

# The case against James Baker III: a national disaster in the making?

by Kathleen Klenetsky and John Hoefle

If James Baker III actually comes to exercise the kind of power and influence as Secretary of State in the Bush administration that the major U.S. media are claiming he will, it will mean unmitigated disaster for the United States.

Led by the *New York Times*, Baker is being proclaimed as the "Deputy President," whose reach will extend far beyond the State Department into every important aspect of U.S. economic and strategic policy.

President-elect Bush has moved forcefully to quell these reports. At an impromptu press conference Nov. 14, Bush told reporters who queried him on Baker's putative role: "Take your guidance from me on those matters. You haven't heard that here," adding, Baker will "have his hands full as Secretary of State."

But the fact remains that Baker has powerful backers who will fight tooth and nail to resist any efforts to restrict his influence. Already, Baker is being touted as the man who will persuade Bush to make population control a major issue; take a more "conciliatory" attitude toward Soviet demands that the U.S. cancel the Strategic Defense Initiative; and listen to the advice from the National Economic Commission and other Wall Street organs that he must hike taxes and slash defense and social spending in order to bring down the budget deficit. Should Baker be successful in any or all of this, the United States will certainly fall into the abyss.

## **Baker's roots: Freemasonry and the Trust**

Baker represents the thinking, if you can call it that, of the most corrupt factions of the Eastern Establishment. While George Bush's establishment credentials are at least the equal of Baker's, the President-elect's experience with the intelligence community, and other related factors, have imparted to him a potential for acting realistically on the myriad dangers threatening the well-being of the United States. There appear to be no similar mitigating influences on his Secretary of State.

Baker's roots are deeply embedded in the oligarchical side of American society. He is the scion of a prominent Texas family, whose members were among the first to spread Albert Pike's subversive Scottish Rite Freemasonry to the

state, and are now intermarried with the other leading families of the Texas establishment.

His great grandfather, Judge James Addison Baker, moved to Houston in 1872, where he helped establish the law firm of Baker & Botts shortly thereafter.

It has been primarily through that firm, and its offshoot, Andrews & Kurth, where the current James Baker served as partner, that the Bakers have risen to such prominence. Virtually since the day it was founded, Baker & Botts has wielded extensive political and financial influence.

During its early days, its principal client was robber baron Jay Gould. By the 1880s and 1890s, Baker & Botts had established itself as the leading Anglo-American law firm in Houston. The current James Baker's grandfather was known by the title, "Captain Baker," not because of any military service, but because of his position in the Houston Light Guards, an elite men's social club.

Captain Baker played a key role in setting up Houston's Rice University, known as the "Harvard of the South," which brought to Texas such savage opponents of the American System as Julian Huxley, who ran its biology department during the period Baker served as chairman of the university's board of trustees.

He also was instrumental in assisting Jesse Jones to seize control over what was left of the independent Texas banking industry during the Panic of 1907. Jones, who went on to become the head of FDR's Reconstruction Finance Corporation, was a close ally of Colonel House, the notorious agent for the British Rothschild banking house who controlled the Woodrow Wilson administration.

Long before the current James Baker came to Washington, the Baker family and its law firm had links to the highest echelons of the Eastern Establishment, including such prominent members of the "Trust" network as the oh-so-Democratic Harriman family. Early on, Baker & Botts became the law firm for E.H. Harriman and his Union Pacific Railroad. Baker & Botts partner Robert Scott Lovett became chairman of the railroad after Harriman's death in 1909, and proceeded to groom the young Averell to take over. This was only the beginning of a long relationship between the Baker & Botts

crowd, and the Harriman interests.

After serving in World War I, Robert S. Lovett's son, Robert Abercrombie Lovett, joined both Union Pacific and the upper-crust New York investment bank of Brown Brothers, after marrying partner James Brown's daughter. Nine years later, Lovett engineered Brown Brothers' merger with W.A. Harriman & Company, the banking house set up by his close friend and frequent business partner, Averell Harriman. The merger occurred during the period of Averell Harriman's most intensive economic relations with the Soviet Union and Mussolini's Italy.

James Baker III, educated at the prestigious Hill School and Princeton University, has maintained the family tradition of close relations to the Harriman networks, through, among other things, a longtime political, business, and personal alliance with Harriman family factotum and former Democratic National Committee chairman Robert Strauss.

That particular connection has caused some scandal over the years, especially in 1976. At the time, Baker was serving as a top operative in President Gerald Ford's reelection campaign, while his buddy, Strauss, was running Jimmy Carter's candidacy. Ford's narrow loss led to talk in Republican circles that Baker had deliberately sabotaged Ford's chances, thus ensuring Carter's election. Apparently, Baker had refused to spend campaign funds in Ford's home state of Michigan, which ended up providing Carter with his crucial margin of victory.

### **In whose service?**

In short, over the course of his political career, Baker has served the interests of the Harriman faction of the Eastern elite. During his tenure in the Reagan administration, first as White House Chief of Staff and later, Treasury Secretary, he distinguished himself by advocating policies that could be considered stupidly pragmatic at best, and treasonous at worst.

Baker consistently used his position as White House chief of staff to try to talk President Reagan into abandoning the most positive parts of his program, especially in the area of defense policy. He collaborated at various points with the Congress to force Reagan to accept cuts in the Pentagon budget, and worked continuously to sabotage the SDI. During Reagan's 1984 reelection campaign, Baker advised him to downplay the SDI—despite the fact that polls showed that 80% of the American people approved of the program.

Baker was also constantly at loggerheads with Defense Secretary Caspar Weinberger and the few other top administration officials who took a more hard-line attitude toward the Soviet Union. Indeed, Baker helped engineer William Clark's decision to resign as the President's national security adviser in 1983. Clark, together with Defense Secretary Caspar Weinberger and CIA director Bill Casey, had joined forces to keep Reagan attuned to the Soviet threat. According to several sources, including Bob Woodward's *Veil: The Secret Wars of the CIA*, Baker made a bid for Clark's post,

but was deterred. Nevertheless, by getting Clark out of the way, he succeeded in breaking up the Clark-Weinberger-Casey alliance, and all but handed the national security post over to Robert McFarlane of Irangate infamy.

This set the stage for Reagan's eventual "conversion" on the Soviet question, and his backpedaling on the SDI. Working hand-in-glove with Mike Deaver, the Armand Hammer-intimate who had helped boost Baker's own career in the Reagan administration, Baker carefully manipulated Reagan into the arms control and "détente II" track which has proved so disastrous.

### **Bring in the IMF**

Where Baker's record at the White House was characterized by a sell-out-to-the-Soviets attitude, his tenure at Treasury was marked by a deep-seated antipathy toward national sovereignty.

One of his first initiatives was to invite the International Monetary Fund to police the U.S. economy. He issued the invitation in his speech to the IMF interim committee meeting in April 1985. "We firmly believe that IMF surveillance can play a key role in encouraging the adoption of sound economic policies in all of our countries, through both regular and special consultations with individual countries, as well as through multilateral surveillance. I hope others will join us in supporting measures to strengthen IMF surveillance."

Baker followed this up with his Third World debt plan. Dead in the water even before it was announced, the Baker Plan proposed to deal with the debt crisis by extending loans to certain debtor countries, under stringent austerity conditions, for the sole purpose of repaying a tiny portion of their debts.

In September 1987, he called for the creation of a World Conservation Bank, in a speech to the Fourth World Wilderness Congress in Denver. Organized by leading neo-malthusians, among them William Ruckleshaus of the World Commission on Environment and Development, and pro-Moscow Norwegian Premier Gro Harlem Brundtland, the meeting was intended to rally support for the idea of getting debtor countries to designate whole regions as conservation preserves—controlled by an international conservation bank or some other entity—in exchange for partial debt forgiveness. Baker later worked closely with World Bank head Barber Conable and members of Congress to put his proposal into effect.

Baker's approach to the industrialized countries was hardly an improvement. He repeatedly threatened to launch trade war unless Japan and Western Europe agreed to launch a hyperinflationary binge; and engineered the precipitous decline of the dollar. His tenure at Treasury was highlighted by the October 1987 stock market blowout.

George Bush may believe he owes Baker for having staved off another massive collapse during the campaign period. Keeping Baker in power, even if it is restricted, could turn out to be Bush's biggest mistake.