

Walsh launches next phase of Iran-Contra probe

by Paul Goldstein

By the time that the congressional cover-up hearings end in the second week of August, Independent Counsel Judge Lawrence Walsh's investigation will become the center of the political faction fight now unfolding within the elites in the United States.

Up until this point, the factional struggle among the various centers of power within the U.S. establishment has resulted in some changes in the policy-making apparatus, i.e., the Persian Gulf policy and keeping the "Israeli Lobby" at arm's length.

However, these changes are described by some as a slow "step by step" transfer of the center of power from the dominant Eastern liberal establishment apparatus to the traditional, constitutionally defined policy-making centers—without fundamentally challenging the content of policy now dominating Reagan administration decisions on the economy and East-West relations.

The signal that the shift away from the liberal establishment's complete dominance was occurring, was the failure of the Congress to "Watergate and impeach" the President and thereby destroy the presidency as a constitutional power. An ironic, but telling counterpoint to Congress's intention to destroy the President came with a relatively overlooked incident during the testimony of former National Security Adviser Admiral John Poindexter: Poindexter's attack on President Reagan.

Poindexter stated that he believed that the President would have approved the diversion of funds to the Contras. This statement, of course, stirred an immediate White House denunciation of this point made by Poindexter. However, Poindexter did not provide Congress the "smoking gun" needed

to begin impeachment proceedings, by refusing to testify that the President knew about the arms-sales scheme. In effect, Poindexter, representing the viewpoint of the traditional military institutions, defended the presidency, but left the door open to the interpretation that the President could have known, and approved, the illegal scheme.

This episode was followed immediately by the announcement that U.S. District Court Judge William Sessions would be the next director of the Federal Bureau of Investigation. The naming of Sessions, a Texas federal judge originally helped to become U.S. Attorney there by ex-Sen. John Tower, signals another tilt away from the liberal establishment's grip on the Justice Department. Whether Sessions will clean up the "secret government" apparatus deeply embedded in the FBI and DOJ will ultimately be determined by the Walsh investigation.

DoJ must produce notebooks

The Walsh investigation is sending shock waves into the heart of the liberal establishment's secret government apparatus. The latest developments center around the Judge's decision to subpoena all Department of Justice officials' memos and notebooks concerning their involvement in the cover-up in the Iran-Contra Affair. Leading DOJ officials and FBI agents are reportedly scrambling all over the place to find out what the Walsh group is up to. At present he has approximately 300 individuals as "targets" and according to well-informed sources, about 30-50 of these are expected to be indicted:

Moreover, these sources report that Judge Walsh is going after the infamous Hashemi file of DOJ officials, concerning

the case of Iranian arms merchant Cyrus Hashemi, who began the secret funneling of arms to Khomeini back under the Jimmy Carter regime. Hashemi was exposed by *EIR* in 1980 along with his Carter administration cohorts. High level administration officials tried to use "national security" as a pretext for withholding information in a libel suit Hashemi brought against this publication, a suit that was eventually dismissed.

The Hashemi file is key to the cover-up being conducted by Congress. At the core of the Hashemi case is the fact that the Carter administration's "arms-for-hostages" policy and its support for the overthrow of the Shah was continued by the Reagan administration. If Walsh's investigation goes in this direction, then the very foundation of the "secret government" is in jeopardy.

One of the chief targets of Walsh's investigation is the number-two man in the FBI, Oliver "Buck" Revell. Revell is not only in the middle in the Iran-Contra cover-up, but has been instrumental in protecting the "secret government" apparatus within the administration and the intelligence community. Walsh is seeking to connect the "private intelligence" operations in diverting funds to the Contras to the organized cocaine apparatus. Key figures in the Department of Justice, such as Criminal Justice chief William Weld, were at the center of the cover-up.

The Casey legacy

Probably the most significant center of the factional struggle among U.S. policy elites is the direction of the U.S. intelligence community. The mid-July leak that CIA Deputy Director of Operations, Claire George, and Counter-Terrorism Chief Duane (Dewey) Claridge, would be removed, caused tremendous trepidation among the operatives within the intelligence community tied to former Director of Central Intelligence William Casey.

According to U.S. intelligence sources, Casey tried to run the intelligence community the way Allen Dulles, the first director of the CIA, did, through "vest-pocket" operations, privately funded. Professional operatives inside the community were shocked at the rank amateurism of the method of operations under Casey. This was especially true concerning the Secord-Hakim network whose real control was Theodore G. Shackley—the former Deputy Director of Operations.

Casey turned to Shackley when the bureaucratic struggles in the CIA became an impediment to the President's Contra fixation. In fact, to cover the President's fixation on Central America, the NSC Project Democracy special operations capability went into motion against the Philippines, Haiti, Panama, South Korea, and Taiwan as a partial means for covering for the President's obsessions.

The Casey method of dealing with "covert operations" brought the entire Israeli intelligence apparatus into the Contra operation and related arms brokering intelligence opera-

tions. Casey's antics within the intelligence community produced deep resentment against real intelligence evaluations, in favor of doctoring or prejudicing intelligence on behalf of a policy.

Yet, the President is still committed to repeating the same errors as Bill Casey concerning the Contra operation. It is another point of irony, that most of the revelations concerning the Contra-drug connections are coming from the CIA itself. Most of the leaks to *Newsweek* magazine on this subject, according to informed sources, are coming from the Agency.

However, the Shackley linked forces inside the intelligence community are fighting back to prevent the removal of their forces. The normal means of fighting back will be to sabotage any new initiative coming out of CIA director Judge Webster's office. By sabotaging these initiatives, the opposing faction hopes to gain some leverage over the decisions concerning who gets ousted. Demonstrating bureaucratic muscle to prevent a policy from being implemented is as important as carrying one out.

According to U.S. intelligence sources, the critical question being discussed within the "corridors of power" is the rescinding of Executive Order 12333 and reforming the notion of National Intelligence Mission from the standpoint of presidential candidate Lyndon H. LaRouche's proposal, which was published as the *Feature* in the last two issues of *EIR*. This fight may not be resolved until the fall when the presidential campaign gets into full swing, and it is expected that Vice President Bush's intelligence community connections to the Contra affair will come out. This situation is not only focused upon Bush's national security adviser, Donald Gregg, but those former and present CIA officials who comprised themselves as the Bush braintrust which former director Casey came to rely upon for his "special operations."

In this context, most of the CIA personnel who have been involved in the Contra and Iran policy fiasco were former officials operating in Southeast Asia. The present CIA Chief of Station in Honduras was formerly a deputy to Shackley associate Thomas Clines. Clines was chief of station at Site 98 during the secret war in Laos. Site 98 was in Long Chan. Clines is presently under investigation for his involvement with the diversion of funds under Gen. Richard Secord and Albert Hakim which came to light in the congressional hearings.

What could ultimately decide the outcome of the intelligence community's factional warfare is the direction of Judge Walsh's indictments. If Walsh carries through on going after the inner core of the "secret government-Project Democracy" apparatus, the whole house of cards could fall, and then, the Eastern liberal establishment's ability to contain the efforts of the forces centered around Democratic presidential candidate Lyndon LaRouche will fail. Then, pro-LaRouche forces inside the intelligence community will be able to carry out the most significant transformation of U.S. policy since the American Revolution.