Henry Kissinger and his associates place themselves above the law

by Scott Thompson

The confirmation of former Kissinger Associates president Lawrence Eagleburger as deputy secretary of state by the Senate Foreign Relations Committee on March 20, showed, once again, that Henry Kissinger and his principal associates are above the law in the United States. There is compelling evidence that Kissinger, the global consultant and influence-peddler, has violated the Ethics in Government Act.

Yet, despite this evidence, there has never been a grand jury or other investigation carried out by the U.S. Department of Justice. That in itself is a violation of Executive Order 11222, "Prescribing Standards of Ethical Conduct for Government Officers and Employees," promulgated by President Lyndon B. Johnson on May 8, 1965.

On April 12, 1989, President Bush issued an Executive Order affirming the main clause of Johnson's Executive Order 11222, as stated in the Bush administration's "Report of the President's Commission on Federal Ethics Law Reform." E.O. 11222 "expresses the intent that employees avoid actions that would result in or create the appearance of using public office for private gain; giving preferential treatment to any organization or person; losing independence or impartiality of action; making a government decision outside of official channels."

A few recent examples of Kissinger and friends' violation of this order:

1) During his confirmation hearings, Lawrence Eagleburger named only those clients of Kissinger Associates and the affiliated consulting firm of Kent Associates (for which he was, respectively, president and director, and president and employee) for which he had done over $5,000 worth of service. Posturing that he did not wish to "create the appearance of using public office for private gain," Eagleburger had negotiated one-year recusals from dealing with the clients of these two firms, through Judge Abraham D. Sofaer, the legal adviser to the State Department and the Office of Government Ethics. The clients named included; Anhaeuser-Busch; ASEA; Bell Telephone Manufacturing Co., Belgium; Coca-Cola; Daewoo Corporation; L.M. Ericsson; Fiat S.p.A.; H.J. Heinz Company; Hunt Oil Company; Kriti Management, Inc.; Midland Bank PLC; Three Cities Research; A.B. Volvo; Global Motors, Inc.; and Union Carbide.

However, Eagleburger refused to name all the clients of the two firms, on the basis that this would violate a confidentiality agreement signed by Henry Kissinger with the clients. Sen. Jesse Helms (R-N.C.), who later capitulated to Eagleburger's nomination, pointed out that unless all these clients were known, it would be impossible to enforce the Ethics in Government Act, which "prohibits participating in a particular matter in which the employee or specified other related persons, business associates, or entities has a financial interest. (18 U.S.C. 208)."

Questioned about this refusal, Kissinger angrily accused the Senate of merely dragging him "through the mud."

2) Since taking office, National Security Adviser Gen. Brent Scowcroft, another of Kissinger's associates, and Eagleburger have given preferential treatment to their former boss, Henry Kissinger, who has also engaged them in a process of "making a government decision outside of official channels." The importance of the latter provision has been highlighted by the recent Iran-Contra scandal, where leading Reagan officials, from then-Vice President George Bush to CIA director William Casey to the National Security Council, virtually as a whole, were caught making critical policy decisions outside official government channels.

A recent example of such actions by Henry Kissinger involved his travel with David Rockefeller, who is chairman of the Trilateral Commission, and two other leading Trilaterals, to meet with Mikhail Gorbachov in Moscow on Jan. 23. Kissinger made the proposal for formal Western recognition of the Yalta division of Eastern and Western Europe in exchange for cosmetic changes that would make Eastern European countries appear more pluralistic. Kissinger bore a note from President George Bush, himself a former Trilateral, to Gorbachov, that gave credence to Kissinger's negotiating position. On his return to the United States, the record shows that Kissinger reported Gorbachov's response to this policy proposal to President Bush and to Secretary of State James Baker on Jan. 26, while writing a public version of the plan for a "neutral" Central Europe (including the NATO frontline state of West Germany) in a newspaper column on Feb. 6. Finally, on March 27, Secretary Baker told the *New York Times* that Kissinger's proposal was under consideration by the Bush administration, adding that it would be considered in the context of major U.S. troop withdrawals from NATO forward positions. Secretary Baker also spoke of Lawrence Eagleburger's seminal role as a liaison with Kissinger on this proposal—whose entire negotiation was "outside of official channels" and in violation of E.O. 11222.

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But one felony-level violation stands out, namely, the conflict arising between various Executive Branch positions held by Kissinger and Eagleburger, and their function in a consulting firm which is central to the debt collection policies of the International Monetary Fund and major banks.

Executive Order 11222 is merely a code of conduct, but the Ethics in Government Act carries felony penalties of up to two years imprisonment and fines of up to $250,000. Have Henry Kissinger and associates broken this law? Let the record speak for itself.

In 1983, Henry Kissinger was appointed by President Ronald Reagan to chair the National Bipartisan Commission on Central America—while Kissinger still retained his position as chairman of the multimillion-dollar consulting firm, Kissinger Associates. This proved too much for a bipartisan group in Congress, who could not approve such flaunting of conflict-of-interest ethics.

On Aug. 25, 1983, Rep. Henry Gonzalez (D-Tex.) telegrammed the President: "I sincerely request you dissolve the so-called Bipartisan Commission on Central America or at least remove Kissinger from the Commission. The continued presence of Kissinger taints the Commission because of his conflict of interest as head of Kissinger Associates."

When the Congressman failed to receive an adequate response, on Aug. 30, he announced in an exclusive interview with *EIR* his plans to introduce a "Resolution of Inquiry" on Henry Kissinger's conflict of interest as chairman of the commission. He stated, "That's right, I have called upon the President. . . . Kissinger has profited, and continues to profit from such things as even the arms sales in Central America. . . . If Kissinger, in his role as chairman of this commission, holds himself out as a sort of private State Department, which is what he's been doing since he formed Kissinger Associates, I don't see how the President can be anything but a party to it. . . .

"There is a daily trek on the part of most ambassadors and diplomats from European countries, from Third World countries, making a beeline for his consultation services because of, and especially now, since his recognition by President Reagan, but beginning with his influence over Secretary of State Shultz, who immediately after he took office, brought in Kissinger as a sort of unofficial consultant. . . . Once these foreign entities find that out, you can't blame them for using those resources to try to gain influence. And that's all it is. It's influence-peddling, a private State Department that Mr. Kissinger has set up. . . .

"This is what I said a while ago. I look upon his involvement with Chase Manhattan Bank as a conflict of interest, too, because Chase Manhattan is one of the banks that has one of the biggest stakes in the Latin American debt situation. I know it does in Mexico. I think it's just atrocious, but when our people say 'Our soldier boys are being used as collection agents for Chase Manhattan,' they're telling the truth."

Sen. Jesse Helms also threatened hearings into the conflict involving the Central America commission. But, the point made by Representative Gonzalez was most appropriate to the law. Kissinger was then chairman of the international advisory board of Chase Manhattan Bank, which was also a client of his consulting firm. Chase held extensive financial interests in Central America at the time; it is the number-one creditor in Panama.

Other board members of Kissinger Associates had conflicts, notably including William D. Rogers, who is Kissinger's personal attorney and who represented Lawrence Eagleburger in recent Senate confirmation hearings. During Kissinger's years as secretary of state, Rogers, who is now a law partner in Arnold and Porter, was the Assistant Secretary of State for Latin American Affairs, then Undersecretary of State for Economic Affairs. He was President Carter's 1980 emissary to El Salvador. But, even more importantly, in 1981, Arnold and Porter was the registered foreign agent for the Sandinista government of Nicaragua.

According to the Department of Justice, and as acknowledged by Arnold and Porter, the law firm "advised the principal [Nicaragua] on U.S. laws, regulations and policies, arms exports, and trust and estates. Registrant represented the principal in connection with U.S. legal proceedings against Nicaraguan nationals and negotiations over a disputed contract. For the period of employment from January to August 1981, Arnold and Porter was paid $126,765." Another Arnold and Porter client then was the Panamanian government, whose principal creditor was Kissinger's Chase Manhattan Bank business associates. Thus, shortly before Kissinger was appointed to chair a commission to develop a U.S. policy for Central America, the law firm of Kissinger Associates board member William Rogers represented the Nicaraguan Sandinista government in matters that included the export of arms.

Representative Gonzalez, among others, was convinced that Kissinger had used his position with the commission for profit ("influence-peddling").

The debt-for-equity scheme

On Aug. 27-28, 1983, Henry Kissinger was the keynote speaker at the American Enterprise Institute meeting on the Pacific Rim in Vail, Colorado. At that conference, which was attended by paying representatives from 50 major businesses, Henry Kissinger, in private sessions, first raised the debt-for-equity looting scheme to bail out Chase and other banks overextended in Third World debt.

On Aug. 28, Alan Greenspan, then a consultant to Henry Kissinger and a director of the Morgan Guaranty bank, reported, "Most of the private part of the meeting was on the pressing problem of developing country debt." "What must be done," Greenspan said, "is to convert bankers' holdings of debt, which the countries can pay or not as they choose, to bankers' holdings of 'equity in the debtor nations' "—actual ownership by private European and U.S. banks of assets in the Third World. "The only problem is what equity

means in sovereign nations," Greenspan stated. "This is not self-evident."

Kissinger's Central America commission noted that debt collection is a prominent concern, and then made provision for debt-for-equity swaps by calling for free-enterprise havens modeled on the drug capital of Hong Kong, where companies such as United Brands, which the report called a "model" company, could operate.

Hence, Kissinger's "Latin American Marshall Plan" for relief of debtor countries, spelled out in 1985, was a ruse.

Since taking office, National Security Adviser Gen. Brent Scowcroft and Deputy Secretary of State Lawrence Eagleburger have given preferential treatment to their former boss. Kissinger himself has engaged them in a process of what E.O. 11222 defines as "making a government decision outside of official channels."

His real plan, spelled out at Vail, was to use a harsh dose of IMF "conditionalities" to force sovereign nations to trade debt they could not repay for chunks of their country.

The conflict rises

Kissinger's client, Chase Manhattan Bank, has billions of dollars at stake in Kissinger's ability to juggle such conflicts of interest. The latest figures on major Third World indebtedness from its 1988 annual report are: Brazil, $2.66 billion or 2.7% of total assets of the bank; Mexico, $1.51 billion or 1.5% of total assets; Venezuela, $1.02 billion or 1.0% of total assets; and, Argentina, $1.01 billion or 1.0% of total assests.

Edward Lewis Palmer, a board member of Kissinger Associates, is a former director and chairman of the executive committee of Citibank, which is even more exposed than Chase in Third World debt. There are reports, as yet unconfirmed, that among Kissinger Associates clients is Citibank. Still another Kissinger Associates client, which Lawrence Eagleburger personally serviced from his position at Kissinger and Kent Associates, is Midland Bank PLC of Great Britain, which acquired significant amounts of Ibero-American debt when it purchased Crocker National Bank in the United States. Clearly, Kissinger Associates' clients have a multibillion-dollar stake in assuring that U.S. government policy assures that Ibero-America pays these debts.

Finally, Brazil's newspaper *O Globo* reported on June 22, 1985, that Brazil signed a contract with Arnold and Porter to provide "legal advice" on negotiations with Wall Street banks—including Chase Manhattan—on debt. Kissinger Associates board member and Arnold and Porter partner William Dill Rogers had been down to Brazil several times, where he was working closely with Felix Rohatyn, the major dealmaker of Lazard Frères. A usually reliable Brazilian source told *EIR* that Rogers had been recommended to the Brazilian government by none other than Henry Kissinger. As of the latest public reports, Rogers still represents the Brazilian government, putting him in position to keep Henry Kissinger, also still on Chase's international advisory board, informed on Brazil's debt strategy.

During the period from Feb. 20 through December 1987 Brazil, the major Third World debtor of Kissinger's Chase Manhattan business partners, declared a moratorium on interest payments on its debts, causing major financial jitters at Chase and Citibank. Henry Kissinger arrived in Brazil in June 1987, where he talked up his "debt-for-equity" looting scheme as an alternative. During the visit, Luiz Carlos Bresser Pereira, who was then finance minister, endorsed Kissinger's plan, stating that he wanted to thus convert $1.5-7 billion at first, what Brazil owed as interest for 1987 and the first part of 1988. Kissinger's client, Chase, was therefore positioned to loot Brazil's vast raw materials and industry in exchange for its debt holdings.

While there is no evidence that any employee of Kissinger Associates other than Kissinger may have violated the Ethics in Government Act on the debt issue, it is notable that either Deputy Secretary Lawrence Eagleburger or National Security Adviser Gen. Brent Scowcroft, might be in violation of the act, if they become significantly involved in the issue while in the Bush administration. Already, Eagleburger, whose client was Midland Bank PLC, stated in the fall 1988 *American Agenda* report of the bipartisan group chaired by Presidents Ford and Carter, that the debt issue was too critical to be handled directly by the Treasury Department. Eagleburger, perhaps already aware that he would get the number-two post at the State Department, recommended that State be given responsibility for this issue.

Already, an attorney for Lawrence Eagleburger at Arnold and Porter named Ken Juster, has advanced the argument to a journalist from Intercontinental Media, that Eagleburger can, in fact, handle the Third World debt issue at State, because "he would be representing the whole class of creditors, not just his clients."

Should Eagleburger become so involved, this may be determined by the courts, assuming Eagleburger is not given the same "preferential treatment" that has been meted out by the Justice Department with regard to Kissinger's conflict of interest violations.