
A Profile in Treason

Larry Eagleburger primes the Balkan tinderbox to explode

by Scott Thompson

In April 25 testimony to Congress, House Banking Committee chairman Rep. Henry Gonzalez (D-Tex.) dropped a small bomb that helps explain the Bush administration's disgustingly immoral role in the Yugoslav crisis. He revealed that Henry Kissinger was on the international policy board of the Banca Nazionale del Lavoro (BNL), the target of a year-long, multi-agency investigation, which led to the recent indictment of members of BNL's Atlanta branch for having allegedly made \$4 billion in illegal loans to Iraq.

Next, the congressman showed that Kissinger's former business partner, now Deputy Secretary of State Lawrence Eagleburger, widely known as the administration's "Mr. Yugoslavia," had helped found a New York branch, LBS Bank, of the Ljubljanska Banka of Yugoslavia in 1986, through loans generated from the same Atlanta BNL branch. According to Federal Reserve figures cited by Gonzalez, "BNL fueled a significant amount of LBS's growth in the U.S. with 20% to 25% of LBS's business from BNL." Eagleburger's position on the board of the LBS Bank, together with his position as president of the global influence-peddling firms Kissinger and Kent Associates, Inc., had been one reason why *EIR* warned against his appointment to the number-two post at State. Eagleburger remained on the board of LBS until his confirmation, even though the bank and several top officials were under indictment for money-laundering and other crimes.

On July 18, Tom Reuter, one of two prosecutors in the U.S. Attorney's office in Philadelphia in the case, which resulted in the conviction and fining of the LBS Bank, told *EIR* that the prosecution had scrupulously kept Eagleburger's name out of the case, because he was facing Senate confirmation. Reuter corroborated that the U.S. government conceded, in *in camera* parts of the hearing, that some of Eagleburger's fellow LBS board members had been under electronic surveillance by U.S. intelligence for national security reasons.

It's 'just business' with a Serbian butcher

Eagleburger, as State Department official Charles Bond told *EIR*, is "the preferred channel of the Bush administration for making points with the Yugoslavs. He is the man with the most experience. He regularly either meets with or telephones all Yugoslav leaders. The Yugoslavs appreciate him

because he does not mince words." Bond added that it was Eagleburger who laid the groundwork for Secretary of State James Baker's recent trip to the Balkans.

When Baker arrived in Belgrade on June 22, he warned the Croats and Slovenes against "the danger of unilateral independence," and announced that only Yugoslavia's continuation as a centralized federation is acceptable to Washington. He later admonished the Albanians that they must submit to International Monetary Fund monitoring.

Baker's intervention killed any remaining hopes for an agreement among the Yugoslav republics to transform the country into a loose confederation. He effectively gave the green light for the Serbian communist cabal in the Belgrade federal cabinet to crack down on Slovenia and Croatia, and set the stage for civil war.

State Department sources add that Eagleburger is behind *all* U.S. policy toward Yugoslavia, not only because President Bush named him his Coordinator for Eastern European Affairs, but because of Eagleburger's long posting there in his foreign service years. As syndicated columnist Patrick Buchanan wrote in a June 29 piece, "One detects in the administration's amoral *realpolitik* the fine hand of Larry Eagleburger, who moved from the number-two position at Kissinger Associates to number two at State. A former envoy to Yugoslavia, Eagleburger has had deep political and business ties to the Belgrade gang." In 1961 Eagleburger was a counselor in the economics section of the U.S. Embassy in Belgrade, where he became a protégé of George Kennan, the author of the notorious 1950s' "containment doctrine" toward the Soviet bloc. Via the British-loving Kennan, Eagleburger adopted the policy of Sir Winston Churchill and Sir Fitzroy Maclean, of supporting the Communist leader Josip Broz Tito, especially when he broke from Moscow and turned Yugoslavia into a buffer state. President Carter returned Eagleburger to Yugoslavia as U.S. ambassador.

The old ties may still be operative in current Balkan meddling. An employee of the British SIS agent told *EIR* that Sir Fitzroy Maclean was in Yugoslavia during the recent violence and has known Eagleburger since the 1960s.

During his March 1989 confirmation hearings, Eagleburger repeatedly denied Sen. Larry Pressler's assertion:

"I understand you are a friend, a close friend, of the head of the Serbian Communist Party," referring to Slobodan Milosevic, the diehard bolshevist who co-ordered the recent bloody deployment of the Yugoslav Army to crush the Croats and Slovenes seeking their independence. Although Eagleburger then denied it, after his Feb. 20-27, 1990 triumphal tour of Yugoslavia as newly appointed Presidential Coordinator for Eastern European Affairs, Eagleburger met with Milosevic and invited him to visit the White House. This was alleged by the March 3 issue of the Zagreb (Croatia) paper *Vecernji List*, which noted that Milosevic had then just bloodied his hands by massacring Albanians in Kosovo.

Charles Bond, who is in charge of the Balkan region under Eagleburger's assistant, Ambassador Berry, told *EIR* that just eight years ago, Milosevic was president of the Beo Banka, one of two banks that financed Yugoslavia's project to produce a car for export. German journalist Hans Peter Rullman writes in the 1989 book *Krisenherd Balkan* that Eagleburger had been the hardest salesman of the "Yugo" car ever since he was ambassador to Belgrade. Writes Rullman, Ambassador "Eagleburger promised economic miracles" and that the Yugo would "bring Yugoslavia out of her economic difficulties." However, the author says, before collapse of the Yugo project, Kissinger Associates, Inc. was "probably the only one making a profit out of a business that had been hopeless from the beginning." Kissinger Associates had a fat consulting contract and handled U.S. advertising for the Yugo; Eagleburger got a position on the board of its U.S. subsidiary, Global Motors. "Partner" Milosevic profited as well. Serbia kept whatever foreign currency earnings there were—to the benefit of such financial institutions as Beo Banka—while paying Croat and Slovene subcontractors in the worthless Yugoslavian dinar. According to several sources, Eagleburger came to appreciate Milosevic's corruptibility and pushed him to become involved in politics.

Eagleburger's SEED-y politics

Named Bush's Coordinator for Eastern European Affairs in December 1989, Eagleburger was put in charge of multi-billion-dollar funding provided by the Support Eastern European Democracy (SEED) Act. Eagleburger has made the SEED Act a pig trough, where mutual friends of Henry Kissinger—notably R. Mark Palmer—have gathered to feed, while Larry has pursued policies that caused blood to flow from Beijing to Zagreb.

The SEED Act has provided for special funds for Poland, Hungary, and Czechoslovakia in the range of \$100 million plus, managed by the Bear Stearns brokerage house, whose ties to Eagleburger have been previously developed in *EIR*. Charles Bond reports that so far in Yugoslavia, SEED funds have mainly been spent on projects of the National Endowment for Democracy (NED).

The NED is part of the U.S. intelligence-run "public diplomacy" section of Project Democracy, the parallel, ille-

gal government exposed in the Iran-Contra scandal. NED director Carl Gershman got his start in the Research Department of the notorious organized crime front, the Anti-Defamation League, then served for more than 20 years as executive secretary of Social Democrats U.S.A.

According to the NED official in charge of the Yugoslavia program, Gershman has used SEED funds to recruit Yugoslav political leaders through "core institutions" like the National Democratic and National Republican Institutes for International Affairs (NDI and NRI, respectively) to engage political leaders. An NDI spokesman boasted that while it had set up close ties with the political parties seeking independence in Croatia and Slovenia, "we have continued to have frequent contact with the Serbian Communist Milosevic." The spokesman explained that NDI began to "spread democracy" by calling a conference with top political leaders from each Yugoslav republic, where the participants were immersed in the "group dynamics" and "zero sum game, conflict resolution" method pioneered by the Tavistock Clinic brainwashers in Britain.

A spokesman for NED said Eagleburger has also deployed SEED funds in Yugoslavia for "privatization study groups" run by the Center for International Private Enterprise (CIPE), one of the groups promoting the slave labor scheme called the North American Free Trade Agreement.

Peddlers of a 'Danubian Federation'

The July 6 issue of the London *Daily Telegraph* featured an article by intelligence writer Gordon Brook-Shephard under the title "Appeal of Danubian Federation," which called for "countering peaceful German expansion into *Mittleuropa*" by effectively reestablishing the 1929 "Little Entente, where Britain and France joined forces to control the Danube."

Well-informed State Department sources say that a key Kissinger asset in this geopolitical ploy is R. Mark Palmer, who is a principal in the Central European Development Corp. The CEDC has been seeking to create a financial network throughout Eastern Europe, secretly tied to the City of London, in order to squeeze out Germany. A July 18, *Wall Street Journal* profile of the CEDC by Frederick Kempe describes how former U.S. Ambassador to Austria Ronald Lauder has gained 75% control of the firm, although the City of London-tied Canadian real estate billionaire Albert Reichmann remains an investor. A spokesman for Lauder told *EIR* that, "if a 'Danubian Federation' develops, we would try to be involved."

Palmer tried to remain U.S. ambassador to Hungary until he took over CEDC operations there—something that his friend and boss Eagleburger advised him was perfectly legal—but which *Newsweek*, in an article on Feb. 5, 1990, described as setting "a new standard of impropriety." *EIR* is in possession of documents which show that these machinations caused an investigation not only of Palmer by the U.S. Office of Government Ethics, but also of Eagleburger.