks' House Judiciary Committee.

In June, after eight years of litigation, the Federal Appeals Court of the District of Columbia voided the two previous decisions. October Surprise figure Judge Laurence J. Silberman²⁰ cast the deciding vote, declaring that the case had been

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wrongly heard in bankruptcy court in the first place, and must be retried in a federal district court. Inslaw has appealed to the Supreme Court.

The Washington, D.C. bankruptcy court judge who had heard the case and decided in Inslaw's favor was removed from the bench one month after his decision.²¹ He was replaced by S. Martin Teel, Jr., one of the Department of Justice lawyers who had unsuccessfully argued the case. According to a writer for *Barron's*, "Even jaded, case-hardened Washington attorneys called the action 'shocking' and 'eerie.'"²²

October Surprise

October Surprise is the as-yet unproven theory that members of the 1980 Reagan presidential campaign arranged a deal with the government of Iran to continue holding 52 U.S. hostages in Tehran until after the election in order to prevent President Carter from benefiting politically from their release.

The Inslaw case is tied to October Surprise by the sworn affidavit of Michael Riconosciuto, a West Coast computer and weapons technician with self-proclaimed ties to the intelligence community. He testified last March that he had modified the PROMIS software for sale to the Royal Canadian Mounted Police (RCMP) and Canadian Security Intelligence Service (CSIS) at the request of a Justice Department contracting officer named Peter

20. Silberman is accused by Abolhassan Bani-Sadr, the first elected president of Iran following the 1979 revolution, and later deposed by Khomeini, of being one of the four Reagan campaign staffers who consummated the October Surprise deal. Christopher Hitchens, "Minority Report," *The Nation*, October 24, 1987, p. 440.

21. Maggie Mahar, "Beneath Contempt; Did the Justice Department Deliberately Bankrupt INSLAW?" *Barron's Business Weekly*, March 21, 1988.

22. *Ibid.*

16. Diane Rehm Show, WAMU-FM, Washington, D.C., October 28, 1991.

17. *Inslaw v. United States of America, et al.*, p. 9.

18. Elliot Richardson, "A High-Tech Watergate," *New York Times*, October 21, 1991, p. A17.

19. *Ibid.*



Chilean arms merchant and intelligence asset Carlos Cardoen. Associated Press

Videnieks and Reagan/Meese crony Earl Brian.²³ In an unsworn statement to Inslaw's president William A. Hamilton, Riconosciuto says he met Brian in 1980 when he helped him deliver \$40 million to Tehran to consummate the October Surprise weapons-for-hostages deal.²⁴

After Riconosciuto first contacted Inslaw, Casolaro traveled several times to California and Washington in 1990 and 1991 to talk with him. Riconosciuto claims knowledge of many covert activities in the U.S., Latin America, and Australia, and doubtless influenced Casolaro's concept of the Octopus.²⁵ In his affidavit in the Inslaw case, Riconosciuto declared that Videnieks told him "not to cooperate with an independent investigation...by the Committee on the Judiciary of the U.S. House of Representatives."²⁶ Riconosciuto also stated that Videnieks threatened him with specific punishments he "could expect to receive from the U.S. Department of Justice..." if he cooperated with that investigation.²⁷ Within eight days of swearing the affidavit, he was in fact arrested on charges of distributing methamphetamines and has been held without bail in Washington state since March.²⁸ My appointment to speak with Casolaro upon his return concerned Riconosciuto, in whose wide-ranging, not entirely believable allegations we shared a keen interest.

23. See: Eric Reguly, "Questions grow as 'Big Daddy' watches his empire crumble," *Financial Post* (Toronto), August 19, 1991, pp. 8-11, for background on Brian.

24. Inslaw memorandum to *The Record*, June 28, 1990, "An Assessment of Michael Riconosciuto...", p. 1.

25. Riconosciuto, personal communications with the author.

26. Affidavit of Michael J. Riconosciuto, "Inslaw v. United States of America, and the United States Department of Justice, Adversary Proceeding No. 86-0069," United States Bankruptcy Court, Washington, D.C.

27. *Ibid.*

28. Carlton Smith, "Worldwide conspiracy, or fantasy? Felon's story checks out—in part," *Seattle Times*, August 29, 1991, p. A1.

Videnieks has denied in a sworn affidavit any knowledge of or contact with Riconosciuto. Earl Brian has done the same. Although Videnieks identifies himself as an employee of U.S. Customs in his affidavit, the Customs personnel office has denied any knowledge of him. An independent check with regional Customs officials also produced no evidence of Videnieks. Casolaro, however, told Hamilton that he had contacted Videnieks at Customs shortly before his fatal trip.²⁹

Final Rendezvous

What is known about Danny Casolaro's trip to Martinsburg is that he met on Thursday, August 8, at about 5:30 p.m. in the Sheraton bar with a man described by a waitress as possibly Arab or Iranian.³⁰ This may have been an Egyptian named Hassan Ali Ibrahim Ali. According to documents provided to Casolaro by former Customs informant Bob Bickel, Ali headed an Iraqi front company in the U.S. called Sitico.

According to Ridgeway and Vaughan, Casolaro had shown a photo of Ali to a friend shortly before leaving for Martinsburg. Middle East expert Mary Barrett has asserted that Hassan Ali—known as "Ali Ali"—had close ties to the late Gerald Bull, the American ballistics engineer working on super long-range artillery for Iraq and South Africa.³¹ Bull was murdered in Brussels last March, apparently by Israeli agents.³²

After meeting with Ali, Casolaro waited in the same bar to meet another source, who never arrived. In a conversation with Tom Looney, a fellow hotel guest he met there, Casolaro spoke of the source he was waiting for, explaining that the man had the information needed to solve the Octopus riddle, something which Casolaro described in detail to his skeptical listener. Looney told Ridgeway and Vaughan that he had a hard time believing that just seven or eight men were responsible for 40 years of scandals.

Other Figures from the Shadows

On the following day, Friday, August 9, Casolaro met with a former Hughes Aircraft employee, William Turner, in the Sheraton parking lot at about 2:00 p.m. Turner gave him some papers relating to alleged corruption at Hughes and in the Pentagon.

To further complicate matters, Turner was arrested on September 26 on charges of holding up a rural bank near his home in Winchester, Virginia. In an interview with Ridgeway and Vaughan in mid-August, Turner professed to being "scared shitless" because of the evidence Casolaro had shown him connecting "the Octopus" to Oliver North, BCCI, the

29. William Hamilton, personal communication with the author.

30. Ridgeway and Vaughan, *op. cit.*, p. 39.

31. Barrett, personal conversations with the author.

32. Suspicion of Mossad involvement in Bull's death has been widely reported in the mainstream press. See also: Mary Barrett, "Gerald Bull, the Canadian Ballistics Genius Who Armed Iraq," *Washington Report on Middle East Affairs*, November 1990. Bull's family, according to Barrett, is bitter that the U.S. government is doing nothing to investigate his death.

Keating Five, and Neil Bush and the Silverado Savings and Loan scandal.³³

Finally, there is the ubiquitous Ari Ben-Menashe, the former Israeli military intelligence officer who claims to have been involved in organizing the October Surprise affair in 1980 and to have been a key element in the subsequent supply of U.S.-provided military equipment to Iran.³⁴

On news of Casolaro's death, Ben-Menashe called Inslaw's William Hamilton to say that two FBI agents from Lexington, Kentucky (where the Israeli lived in late 1990 and early 1991), had been en route to Martinsburg to talk to Casolaro about their own investigation of the Inslaw case. Ben-Menashe said the agents were prepared to give him proof that the FBI was illegally using Inslaw's PROMIS software, Hamilton reports.

Ben-Menashe further told Hamilton that one of the agents, E.B. Cartinhour, was angry that the Justice Department was not pursuing Reagan administration officials for their role in the October Surprise. Cartinhour refused to talk to Ridgeway and Vaughan, but a recently retired agent who had worked with Cartinhour told Ridgeway that he knew of Ben-Menashe and "that involves classified information."³⁵ The ex-agent also claimed knowledge of an investigation about the Hamiltons, computers, the Justice Department, and a coverup. He told Ridgeway that if any FBI agents had been going to talk to Casolaro, it would have been to get information, not to give it.³⁶

The Inslaw investigation has extended into Kentucky for very concrete reasons. One of Inslaw's major sources is Charles Hayes, who runs a computer reconditioning business in Kentucky. Hayes, who claims to have been a former CIA asset, has found evidence of the PROMIS software in former Justice Department computers he acquired for his business.³⁷

According to Ben-Menashe, Ridgeway and Hamilton had botched what he told them, and had ruined Cartinhour's FBI career by alleging that he was going against Justice Department policy.³⁸ Ridgeway, for his part, says his reporting is accurate.

Aftershocks

Casolaro's housekeeper reported receiving several telephone calls on Friday, August 9, at Casolaro's house. At 9:00 a.m., a male caller announced, "I will cut his body and throw it to the sharks." An hour or so later another caller said simply, "Drop dead." Between then and 10:00 p.m., when she left for the night, there were three more calls in which there was only silence or the sound of music in the background. The following day, Saturday,

August 10, she got a final call at 8:30 p.m.—approximately twelve hours after Casolaro's death. A man's voice said, "You son of a bitch. You're dead."³⁹

On the previous day, around 6:00 p.m., as widely reported in the press, Casolaro called his mother's home in McLean, Virginia, to say he was on the way home but would be too late for a family birthday celebration.

Whether Casolaro was murdered or killed himself, his death has brought the Inslaw case back into the public spotlight. Elliot Richardson, calling the situation "far worse than Watergate," has written to the Justice Department to request appointment of an independent counsel to investigate Casolaro's death.

If Casolaro was murdered because of what he knew, Inslaw is the most probable cause. There is no evidence that his Octopus theory, or his investigations into BCCI and the October Surprise, are likely to have uncovered information worth killing for. Inslaw is a different matter. Here is a real crime, with real people who, if found guilty, would face real jail terms and stand to lose millions. It is possible that Casolaro, who was in close touch with Inslaw owners Bill and Nancy Hamilton, might have been too close to something conclusive which sealed his death warrant.

The possibility of murder remains the subject of serious inquiry,⁴⁰ but the suicide theory is gaining rapidly. Ron Rosenbaum, an investigative reporter and longtime acquaintance of Danny's, concluded after a 10-day inquiry that Casolaro elaborately staged his own death. Reviewing Casolaro's history as a journalist, Rosenbaum frames a good case showing that the dead man had neither the investigative track record, nor an adequate understanding of covert operations to make his extraordinary claims credible.⁴¹ He also offers evidence that some of Casolaro's death threats may have been imaginary. Rosenbaum concedes, however, that Casolaro was dealing with dangerous individuals, and that his investigations had uncovered serious new material.

Unanswered questions surrounding Casolaro's death, including the disappearance of his briefcase and a rash of anonymous calls⁴² after he died, have generated significant public pressure. Newly-confirmed Attorney General William Barr has ordered a retired federal judge, Nicholas J. Bua, to conduct a 120-day "top to bottom" review of the Inslaw matter.⁴³ This is a welcome change from the stonewalling of Meese and Thornburgh. It remains to be seen whether Bua will conduct a thorough investigation or simply preside over yet another government whitewash. ●

33. Ridgeway and Vaughan, *op. cit.*, p. 40.

34. As with Riconosciuto, some reporters have avoided Ben-Menashe because they consider his information impossible to confirm. One exception is Seymour Hersh. The Pulitzer Prize-winning Hersh relied heavily on Ben-Menashe in his recent book on the Israeli nuclear program, *The Samson Option*.

35. Ridgeway and Vaughan, *op. cit.*, p. 42.

36. *Ibid.*

37. The FBI appears to have had recent contact with Ben-Menashe in Kentucky. In early 1991, FBI officers investigated a dispute between Ben-Menashe and former CIA officer Allan Bruce Hemmings. Ben-Menashe may have the protection of Kentucky Governor Wallace G. Wilkinson. (Hemmings, conversations with the author.)

38. Ben-Menashe, conversations with the author.

39. Ridgeway and Vaughan, *op. cit.*, p. 38.

40. See for example: Liza Featherstone and Peter Rothberg, "Suicide or Murder?" *Lies of Our Times*, November 1991. Featherstone and Rothberg analyze the gaps in mainstream reportage of Casolaro's death.

41. Ron Rosenbaum, "The Strange Death of Danny Casolaro," *Vanity Fair*, December 1991.

42. Following his death, a number of anonymous calls were placed to Casolaro's house, and to at least two journalists, Dan Bischoff, editor of the *Village Voice*, and Pat Clawson of Metrowest Broadcasting in Washington, D.C. Clawson was a friend of Casolaro's for ten years, and a business associate when Casolaro was publishing a computer newsletter.

43. David Johnston, "Bank Inquiry Widened, Justice Dept. Nominee Says," *New York Times*, November 14, 1991, p. B13.

Filipino Refugee Secretly Tapes CIA Recruiting Pitch

Ellen Ray and William H. Schaap

Nathan Quimpo is a Filipino refugee living—as do a number of his compatriots—in Utrecht, Holland. A foe of both the Marcos regime and the Aquino government, he would be jailed instantly in his native land. His application for political asylum in the Netherlands is pending.

On October 10, 1991, Quimpo was approached by a Dutch official. Thinking it was an immigration official, he went to a waiting car and got in. Inside was an American. They drove to a coffee shop, and there, to Quimpo's amazement, the American introduced himself as Charles Taylor, a CIA officer. The Dutch official identified himself as Cees Overveen, from the BVD, the Dutch secret service. The two intelligence officers wanted Quimpo to inform on the other Filipino exiles in Utrecht. They promised money, passports, visas, safe conduct in the Philippines, almost anything.

Quimpo told the two that he needed more time and suggested a second meeting which was set for October 26 in Amsterdam. Quimpo conferred with colleagues and attorneys, and then went to the producers of *Behind the News*, the Dutch equivalent of *60 Minutes*. They arranged to wire him for sound and covertly film the next meeting.

CAIB has obtained a transcript of the October 26 meeting shown on Dutch television that same evening. Some of the names were blocked out. The following are highlights:

Taylor: I will be able to give you a number in Washington... Once you and I get to know each other a little bit better...you can have direct contact with me in Washington or any point in the world. No matter where you are.

Here is what I'm looking for. I'll give you an example of some of the subjects I'd like to talk with you as well. I'll say at the very beginning again that anything you don't want to talk about, we don't talk about it. I think there are plenty of things that we can talk about. We will not compromise your principles or your ideology...We respect each other's personal convictions....

Are you aware of any immediate plans for violence against an American or a Dutchman in the Philippines? Of course we know there's not going to be any here. But maybe you know if it's about an American missionary, or a Peace Corps volunteer? I say Peace Corps volunteer because that happened before...That's the first question I have on my mind.

The second one, here's a sample. I know that X and Z don't get along very... I've been hearing this in the Philippines. There's a certain rift between the two. We are interested in details of that rift from an intelligence standpoint. Not that we intend to do anything about it, but we like to know what's happening so that we can project what's going to happen in the future. As far as the split between X and Z, how does X view the split? In a meeting that you might have with him, what does he say about it?...

And number three: what are X's plans, regarding the split? How does he intend to counter it? What does he intend to do about the split? We don't know too many details about it, that's why we ask you.

...Also X's visa request. We see what he wrote down, and we'll show it to you next time. You can't have it, but I'll show it to you

next time. Also Y's. You'll get a real kick out of hers.

But what's on X's mind regarding the trip to America that he did not put down on the visa request? He may eventually get a visa, I don't know, it's not the decision for my organization to make. If it were my organization's decision, which it is not, we would probably say no. But the State Department is going to do what they want to do. Which is their job, that's fine.

This is a sample, I don't need to go over these things today. But I wanted you to see the sort of questions I would put to you...Because the United States knows that it's talking to somebody who is smart and who knows. We can listen to Cory Aquino, we can listen to what Manglapus says, we can listen to what the Philippine military tells us, but we just don't know...We can read the papers. If some of that bullshit is yours, I'm sorry. I don't mean to be personal, but, ah, we need to be educated by somebody who will be an educator.

Now we'd like to ask you questions about your family... I'm not going to ask you anything that is against your personal values. Against your personal ideology. I'll respect that. The more I get to know you, the more I will appreciate your line of thought. Not that it will have any impact on U.S. policy. But maybe it will, I don't know. America understands the Philippine situation from a leftist point of view. Maybe our policy might be a bit more appropriate if you find that effective. That's it in a nutshell....

This is it, this is the sort of thing I'm talking about....

Quimpo: I'm basically a socialist, I still believe in socialism. And I think, I believe that the movement now in the Philippines is at a crossroads. And I think that there are people who would stick to certain headline positions, and some who would make certain changes in the light of what happened in Eastern Europe and the Soviet Union. I'd like to see that the forces for change within the movement, gain the upper hand. Now, so it is in that context that uhm...Well, I think that in effect you're going to use me...

Overveen: Well, that's not a very nice word.

Taylor: It's all right.

Quimpo: No, no, because I have also this point to make...the other thing is also, that I will be using you.

Taylor: Nathan, I accept it....

Quimpo: Now what exactly would be your bargaining position vis-à-vis me?

Taylor: What can we do for you? Yeah. Well, we can do anything reasonable for you, from the American point of view. We can support you anywhere in the world.

Quimpo: Yes...you don't have anything really to use against me. You may be able to expose me to my own colleagues, but that means I would be of no use to anyone.

Taylor: You know what would happen to us if we started exposing people we talk to? Nobody in the world would ever talk to us again...If you end up saying no and walk out of here, well, nobody knows. People say no to us all the time. We've been around for 45 years now. You know how many people have said no to us in 45 years? I can't begin to count. But a lot of people have said yes, and are very, very pleased with themselves.

...But I want to point out too you could probably use some support from us, that we're capable of giving. We could keep you apprised with information we get from the Philippines that might pertain to you, that maybe you don't hear about. In fact, we've already come across information from the Philippines regarding you that you're not aware of.

Quimpo: Such as?

Taylor: Well, I've already mentioned to you the problems that you apparently are having with X. I understand that is not too much of a surprise to you, but it probably isn't because if there's a problem between you and X, it's something that you're going to at least sense or feel. But I heard back in the Philippines there is something more serious. And that the main problem is apparently because you're not toeing X's line. The way X would like you to do. You're out here in X's mind, working for X. In your mind you're here working for the movement.

Quimpo: I don't want to stay too long, I think. So what are you going to offer me?

Taylor: We are going to provide you with information that we get that pertains to you; we're going to cover your expenses whatever they might be. We're going to support you wherever you are in the world...

[A short exchange followed in which Quimpo asked for a passport in exchange for cooperation and Taylor promised to look into the possibility of a U.N. refugee passport.]

Quimpo: So anyway, that's one. The second is, well yeah, of course some financial amount. This will not go to me, but to certain projects which I hope to be involved in.

Taylor: I think I'd better take notes here.

Quimpo: And then I'd also like information about what X and company are saying about me. Any plans they may have regarding me. And the last is that, uh, some way for me to be openly in touch with you...

Taylor: This will be the last time we get together like this. We have better ideas we want to discuss with you before you go home. You're going to have to leave pretty soon, so we'll have to move along here.

Quimpo: Yes, that's my last point.

Taylor:...Proper arrangements, financial, X's plans for you, that I guarantee. If we come up with any, X's plans or anybody else for that matter, any plans, we guarantee. From anybody, you'll hear about it from me, or Cees. If it originates from the Philippines or any part of the world, you'll probably hear of it from me. If it comes from this country, you'll hear about it from Cees.

....On the second, the financial I'd like to start with the first few months with giving you \$1000. And I'd like to give you \$1000 for the first month which will be October. And even though October's almost over we will figure out the first full month. We can give it to you either in U.S. dollars or Dutch guilders. I think the official currency rate is 1.91. You may take your choice, green or Dutch colors. Whichever, before I give you anything, I want to make sure that you understand. I want you to understand that if you get this cash, if somebody in Utrecht happens to see it, they're going to wonder where you've been...Can you properly handle cash, if I give it to you?

Quimpo: Yes

Taylor: Or would you prefer it going to a bank account some-

where, in Switzerland, the United States, the Philippines, eh?

Quimpo: I have no access to the United States, since I'm here.

Taylor: Look, I can give you cash, but I want you to tell me that you'll be able to handle it without any security problem. The last thing I want is X come up to you and say: Nathan, where the fuck did you get that money?

Overveen: Look, we're going to insist that next it's going to be a hotel room or a safe house. Will that be okay by you? So we don't have the argument next time.

Taylor: Tell you what...You get a hotel room, we'll pay for it. But you get it. I presume what you're worried about is that we'll put up cameras and tape recorders and all that nonsense. You get the hotel room. Eh. How do we find out what hotel?

Overveen: It's no problem. We can meet in the Central Station, in the main hall of the Central Station, then we go by car, the two of us...and you say to any hotel you see: that hotel and that room there. Then we go into the room...

Taylor: Okay. You think we should do it that way then, that we take you up and you tell us which hotel? I really wish you would trust us in this matter, but if you don't, it's okay.

Overveen: You say, well, let's go in there.

Taylor: So...we'll see you there, and from there we go to a hotel we find there. One that looks okay to you. Look, just keep in mind we don't work with tape recorders. We work with paper and pen.

Quimpo: I think that's better.

Taylor: That's how it works. And also a couple of briefcases, where I can put the notes on afterwards. Nothing you'll ever find. Open a briefcase, you see nothing...I have every respect for you. And I hope you will develop the same respect for us. I think you'll find we deserve it. And thank you again for coming today with us.

As of this writing, no mainstream print or broadcast medium in the U.S. has reported on the incident, although it has been front-page news in the Netherlands and even the European edition of *Stars and Stripes* (October 30, 1991). In response to the exposure of the operation, Dutch and U.S. authorities claimed they were merely trying to prevent attacks on Americans in Europe by members of the Philippine New People's Army (NPA). There is, however, no evidence that Quimpo or his associates were involved with the NPA, or that the NPA has ever conducted any operations abroad. Exile and human rights groups, on the other hand, have pointed out that when intelligence agencies target political refugees, they make a mockery of the concept of asylum. As a result of the expose, bills to ban the practice have been introduced in the Dutch parliament.

(NED continued from p. 13) U.S. support for TUCP continues under Aquino. In September 1991, a scandal erupted in the Philippines over U.S. attempts to buy support for the military bases treaty, implicating among others Senator Ernesto Herrera, the general secretary of the TUCP. On July 19, Herrera, then a critic of the bases treaty, had written President Aquino, saying, "It will be extremely difficult to vote for an agreement which reflects an almost contemptuous disregard of Filipino workers' interest." Herrera reportedly switched his vote in favor of the losing treaty after AAFPI promised \$3.7 million in additional TUCP support.¹⁷

Nor was this the first scandal over FTUI grants. In 1984, FTUI awarded grants to Panamanian union activists promoting the candidacy of Nicolas Barletta, who was backed by the U.S.-supported Panamanian military. That same year, FTUI gave secret grants to two French groups opposed to the policies of President Fran-

cois Mitterrand. The group was a student activist group described by a 1982 French Parliamentary Inquiry as a "satellite movement" of the rightwing paramilitary *Service d'Action Civique*. The other grantee was *Force Ouvriere*, a trade union organization which used violence when working with the CIA after World War II to oppose leftwing unions.¹⁸ Through FTUI, NED continues funding regional affiliates of *Force Ouvriere* in Africa and the Caribbean.

The Center for International Private Enterprise (CIPE), another core NED grantee organization, is the U.S. Chamber of Commerce counterpart to FTUI. Established in June 1983, it supports "free market" policies and business organizations, pro-business media, training of business leaders and mobilization of business in the political process. In Eastern Europe, for example, CIPE has programs to support business organizations, analyze business enterprises and

17. Peacenet report, October 17, 1991, citing mainstream Manila newspapers.

18. Mark Schapiro and Annette Levi, "NED to the Rescue," *The New Republic*, December 23, 1985; Alfred W. McCoy, *The Politics of Heroin* (New York: Lawrence Hill Books, 1991), p. 58.

Ministries of Truth: Psywar at Home

The Reagan-Bush administrations' "public diplomacy" program involved a network of rightwing donors, organizations, lobbyists and PR specialists working in conjunction with the NSC, CIA and two special offices: the White House Office of Public Liaison and the State Department's Office of Public Diplomacy.¹ In May 1983 the White House Office of Public Liaison, headed by Faith Ryan Whittlesey (former ambassador to Switzerland), established the Outreach Working Group on Central America, a vehicle for packaging PR themes, networking, and mobilizing administration supporters.

On May 20, 1983, NSC official Walter Raymond informed National Security Adviser William Clark that the "Faith Whittlesey effort" was "off to a good start" and discussed the establishment of a "Coalition for a Democratic Central America." In a section headed "Private Funding Effort," Raymond wrote, "I have provided Jeff Davis with a list of funding programs that require private sector support...Roy Godson² reported that he met early this week with a group of private donors that [chief of USIA and top fundraiser for the 1980 Reagan campaign] Charlie Wick brought to the sitroom two months ago. The group made their first commitment of \$400,000 which includes support to Freedom House, a pro-INF [Intermediate-Range Nuclear Forces] group in Holland, Accuracy in Media, and a European based labor program. These are useful steps forward. More to follow."³

Complementing and then superseding the Outreach Group was the State Department's Office of Public Diplomacy on Latin America and the Caribbean (S/LPD), directed by the Cuban-born Otto Reich, a former AID official and instructor at the U.S. Army School of the Americas. Although based at State, the Office of Public Diplomacy was an interagency office, with personnel from State, DOD, AID and USIA, operating under the direction of the NSC's Walter Raymond and Oliver North. "If you look at it as a whole," a senior S/LPD official said, "the Office of Public Diplomacy was carrying out a huge psychological operation of the kind the military conducts to influence a population in denied

or enemy territory."⁴ Reich's executive officer, Lt. Col. Daniel "Jake" Jacobowitz, had a "background in psychological warfare," according to S/LPD Deputy Director Jonathan Miller. Following a request from Reich to Raymond, five other Army officers were recruited from the 4th Psychological Operations Group at Fort Bragg, North Carolina.⁵

In 1986, Reich became ambassador to Venezuela and was replaced by Robert Kagen. Raymond prepared a secret memorandum for John Poindexter to send to Casey, assuring the DCI that "the departure of Otto Reich has not resulted in any reduction of effort...Although the independent office was folded into Elliott Abrams' bureau, the White House has sent a clear tasker to the community that this limited reorganization in no way reflected a diminution [sic] of activities. On the contrary, the same interagency responsibilities are being exercised, and the group reports directly to the NSC...In reality, the reorganization also means that Elliott Abrams plays a strong public diplomacy role, and in this way we have harnessed one of the best public diplomacy assets that we have in the government."

Raymond noted that he chaired a weekly Central American public diplomacy meeting with participants from the NSC, the CIA's Central American Task Force, State, USIA, AID, Defense and the White House Press and Public Liaison Offices. "This group takes its policy guidance from the Central American RIG and pursues an energetic political and informational agenda."⁶ The RIG (Restricted Interagency Group) was made up of officials from State, Defense, the NSC, Joint Chiefs and CIA and was led by the core group of Oliver North, Assistant Secretary of State for Inter-American Affairs Elliott Abrams and CIA Task Force chief for Central America Alan Fiers. In 1991 plea bargains with Independent Counsel Lawrence Walsh, Fiers implicated higher CIA officials in the Iran-Contra coverup and Abrams pleaded guilty to two misdemeanor charges of withholding information from Congress about secret government efforts to support the contras during the Boland ban on military aid.

1. See: Holly Sklar, *Washington's War on Nicaragua* (Boston: South End Press, 1988), pp. 240-49, 262-64, 274, 321-23, *passim*.

2. Godson is a Georgetown University professor, 1980 CIA transition team member, and Washington director of the National Strategy Information Center—an intelligence lobby and think tank which Casey was influential in founding, when it provided funding to Arturo Cruz, then a contra political leader. *Report of the Congressional Committees Investigating the Iran-Contra Affair*, Deposition of Roy S. Godson, appendix vol 12, pp. 253-305, *passim*; *Tower Board Report*, p. C-17; *Iran-Contra Report*, pp. 97-98; and James Ridgeway, "The Professor of Conspire," *Village Voice*, August 4, 1987.

3. Memorandum from Raymond to Clark, May 20, 1983, Iran-Contra Hearings, Exhibit OLN-219. Also see: Memorandum from Raymond to Clark, August 9, 1983.

4. Alfonso Chardy, *Miami Herald*, July 19, 1987. See also: Chardy, *Miami Herald*, October 13, 1986, and House Committee on Foreign Affairs, Staff Report, *State Department and Intelligence Community Involvement in Domestic Activities Related to the Iran-Contra Affair*, September 7, 1988.

5. Robert Parry and Peter Kornbluh, "Iran-Contra's Untold Story," *Foreign Policy*, Fall 1988, p. 19.

6. Memorandum for Casey prepared by Walter Raymond, August 1986, Iran-Contra Hearings.

provide policy recommendations and assist legislative actions in Hungary, Romania, the Czech and Slovak Federal Republic, and Poland. In Poland it also funds the Krakow Industrial Society's efforts to publish a daily national newspaper "that will cultivate understanding of the role of private enterprise in economic and democratic development."¹⁹

The National Democratic Institute for International Affairs (NDI), the Democratic Party's vehicle for NED funding, is chaired by former Vice President Walter Mondale. The Institute's president, J. Brian Atwood, assistant secretary for congressional relations in the Carter administration, declared: "Our philosophy is that we should be operating on a non-partisan basis. We do not care who wins an election; all we care about is the democratic system. Our conferences [have been attended] by people across the spectrum, from Social

Democrats to conservatives. I think there is a danger we could pervert an election process by getting into a campaign on one side or another."²⁰

As shall be seen later, that's just what NDI did in Nicaragua.

The Republican Party also has its own conduit for NED funding—the National Republican Institute for International Affairs (NRI). J. William Middendorf, its secretary-treasurer, was head of the 1980 CIA transition team, former secretary of the Navy, and ambassador to the Organization of American States under Reagan. Until mid-1991, Jorge Mas Canosa, chair of the Cuban American National Foundation and of the Radio Marti advisory board, served on the NRI board of directors. Oliver North's diaries refer to Mas Canosa and the contra support network, for example, in this February 4, 1985 entry: "Felix Rodriguez, still have not gotten dollars from Jorge Mas." The Cuban American National Foundation has

19. NED 1990 Annual Report, p. 27.

20. Interview, *Campaigns and Elections*, May/June 1989, p. 34.

received NED grants to support the work of the Madrid-based International Coalition for Human Rights in Cuba and to support the U.S. counterpart to the Havana-based Cuban Committee for Human Rights.

Another brief NED mini-scandal erupted in 1989, when NRI was accused of interfering in Costa Rica's elections. NRI supported the successful presidential candidacy of the Social Christian United Party's Rafael Calderon by financing the organization he directed, the conservative Association for the Defense of Costa Rican Liberty and Democracy. NRI grants were used in part for nearly \$50,000 in salary paid to Calderon, who in 1986 had lost the presidential race to Oscar Arias of the National Liberation Party (PLN). In its annual reports, Calderon's association said it used some \$434,000 in "NED grants beginning in 1986 for seminars and conferences, to fund research for opposition members of the national legislature, to run public opinion polls and to train 200 instructors for a nationwide 'political education program.' " NED grants were also used to fund a magazine, which ran a column by Calderon condemning the Arias peace plan for Central America as "a deformation of masculine values and the defense of our national sovereignty."²¹

"Victory" in Nicaragua

Destabilization campaigns can culminate in invasions such as Grenada in 1983 and Panama in 1989, or military coups such as Guatemala in 1954 and Chile in 1973, or "electoral coups" such as Jamaica in 1980 and Nicaragua, where economic embargo, re-escalating contra war and increased internal opposition to the Sandinistas prevailed in 1990.²² Angola may be next.

At the March 1990 NED board meeting, President Carl Gershman called the "victory of the democratic opposition in Nicaragua...a tremendous victory for the Endowment as well." The board minutes continued:

Those who head the party and labor institutes, whose tireless efforts helped make these victories possible, are well known to Board members. Still, there are others who made 'a sterling contribution' and Mr. Gershman took the opportunity to pay tribute to them as well: from NDI, Ken Wollack, Donna Huffman, and on-site project manager Mark Feierstein; from NRI, Janine Perfit and project manager Martin Krauze; from AIFLD, Gordon Ellison and Dave Jessup; from the International Foundation for Electoral Systems, Richard Soudriette and Hank Quintero; and from Delphi International, Paul von Ward and Lee Zahnow.²³

The Washington-based Delphi International Group, which plays a key role for NED in Nicaragua, has offices in San Francisco, Moscow, Beijing, Paris and Dublin. It is headed by Paul von Ward, a former naval officer, NATO adviser, State Department official and U.S. embassy officer. Delphi took over NED's *La Prensa* grants in 1986 after PRODEMCA too openly supported military aid for the contras. These Delphi grants were first directed by Henry Quintero, former executive director of the Institute for North-South Issues (INSI), which was used by Oliver North to launder money to the contras.²⁴ Quintero, a former intelligence research specialist for the Department of the Army, State Department and USIA, is now with the International Foundation for Electoral Systems, described below. Delphi also administers NED grants for the right-wing *Radio Corporacion* and other radio stations, training and "civic education" projects for women and youth, and other assistance to anti-Sandinista groups in Nicaragua.

NDI sent an election survey mission to Managua in September 1988. According to an internal draft report, a purpose of the mission was to see "what program(s) could be developed by NDI to assist the democratic opposition in presenting a unified, effective challenge to Sandinista rule." The NDI group was worried about prospects for defeating the Sandinistas. It described the opposition as "centrifugal in dynamic, fratricidal in outlook" and, in the words of an NDI consultant, "bureaucratic, static, atomized, with low credibility in the population." NDI found that "unification is the single most important ingredient for success by the opposition." NED, the U.S. Embassy, and the CIA successfully forged that campaign unity in the UNO political alliance and its labor and civic affiliates—making UNO the viable choice not just for its political adherents but for disenchanted Sandinista supporters and people worn down by war and economic destabilization.²⁵

Although the NED charter prohibits direct funding of political candidacies, it poured \$12.5 million into 1989-90 election-related funding. NED supported UNO (insisting this wasn't direct support for UNO candidates) and supposedly nonpartisan UNO front groups such as Via Civica (Civic Way) and the Institute for Electoral Promotion and Training (IPEC). In a meeting attended by one of the authors before the election, U.S. Embassy *Charge d' Affaires* John Leonard referred to IPEC as an "UNO foundation."

NED support for Via Civica was provided by Henry Quintero and the Washington-based International Foundation for Electoral

NED groups often play good cop to the CIA's bad cop.

Systems (IFES), founded in 1989. The chair of the IFES board of directors is F. Clifton White, director of the conservative John M. Ashbrook Center for Public Affairs and member of the boards of the Center for Democracy and NRI. Since he helped win the Republican presidential nomination for Barry Goldwater in 1964, White has been regarded as a leading conservative political strategist. His involvement in the Reagan administration's overt-covert pro-Contra propaganda campaign is evident in a November 10, 1986 memo, written not long before the Iran-contra scandal broke. The memo, from Walter Raymond to then National Security Adviser John Poindexter discusses progress on a bipartisan group to promote U.S. policy in Central America, especially Nicaragua: "Although Pete Dailey [CIA counselor], Bill Casey and Cliff White have all been involved in general discussion of what needs to be done, we are going to have to be sure that Pete and Bill are not involved...Hence, Cliff is now taking the lead."²⁶

In Nicaragua FTUI funds the AIFLD-backed Council of Trade Union Unification (CUS) regarded as pro-Somoza until even the elite turned against the dictatorship in 1978. In 1990, FTUI provided a \$73,000 grant to assist CUS "in organizing workers and in strengthening their ability to support workers' rights" and a \$493,013 grant to assist CUS "in mobilizing workers and their families to participate in and monitor the electoral process."²⁷

25. See Holly Sklar, "Washington Wants to Buy Nicaragua's Elections Again," *Z Magazine*, December 1989 and "Many Nicaraguan Voters Cry Uncle," *Z Magazine*, April 1990 and William Robinson and David MacMichael, "NED Overt Action: Intervention in the Nicaraguan Election," *CALB*, Number 33 (Winter 1990), pp. 33-34.

26. That memo was cited in a September 1988 report of the House Committee on Foreign Affairs (whose subcommittee on International Organizations oversees NED), which condemned the domestic propaganda network. Unfortunately, the report had little impact. House Foreign Affairs Committee Chair Dante Fascell (D-Fla.), a past member of the NED board of directors, personifies continued congressional support for the overt-covert "Project Democracy."

27. NED Annual Report 1990, p. 43. GAO, *Aid to Nicaragua*, May 1991, Report pp. 30-31.

21. Doyle McManus, *Los Angeles Times*, October 14, 1989. See also: *Boston Globe* and *Wall Street Journal*, October 13, 1989.

22. Holly Sklar, *Washington's War on Nicaragua*, p. 390-92.

23. Minutes of March 29, 1990 NED Board of Directors.

24. See for example: *Report of the Congressional Committees Investigating the Iran-Contra Affair*, November 1987, p. 97.

Good Cop-Bad Cop

NED groups often play good cop to the CIA's bad cop while policymakers pretend that the bad cop CIA is out of the election meddling business. In reality, covert political aid also flows. The CIA reportedly spent \$6 million during the election period on the Nicaraguan opposition for "housekeeping costs, election-related contra support, political training for UNO operatives in Costa Rica, radio broadcasts from Costa Rica into Nicaragua, and providing travel funds and stories to European journalists." In addition, President Bush, his son Jeb, Special Assistant to the President for Latin American Affairs William Pryce, White House Chief of Staff John Sununu and other officials worked with the Carmen Group to organize UNO campaign public relations, strategy and "private" fundraising under the guise of the "Committee for Free Elections and Democracy in Nicaragua."²⁸

An October 1991 *Newsweek* article titled "The CIA on the Stump" described a secret \$600,000 CIA program to pay Miami-based contras to return to Nicaragua and work for UNO in the months before the election. About \$100,000 was directed to Alfredo Cesar, a member of IPCB's small governing board and now president of the Nicaraguan national assembly. "[Congress] explicitly banned covert CIA financial support for UNO," the magazine reported, "precisely because it feared the political impact if the payments were discovered. 'Having this election jeopardized by so little money and so few people,' one U.S. intelligence official said of the \$600,000 operation, 'it's so stupid.'" The article, illustrating the good cop-bad cop routine, fails to mention the CIA's multimillion dollar election-related support program which *Newsweek* had previously reported but dumped down the memory hole.²⁹

Old Nazis and New European Democracies

NED core groups and grantees are heavily involved in shaping the political, social and economic destinies of Eastern Europe and the Soviet Union. NDI, for example, has programs for party building, election-related assistance including seminars in grassroots organizing and civic education, election administration, election monitoring, public opinion polls and electoral law reform. In the Czech and Slovak Federal Republic, it is also convening international experts to help draft a new election law. In Hungary, it is consulting with newly-elected parliamentarians "to enhance their ability to carry out their official duties." And in Poland, NDI is also sponsoring a U.S. training visit for senior staff administrators of the Polish Parliament. Programs are also in place in Bulgaria, Romania, the Soviet Republics, and Yugoslavia.

Some of the U.S.-supported East European parties and groups define democracy as available only to those who have specific racial, ethnic, or religious attributes—an echo of the racial nationalism that underpinned the fascist movements in post-World War I Europe.³⁰ In fact, some supposed democracy builders are reviving Nazi-collaborationist parties, in some cases with the help of aging pro-Nazi forces forced to emigrate to Canada and the U.S. after World War II.³¹

Margaret Quigley of Political Research Associates documented the problem in the Russian Republic. The Free Congress Foundation not only acts as a conduit for NED funds to Yeltsin's Inter-Regional Deputies Group, but has trained Yeltsin's staff, including his campaign manager Arkady Murashev. According to Quigley, Yeltsin's ties to ultra-nationalist and anti-Semitic groups are much deeper than most people realize.³²

Yeltsin himself spoke to Pamyat officials at a time when members of the Russian nationalist anti-Jewish organization were distributing copies of the virulently anti-Jewish hoax, *The Protocols of the Learned Elders of Zion*. "It's clear," he said, "that a sense of patriotism motivates you, patriotism about our motherland." Yeltsin's vice president, Alexander Rutskoi, is also the deputy chair of *Otechestvo* (Fatherland) an anti-Semitic, Russian nationalist organization.³³

That the Free Congress Foundation is a conduit for NED funds should itself be controversial. FCF leader Paul Weyrich is a political reactionary condemned even by some conservative Catholics for his support of the Society for the Protection of Tradition, Family and Property. This renegade neofascist Catholic sect is closer to the ideas of the Spanish Inquisition than current Vatican teaching.

Former Nazi collaborator Laszlo Pasztor³⁴ is a Hungarian emigre who was founding chair of the Republican Heritage Groups Council into which he recruited individuals of anti-democratic political heritage, such as the Fascist Bulgarian National Front and Romanian Iron Guard and Ukrainian nationalist Nazi collaborators. He works with a project sponsored by Weyrich and housed at the Free Congress Foundation building. Pasztor says that when he visited Hungary, he "unofficially" met with leaders of several new political parties, including the Hungarian Democratic Forum, MDF, a group where anti-Semitism still resonates. MDF has participated in NED-funded projects in Hungary. Pasztor is assisting NED grantees by translating and evaluating proposals by Hungarian and Czechoslovakian groups. In July 1989, Pasztor informed Weyrich of his involvement in obtaining "assistance for the anticommunist democratic opposition behind the Iron Curtain" from NED.³⁵

Democracy Doublethink

Imagine the leaders of the Soviet Endowment for Perestroika or even the Swedish Endowment for Social Democracy claiming victory in U.S. elections as NED did in Nicaragua. It's not easy to imagine because public knowledge of such support would likely cause a scandal over violations of our sovereignty. U.S. law rightly prohibits foreign funding of U.S. candidates, and receiving such support, if discovered, would be political suicide.

Imagine more. Imagine a foreign endowment funding the *New York Times*, *Washington Post*, ABC, NPR, etc; funding major think tanks, the Republican and Democratic Parties, the AFL-CIO, the Chamber of Commerce, and an assortment of women's, student and cultural groups.

On May 15, 1991, Rep. Paul Kanjorski (D-Penn.) took to the House floor in an unsuccessful attempt to reduce NED funding. He accused NED of unaccountable and anti-democratic behavior in its foreign programs and heavy-handed tactics against congressional critics. "[I have] an internal [NED] memo," Kanjorski charged, "which indicates that staff members have identified my district, myself, and the make-up of my district. They then attempted to set a portion of my constituency against me because of my opposition to their N.E.D. position in prior congressional hearings." In 1986, for example, the Polish American Congress, an NED grantee, organized opposition to Kanjorski's anti-NED stance in his heavily Polish-American district.³⁶

NED cannot be understood in ahistorical isolation. It is an increasingly important player in the longtime overt and covert project to make sure the leaders of other nations conform to U.S. critical standards, and to make democracy safe for the New World Order at home and abroad.

28. Peter Eisner and Knut Royce, *Newsday*, March 1, 1990. On the Carmen Group, see: William I. Robinson, "U.S. Overt Intervention: Nicaraguan 'Electoral Coup,'" *CAIB*, Number 34 (Summer 1990), pp. 32-35.

29. *Newsweek*, October 21, 1991; March 12, 1990; September 25 and October 9, 1989.

30. Chip Berlet and Holly Sklar, "The NED's Ex-Nazi Advisor," *The Nation*, April 2, 1990, pp. 450-52.

31. *CAIB*, Number 35, (Fall 1990), pp. 17-32.

32. Margaret Quigley, "Uncritical Coverage," *FAIR Extra*, December 1991, pp. 6-9.

33. *Ibid.*

34. Pasztor has misrepresented his past for years, but leading Holocaust historian Randolph L. Braham fully documented Pasztor's collaboration and conviction in the June/July 1989 issue of *Midstream*, pp. 25-28.

35. Berlet and Sklar, "NED's Ex-Nazi Advisor," *op. cit.*

36. Polish American Congress, Washington office news release, 1986.

The Confirmation of Robert Gates

Louis Wolf

On the first day of the hearings, Robert Michael Gates signaled his sense of vulnerability. During opening statements by members of the Senate Select Committee on Intelligence, Senator Bill Bradley (D-N.J.) asked: "Does Gates have sufficient integrity, vision and political independence to lead?" Gates rapidly jotted one or two words on the pad before him.

There were ample signs that the White House also feared a repeat of 1987, when Gates had to "withdraw" from the nomination process. In 1987, Gates' role in Iran-Contra, the Reagan administration's crowning foreign policy disaster, could be neither ignored nor glossed over. In stark contrast, despite profound divisions over him at the CIA, Gates' second try was not terribly challenging.¹ Instead of hand-wringing concern about a "constitutional crisis," we witnessed such brazen hypocrisy as this from Chair David Boren (D-Okla.):

...make sure we never forget that the [CIA], like all other parts of our Government, does not belong to the President. It does not belong to the members of the Senate Intelligence Committee, or the House Intelligence Committee. It belongs to the American people.²

In fact, it was Boren's thin mask of neutrality, scarcely concealing his ardor for Gates, which tipped journalists and observers early on to the probable outcome.³

Reaganite Nominee, Reaganesque Memory

Early on, Gates showed symptoms of an amnesia that seems pandemic in Washington nowadays. Responding in June to 67 preliminary questions from the Committee, he replied "I can't remember" or the equivalent 55 times, "I don't know" 22 times, and "I did not know" 20 times. He is mentioned on several occasions in Oliver North's diaries, but Gates said he had not read the relevant passages, even though the Committee had provided him the pages in question.

1. Nevertheless, the 64-31 vote on November 5, 1991 was the weakest vote ever for a DCI nominee.

2. Senator David Boren (D-Okla.), *Congressional Record*, November 4, 1991, p. S15835.

3. Administration anxiety was evidenced throughout by the constant, fretful conferencing of Gates' handlers, particularly the tense, overbearing, teeth-gritting White House deputy for legislative affairs, James Dyer.

Bush's second-stringer, James Lilley, joined the CIA in 1951 and until recently was ambassador to China. The day Gates was confirmed, Bush nominated Lilley as Assistant Secretary of Defense for International Security Affairs—a pivotal Pentagon strategy post that since Vietnam has been reserved mostly for CIA veterans, including lately Nestor Sanchez and Henry Rowen.

As in 1987, his memory lapses assumed ludicrous proportions. Gates was present at the chaotic November 20, 1986 meeting at the CIA to discuss Director Casey's upcoming arms-for-hostages testimony before Congress—surely one of the most important meetings of Gates' career. Twelve or fourteen people were present; there was "general pandemonium" and shouting as Casey ripped up successive drafts. Yet, "I've forgotten the specifics," Gates bleated. Further, he claimed not to have bothered to check how Casey fared at the hearing the next day.

Architect of U.S. Foreign Policy

On October 18, Senator Ernest Hollings (D-S.C.) announced his "no" vote, and called Gates "the chief architect of...Bush's foreign policy for almost three years."⁴ This statement reinforces *CAIB*'s earlier report that since his January 1989 appointment as Deputy National Security Adviser, Gates had virtually been running the CIA from his NSC office.⁵ Gates was one of nine key people who met daily to plan the Gulf War from before start to finish; DCI William Webster was excluded from this group.

After Casey became ill in December 1986, Gates was acting DCI for five months during a critical phase of the Iran-Contra investigation. This fact alone ought to have rendered absurd his repeated claims of ignorance. Senator Bradley suggested, "he either was incompetent or chose not to know."⁶ Senator Howard Metzenbaum (D-Ohio) drew from Alan Fiers, one of Casey's trusted inner circle and a vocal Gates supporter, this blunt assessment about Iran-Contra: "I think Gates knew."⁷ Asked by Senator Warren Rudman (R-N.H.) whether Gates is "intellectually tough," Fiers replied: "I don't know—it's a question in my mind." Rudman's face went ashen.

Certainly Gates has a high opinion of his own analytical abilities. On the very day of Attorney General Edwin Meese's legendary press conference admitting the "diversion" of Iran arms sales profits to the Contras in Nicaragua, Gates gave a speech in San Francisco titled "War By Another Name." It

4. Press statement by Sen. Ernest Hollings before the Committee, October 18, 1991, p. 2. From the floor, Hollings said: "This is a bad appointment. At this moment, the Central Intelligence Agency has cancer. The individual who inflicted the cancer was Bill Casey. We've got Casey's right arm to spread this cancer. I hope the Congress will sober up."

5. Editorial, *CAIB*, Number 37 (Summer 1991), p. 2.

6. *Congressional Record*, November 4, 1991, p. S15841.

7. Senator Hollings candidly observed that the Iran-Contra investigation "was a charade," adding acerbically, "Ollie [North] had a helluva lot of cooperation" from the State Department, the Pentagon, and the NSA.

was a classic recital of the Reagan Doctrine. Said Gates: "The Soviets' aggressive strategy in the Third World has, in my view, four ultimate targets—first, the oil fields of the Middle East, which are the lifeline of the West and Japan; second, the

"The CIA has cancer. The individual who inflicted the cancer was Bill Casey. We've got Casey's right arm to spread this cancer."—Sen. Hollings

Isthmus and Canal of Panama between North and South America; and, third, the mineral wealth of Southern Africa. The fourth target is the West itself..."⁸ Asked about his speech, Gates admitted the allegations were not based on CIA estimates. Why then did he assert them? "Poetic license," he sidestepped. Senator Bradley, who later called Gates "a man of the past," asked pointedly, "Were you auditioning for ... Director of Central Intelligence?"

Against all evidence, including testimony by the chair of the Foreign Intelligence Advisory Board, Admiral Bobby Ray Inman,⁹ Gates pretended that he "never aspired to this job."

A Jury of His Peers

Despite his lack of ambition, Gates endured the nomination ordeal not once but twice. This time, four former CIA employees presented sworn testimony opposing him. Melvin Goodman, Jennifer Lynn Glaudemans, Thomas Polgar, and Harold Ford each delivered dramatic testimony and then faced probing questions from Democrats and *ad hominem* attacks by most of the Republicans. Sworn written statements in opposition were submitted by current CIA officers Carolyn McGiffert Ekedahl, John Hibbits, and former CIA analyst Wayne Limberg.¹⁰

Each of Gates' critics spoke of the entrenched politicization of intelligence analysis—"cooking the books"—particularly between 1981 and 1986 under Casey. Gates was Casey's deputy in charge of analysis at the time. They also cited what one described as an "atmosphere of fear and intimidation that gripped the [Intelligence] directorate" during Gates' tenure. Gates claimed in defense that "footnotes"—comments by dissenting analysts—were allowed in analysis documents going up the line. In fact, "There was not a single footnote on

8. Robert Gates, "War By Another Name," *Washington Times*, November 26, 1986, p. 1D.

9. Inman has served as NSA director and deputy director of the CIA. He said he and Casey handpicked Gates to be the next DCI. He conceded Gates "absorbed what he had to read but didn't always know what it said." Thomas Polgar, ex-CIA operations officer and staff investigator on the Iran-Contra committee, called Gates "Casey's creation," and "a relic of an old and discredited regime."

10. Six of Gates' most damaging critics have worked at the CIA for a total of 144 years: Goodman (24), Glaudemans (6), Polgar (32), Ford (36), Ekedahl (29), and Hibbits (17). Many other CIA people called or wrote in opposition.

estimates dealing with Soviet politics or actions around the world."¹¹

John Horton joined the CIA in 1948 and spent 27 years in operations, including as station chief in Mexico and Uruguay, and deputy Latin America Division chief. After eight years in retirement, Casey recruited him back to produce a major estimate on Mexico's "political, economic, military and diplomatic strength and capabilities" but, said Horton, Casey wanted it "to come out a certain way [and] kept constant pressure on me to redo it."¹² Gates trundled the report through 13 drafts before Casey begrudgingly accepted it.

"When one forgets as often as he does [it] is a good way to evade being asked more penetrating questions or getting in a position where they feel they might perjure themselves."

—Harold Ford, 35-year CIA veteran

Goodman opened his testimony by saying: "For too long, the CIA has hidden behind a veil of secrecy to protect its reputation, not to protect sources and methods." Goodman called Gates "Casey's filter" who "displayed great intolerance for judgments that did not support Casey's view of the Soviet Union and often blocked circulation of such ideas."

One surprise in the hearings was the sworn testimony by Goodman and the other critics about diverse major international issues the CIA manipulated for propaganda purposes during his tenure as deputy director, including: (a) the 'Bulgarian connection' alleged in the attempted assassination of the Pope; (b) the Soviets as 'masterminds' of international terrorism; and (c) purported Soviet use of chemical warfare—so-called "yellow rain"—in Vietnam, Laos and Afghanistan.¹³

Until he was fired by Gates in 1986, Goodman, now a faculty member at the National War College, had been steadily promoted in the Office of Soviet Analysis (SOVA) by both Casey and Gates. As slanting of analysis became both more routine and more extreme, Goodman was branded a "Don Quixote chasing windmills," and even "a Soviet apologist." Senior Agency official and former SOVA chief Douglas MacEachin described the atmosphere at SOVA as "the commie-bashers vs. the commie-sympy."

According to Goodman, Headquarters sent cables to all

11. Senator Dennis DeConcini (D-Ariz.), final floor debate on the Gates nomination, *Congressional Record*, November 5, 1991, p. S15898.

12. Clark T. Irwin, Jr., "Zealotry" called CIA crimp," *Press Herald* (Portland, Maine), September 7, 1984, p. 1; John Horton, "Why I Quit the CIA," *Washington Post*, January 2, 1985, p. A15.

13. Each of these was exposed as disinformation at the time, but the hearings marked the first public admissions. See: *CAIB*, Numbers 16 (March 1982), 17 (Summer 1982), 23 (Spring 1985), and 26 (Summer 1986).

stations requesting from friendly foreign services any data on Soviet involvement in terrorism. "They did not produce any."¹⁴ Then, when Claire Sterling's rabidly anti-Soviet book *The Terror Network* appeared, Casey and Secretary of State Alexander Haig demanded that the Agency "show extensive Soviet involvement in international terrorism." The operations directorate "protested" that much of Sterling's data was based on CIA disinformation planted in the European media. Even this did not shake Casey and Gates.¹⁵

While initially favorable, Ford changed his mind and testified that Gates "was simply not on the same level" as other DCIs he had worked under during 35 years at the CIA.¹⁶ Ford has a reputation for candor and commands respect on Capitol Hill for his four years (1976-80) as the senior Senate Committee staff member for intelligence analysis issues. Ford was largely responsible for the two-week delay on the vote.

Ford called Gates' testimony "clever," and said Gates "knows how to develop his credentials and ingratiate himself" to central players in Washington. He noted how the nominee "ignored or scorned" views not conforming to his own "preconceptions." Reflecting on Gates' loss of recall, Ford stated

Disavowing assassination, Gates said: "When it was legal, I don't think we did it very well."

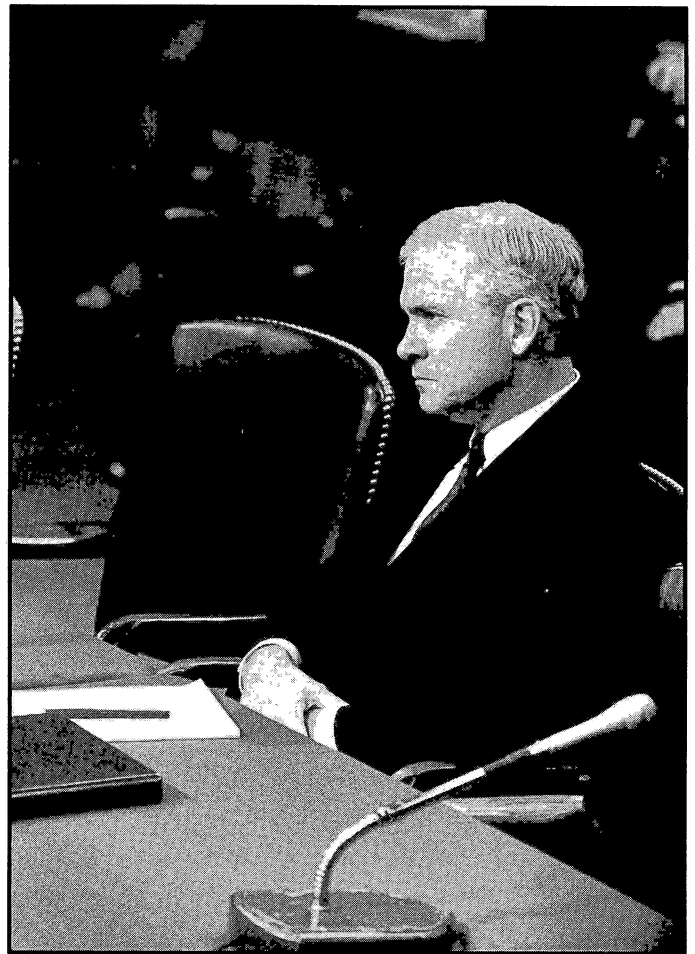
matter-of-factly that Gates has a photographic memory. "It seems to me" he continued, "that when one forgets as often as he does [it] is a good way to evade being asked more penetrating questions or getting in a position where they feel they might perjure themselves." Senator Frank Murkowski (R-Alaska), charged Ford with "McCarthyism."

In contrast to the demagoguery of such accusations, Gates' opponents offered a reasoned case against him:

- Glaudemans: "...I think he misrepresented what was in the record of finished intelligence... Not only could we feel Mr. Gates' contempt, we could sense his party line... We were told: 'Do not come to a conclusion; it may offend the 7th floor.' ...I shudder to think of what he might do if he is confirmed."

- Hibbits: "I believe the people who worked there then [at the SOVA office during the 1980s]—the vast majority of both analysts and managers—believe that Gates subverted the intelligence process."

- Goodman: [On an assessment of Soviet policy in Africa Gates said] "this is the paper that Casey wants, and this is the



Rick Reinhard/Impact Visuals
Robert Michael Gates, Director, Central Intelligence: 1991-??

paper that Casey is going to get... Gates' role in this activity was to corrupt the process and the ethics of intelligence..."

The Bottom Line: Covert Operations

Gates came out of the intelligence analysis side of the CIA. Prior to his senior posts under Casey, including Deputy Director for Intelligence (DDI) (1982-86), Gates had little if any direct experience with or knowledge of CIA operations and the very different "culture" in the Directorate of Operations (DO).¹⁷

Throughout the hearing, Gates feigned ignorance of CIA operational activities. But in a December 14, 1984 memo to Casey he unloaded: "It is time to talk absolutely straight about Nicaragua." Complaining that the U.S. was "muddl[ing] along in Nicaragua with an essentially half-hearted policy," Gates advocated "a comprehensive campaign openly aimed at... ridding the Continent of this regime as our primary objective." He called for a four-point program: (a) ending diplomatic

14. Melvin Goodman, on panel of witnesses, October 2, 1991.

15. Melvin Goodman, (written) "Testimony to the Senate Select Committee on Intelligence," undated, 1991, p. 10.

16. Elaine Sciolino, "Testimony of 3 Is Seen as Hurting Gates," *New York Times*, September 27, 1991, p. A15. Ford received awards from both Casey and Gates.

17. Gates testified that relations between himself and then DDO, Clair Elroy George—now under indictment—were often strained. Apparently their differences stemmed from (a) their backgrounds—operations vs. analysis, (b) jealousies over the length of their respective CIA careers, and, (c) their sharp personality clashes.

relations and officially recognizing a government in exile, (b) overt military and propaganda support of the exile government, (c) economic sanctions "including a quarantine," and (d) "politically the most difficult of all, the use of air strikes."

While pretending not to know what the DO was doing on his watch and since, he was certainly enthusiastic about it: "Our clandestine service has had remarkable achievements in the past two to three years..." Defying CIA logic and practice, he crooned to Slade Gorton (R-Wash.) that "without broad public support," covert action should "not be employed."

Senator Bradley asked if there were any covert operations since Iran-Contra not authorized by a presidential finding. After a pregnant pause, Gates murmured: "No." Asked the same question, ex-senior operations officer Alan Fiers hesitated, then replied, "One questionable one." Just one? No one followed this up in the public hearing. Disavowing assassination, Gates said: "When it was legal, I don't think we did it very well." Senators did not ask: When was it legal? Which assassinations were botched by the CIA? Which were done well?

The Revelations

The hearings did unearth new information. Senator Bradley was very interested in Gates' pet project of intelligence-sharing with Iraq during and after the Iran-Iraq War. First publicly reported in December 1986,¹⁸ the Committee's report on the hearings says the Committee "was made officially aware of the sharing arrangement" a year later.¹⁹ Gates visibly shocked some senators when he said, "Israel was providing information [about Iran and Iraq] to the National Security Council in order to be able to continue to sell weapons to Iran." Again, no follow-up questions.

Admiral Bobby Ray Inman also raised the temperature in the hearing room, and probably at the CIA and in Tel Aviv, by stating, "We [U.S. intelligence] have a very special relationship of [intelligence] sharing, training, and providing equipment, with a country in the Middle East that we have developed over the years..." The country is almost without question Israel — neither the "special relationship" nor the intelligence-sharing are a secret. That the CIA has for years been training and equipping Israeli intelligence (the Mossad) is news.

Gates seemed to slip when he discussed the CIA's favorite airline.²⁰ "I had been told Southern Air Transport had Agency ties," but that it was "no longer a [CIA] proprietary." After years of revelation, coverup and legal wrangling, Gates himself has set the record (somewhat) straight about Southern Air Transport, the world's largest commercial air carrier.

18. Bob Woodward, "CIA aiding Iraq in Gulf war," *Washington Post*, December 15, 1986, p. A1. Woodward disclosed that the CIA had been supplying Iraq "detailed intelligence," including top-secret satellite photography.

19. "Nomination of Robert M. Gates to be Director of Central Intelligence," Executive Report 102-19, October 24, 1991, p. 180. Sharing of intelligence with other countries is rarely discussed in public. Former operations chief John McMahon told the senators: "When you give intelligence, you get intelligence and, more importantly," develop knowledge of "people you might want to work with in a special way."

20. David Truong D.H., "The Reagan White House's Private Air Force," *CAIB*, Number 27 (Spring 1987), pp. 64-68; see also: Louis Wolf, "They Never Sleep," *CAIB*, Number 38, (Fall, 1991) p. 66.

Why is Gates Bush's Man?

At the close of the hearings, on October 4, Senator Boren made some telling remarks to a small group of journalists:

I've spoken many times with Presidents Reagan and Bush about intelligence matters. With Reagan, it was all a matter of his impressions. With Bush, it's a different story. He clicks right in. He is always enthusiastic and very familiar with the technical intelligence jargon, with specific satellite systems, with current intelligence budgets, and so on. He enjoys talking about these matters; he speaks almost as if he still has one foot out there at Langley.

In both the executive and legislative branches, the cult of intelligence is alive and well. While clearly wanting to be seen as asking "tough questions," senators artfully waltzed around any possible suggestion of a fundamental conflict between covert operations, the basic credo of this cult, and democracy.

The "end of the Cold War" has prompted a scramble for new legitimation by the CIA and CIA-friendly legislators. In addition to the very controversial new thrust of economic intelligence gathering²¹ and conscious steps to integrate with and support the military, there are other brave new worlds awaiting the Agency. Senator Cranston asked about a possible "environmental role," and Gates responded to a gullible panel that the CIA might look at the causes of AIDS worldwide, study climatic change, and investigate international water resource conflicts in the Third World. Why such efforts should fall to the CIA is a mystery.

Given the number and vehemence of his critics, in and out of the Agency, and the ongoing investigation of him by Special Prosecutor Lawrence Walsh, Gates will probably soon find himself adrift in unfriendly waters. We may see new and embarrassing revelations about any of the many Agency illegalities and improprieties where Gates is most vulnerable. Why then, it must be asked, did Bush so tenaciously press him forward for this position?

If Gates has been the architect of U.S. foreign policy for the last few years, Senator Bradley is correct in calling him "Bush's policy double."²² Furthermore, he is as culpable as Bush in many of the most politically dangerous scandals on which the national security apparatus must keep a firm lid. As with Quayle, Gates is part political life insurance. Despite his liabilities, which the Senate chose to ignore, Bush wants Gates as much for what he doesn't know about U.S. intelligence and the skeletons in Bush's closets as for what he does. Furthermore, in protecting himself, Gates will protect others, including perhaps many of those whose job it is to "oversee" the intelligence process.

Congressional oversight has rarely been so completely exposed for the elaborate shell game that it is. ●

21. Economic intelligence gathering is now based within the newly-created Office of the Deputy Director for Planning and Coordination, a post held by Gary Foster.

22. Senator Bill Bradley (D-N.J.), *Congressional Record*, November 4, 1991, p. S15843.

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