

replied: "Oliver North was in charge of the Contras for Bush. Oliver North was not the architect of the Iran-Contra operation, only the messenger. However, make no mistake, he was the messenger for Bush. Bush recruited Panamanian pilots to provide the Contras with arms. Bush was the one to provide the list of Panamanian pilots who were working with the U.S. government."

And who were the Bush-picked pilots? As Noriega notes in his memoirs, "The pilots included such men as Jorge Canalias, Floyd Carlton Caceres, César Rodríguez and Teofilo Watson, future cocaine traffickers transporting Contra weapons in exchange for cocaine."

EIR's September 1996 *Special Report* provided further background on some of these men: "American officials already knew that Carlton had been arrested on a drug flight in Peru during the 1970s. Watson was employed by Diacs, a Miami-based company owned by Carlton and convicted drug-trafficker Alfredo Caballero, who had been contracted to deliver 'humanitarian aid' to the Contras by the State Department's Elliott Abrams. Watson died when his drug-laden plane crashed at the Costa Rica ranch of John Hull, which was a center for the Contra supply effort. . . . Rodríguez was later executed in Medellín, Colombia, in March 1986, in a drug deal gone sour."

Carlton Caceres was one of the witnesses that the Bush Justice Department called to testify against Noriega. Under cross-examination, Watson admitted that he was angry at Noriega because Noriega had cooperated with Costa Rican officials in prosecuting him on drug charges. He also admitted, under oath, that he had delivered arms to the Contras in 1983-84, while smuggling cocaine from Medellín into the United States.

Case pending

An appeal has been filed on behalf of General Noriega before the U.S. Appeals Court, based on the recent revelations of the Justice Department-Cali Cartel collusion, in obtaining the tainted testimony of Bilonick. In his interview with Adams, Noriega summed up his view of his situation:

"I am optimistic that God is leading me very near to the door of freedom. I am not that ridiculous image of a man waving a machete. These are insane images used by George Bush to soften the public for the carnage that took place when they invaded my country in 1989 and imprisoned me. They created the image of a mad dictator who dared challenge the supremacy of the United States.

"Why, after being the man the U.S. could count on, did I become the enemy? Because I said no to Panama being a staging base for Salvadoran death squads and the Nicaraguan Contras.

"So they found something horrible to call me. A drug dealer. How do you deal with one who defies you? Destroy him. Plus you factor in a gutless man of weak character, a hypocrite, a liar, a George Bush."

Richard Mellon Scaife: Who is he, really?

by Edward Spannaus

The following article will be continued in a forthcoming issue.

He's considered the stupidest member of his extended family, and was kicked out of Yale, not once, but twice. He's a (supposedly recovered) alcoholic, as have been most members of the family. The kindest description of his personality is "dark and mysterious." He is known for never looking his own employees straight in the eye.

He has a long history of using the U.S. Justice Department to target his enemies. He got his own sister's fiancé indicted; after his sister married the poor chap, the man ended up dead within a year—some say suicide, some say murder.

He owns a network of newspapers, but he himself refuses to be interviewed by reporters from other publications. On one occasion, when a reporter for the *Columbia Journalism Review* tried to question him, he berated her as a "f—king Communist c—nt."

He gave a million dollars to Richard Nixon's Committee to Re-Elect the President (CREEP), and he is the biggest funder of right-wing think-tanks in the United States today.

Meet . . . Richard Mellon Scaife.

His name is hardly a household word, but in the past quarter-century, "Dickie" Scaife has been one the most powerful behind-the-scenes operators in the United States. His power comes purely from his wealth, and specifically, from the way that he has deployed that wealth at the instruction of the Anglo-American banking families that he represents. Dickie is not known for his brains—in fact, he was kicked out of college twice, first expelled as the result of a drunken brawl, and flunked out the second time. His family made him go "local," to Pittsburgh University, which he tried to make up for, by majoring in British history.

Only recently has Richard Mellon Scaife come into public prominence, as a result of the disclosure that he is the bank-roller of a cushy "retirement" position for Whitewater independent counsel Kenneth Starr at Pepperdine University. This raised eyebrows, to put it mildly, because Scaife is the principal funder of a news media propaganda campaign aimed at defaming and discrediting Starr's main target, President William Clinton. Scaife has also bankrolled a nationwide crusade charging that White House aide Vincent Foster did not commit suicide, but was murdered; something which is also the subject of official investigation by the recipient of Scaife's largesse, Kenneth Starr.

In the 1980s, Scaife also coordinated and financed a similar campaign of media defamation against Lyndon LaRouche, a Presidential candidate and founder of *EIR*, and Scaife has a long history of using his own newspapers to smear others who have drawn his ire.

But this is nothing new for Scaife. What he is now doing to President Clinton, and what he did to Lyndon LaRouche, is what he was trained and deployed to do. Scaife is not simply a “multimillionaire supporter of conservative groups,” as he is portrayed in the news media; nor is he simply an eccentric rich man who has an obsession against President Clinton.

To understand what is being done to President Clinton today, and to understand what lies behind the campaigns of defamation run by the news media against figures such as Clinton or LaRouche, it is necessary to know who and what, someone like Richard Mellon Scaife actually is.

That story, naturally enough, starts in London.

The Anglo-American OSS

Dickie Scaife is what one might call a second-generation “OSS brat.” During World War II, Dickie’s father, as well as a number of his father’s close business and familial associates, occupied high positions in the Office of Strategic Services (OSS)—America’s wartime intelligence service. Alan Scaife, his father, was a lieutenant colonel in the OSS. A number of cousins of Dickie’s mother, Sarah Mellon Scaife, also had very high positions in the OSS.

For example: Paul Mellon (a cousin of Dickie’s mother and a rabid Anglophile) was recruited in London to the OSS by his brother-in-law, David Bruce. Paul trained with British troops, became a major in the OSS, worked under Allen Dulles in Berne, Switzerland, and commanded a unit responsible for conducting propaganda operations behind disintegrating German lines.

David Bruce, husband of Paul Mellon’s sister Ailsa Mellon Bruce, was designated by OSS head William Donovan to oversee all OSS operations in Europe from his base in London. (Although some say, with justification, that it was Bruce who was designated by the U.S. banking-establishment families to oversee Donovan.) Another OSS cousin was Larimer Mellon, who likewise worked on Allen Dulles’s staff in Berne.

David Bruce (a direct descendant of the Scottish Bruce dynasty) later divorced Ailsa and married his second wife, Evangeline, an OSS secretary whose father had been a special liaison to British intelligence from the U.S. State Department.

It is reliably reported that these Anglophilic OSS circles around Scaife’s father were the crucial influence on steering Dickie into intelligence-related “philanthropy”—i.e., the private funding of joint British-U.S. intelligence projects which were commonly mis-identified as “CIA” projects or fronts.

It is more accurate to describe the CIA as a “front”

for these Anglo-American banking families. But even that would be too simple. The CIA is an agency of government, and is thus subject to the institutional and bureaucratic pressures to which any agency of government must respond. The “families” attempt to control the CIA, as they do with the State Department and other agencies. The principal means of control is through the private financing of think-tanks, conferences, publications, etc., which attempt to train the personnel, and set the agenda, for the institutions of government. This is precisely what Dickie Scaife and his family money did when the Reagan-Bush administration came into office in 1981.

The ‘Focal Point’ and First Boston

Another element of this bankers-intelligence apparatus is what is called the Focal Point system. The public may misconceive of this apparatus as “CIA”—but the CIA is simply a secondary component of this operation, which encompasses the old families, military intelligence capabilities, and private intelligence operations. One intelligence source, familiar with this system, said recently that “CIA” is simply a “cover story” for activities that the banking families and other institutions and agencies carry out in the name of the CIA.

The Focal Point system, within the official government apparatus, was originally created in the mid-1950s by then-CIA Director Allen Dulles. It functioned as a capability extending into other agencies, particularly the Department of Defense, for conducting covert operations and paramilitary “special operations.” A particular emphasis was counterinsurgency and “civil affairs” (as taken over from the British); an included feature of this was psychological warfare and propaganda.

Within the military, the Focal Point system was centered in the Joint Chiefs of Staff—and remnants of this system still exist to this day, in the Support Activities Branch of the J-3 Special Operations Division.

There was also a substantial “private” component to the Focal Point system, the precursor of the privatized intelligence operations authorized under the Reagan-Bush Executive Order 12333. But this privatized intelligence system was already active in the 1950s, according to knowledgeable sources, with the First Boston Corp., the First National Bank of Boston (now Bank of Boston), and other banking houses playing a leading financial role.

Of particular interest here, among the many families which played key roles in this Anglo-American bankers’ intelligence network (such as the Astors, Rockefellers, and the du Ponts), are three families: the Roosevelts, the Mellons, and the Welds.

Mellon Securities had merged into First Boston in 1946, and as of about 1980, the Scaife family held about 6% of First Boston, and the combined Mellon and Scaife families about

13%. First Boston's principal law firm was Sullivan and Cromwell, out of which Allen Dulles ran U.S. intelligence after the termination of the OSS and until the creation of the CIA. This is also Paul Mellon's law firm; his and much of the Mellon family's financial affairs were run by Stoddard Stevens of Sullivan and Cromwell, who has been described as Paul's "father figure."

Dickie Scaife was brought into this system by his OSS relatives no later than 1973, and in 1979 he was placed on the board of directors of First Boston, where he remained until 1987. At that time, 40% of First Boston was owned by Cr dit Suisse-White Weld (of the dope-running family of former Justice Department official William Weld). In 1988, First Boston became CS First Boston, and the size of the board was apparently considerably reduced.

Already in 1929, a White Weld banker, John A. Gade, had proposed the creation of an American central intelligence agency, to be modelled explicitly on British intelligence. The current, most public, standard-bearer of the Weld family, is William Weld, who organized the judicial frameup of Lyndon LaRouche from his positions as U.S. Attorney in Boston and, then, head of the Justice Department's Criminal Division. William Weld is married to a Roosevelt, Susan, the daughter of another OSS veteran, Quentin Roosevelt.

The Oyster Bay branch of the Roosevelt family is deeply enmeshed in this OSS-Wall Street intelligence apparatus, and they are especially close to Cord Meyer, a key operative of this network who shows up again and again as a top operative with responsibility for handling "CIA" front organizations. It was Teddy Roosevelt's grandson Kermit ("Kim") Roosevelt, who had proposed the creation of a "propaganda and intelligence agency" to Wall Street lawyer William Donovan during World War II. Kermit subsequently worked with British intelligence to overthrow the Mossadegh government in Iran in 1953, an action which worked to the financial benefit of not only British Petroleum, but also of Gulf Oil, a Mellon family enterprise which was closely tied to First Boston after the 1946 Mellon Securities merger. In 1958, Kermit "retired" to take the strategic position of vice president for government relations with Gulf Oil.

Dickie gets his assignment

When he was 40 years old, having been trained and disciplined through some particularly nasty operations to be described in our next installment, Dickie Scaife was formally inducted into the top levels of the Anglo-American bankers' intelligence apparatus. In 1973, he took control of the Scaife family foundations, which he had previously run jointly with his sister Cordelia. He dramatically changed the focus of foundation grants, to emphasize British-intelligence-oriented "right-wing" think-tanks such as the Heritage Foundation, or the Georgetown Center for Strategic and International Studies. This was not something totally new; funding from the

Scaife family foundations for some of these institutions, such as the National Strategy Information Center, goes back into the early 1960s.

Of singular importance is the position Dickie was given in early 1973, when he was allowed to take over ownership of Forum World Features, a joint British intelligence-CIA news media operation based in London. This is probably the most important career advancement for Dickie, for it defines the track he has pursued since: the use and the manipulation of the news media to promote favored causes, and to attack and defame adversaries. There is a direct path from Forum World Features, to the Bush "secret government's" Public Diplomacy operation created in 1983, which in turn spawned the "Get LaRouche" task force, all the way through to the anti-Clinton propaganda machine which Scaife directs and finances today.

The background of Forum World Features (FWF) is instructive. Although accounts of its creation vary, it appears that it was a division of Kern House Enterprises, created by Kermit Roosevelt in the 1960s; one account says that Kermit "was entrusted with creating the CIA's publishing empire." Kern House was set up by Roosevelt with Mellon money; in turn, it set up a London subsidiary, Kern House Enterprises, Ltd. Kern House beget Forum World Features, financed with funds from the National Strategy Information Center (NSIC), based in New York. FWF's major purpose was to supply feature material to newspapers around the world, including at least 30 in the United States. It also commissioned a number of books.

One of the premier private intelligence think-tanks, NSIC was formed in 1962, primarily with Mellon family money; on the board was Prescott Bush (of the Harriman-linked Bush family, and George's brother), John Norton Moore of the University of Virginia (one of the authors of Bush's EO 12333), and various representatives of the corporate and intelligence world, as well as personnel associated directly with Scaife.

From 1966 to 1973, FWF was headed by John Hay Whitney, a raving Anglophile who had been U.S. ambassador to Britain, and who was the publisher of the *New York Herald Tribune*. In 1973, Dickie Scaife purchased Kern/FWF, and headed it until its demise in 1975-76, following its exposure as a "CIA" front. At the time of its dissolution in 1976, its three directors were Scaife, Scaife's top operative Daniel McMichael (former president of the Pittsburgh World Affairs Council), and Lewis Preston, the chairman of Morgan Guaranty Trust (and later head of the World Bank).

In 1975, a British weekly, *Time Out*, and the *Washington Post*, published a 1968 memorandum from the CIA station chief in London to then-director Richard Helms, describing FWF as an agency-sponsored operation providing "a significant means to counter Communist propaganda." The memorandum portrayed FWF as a CIA proprietary, which

was “run with the knowledge and cooperation of British intelligence.” The overseer of FWF in the United States was Cord Meyer.

(Cord Meyer, incidentally, not only promoted the publication of material favorable to the Anglo-American banking-intelligence establishment, but attempted to block publication of disfavored material. Author and former CIA officer Victor Marchetti reports that in 1972, Meyer, whom he describes as the number-two man in the CIA Clandestine Services, visited the New York offices of Harper and Row to attempt to stop the publication of Alfred McCoy’s first edition of *The Politics of Heroin in Southeast Asia*. As a result, the publisher insisted that McCoy submit the manuscript to the CIA before it would be published.)

Although FWF was dissolved, its operations were not. Its day-to-day operations in London were managed by Brian Crozier, a British writer long associated with both U.K. and U.S. intelligence. In 1970, Crozier had also become the head of another FWF-created organization in London, which was renamed the Institute for the Study of Conflict (ISC). Between 1973 and 1979 alone, Dickie Scaife’s private trusts gave over a million dollars to Crozier’s ISC.

In a 1980 proposal, Scaife’s aide Daniel McMichael described ISC as doing “a first-rate job in conducting research on ‘low-level conflict,’ i.e., political and psychological warfare, revolutionary activities, insurgency operations and terrorism.” McDaniel boasted that ISC work “is consistently used by the Thatcher government,” and that the ISC had “solid working relationships with the Heritage Foundation, the National Strategy Information Center, the Institute for Foreign Policy Analysis [associated with Tufts University and its Fletcher School] and a number of other Scaife-supported organizations.” On ISC’s board of directors at that time were a number of top, easily identified British intelligence and counterinsurgency officials.

After FWF was dumped, its book publishing operations were taken over by Rossiter Publications, later renamed Craven House. Crozier was also its managing director. Among authors published by Crozier’s shop was Robert Moss, a British intelligence operative who floats between the ISC, the London-based Royal Institute for International Affairs, and the Heritage Foundation in the United States.

Promoting his British ‘Heritage’

Scaife is also one of the biggest financiers of British-linked think-tanks in the United States promoting “conservative” social and economic policies—prototypical of which is the Heritage Foundation. Although beer magnate Joseph Coors is more publicly identified with Heritage, the fact is, that Scaife has provided more funding for Heritage than has Coors. From 1974 up through the end of the 1970s, Scaife provided about \$200,000 a year to Heritage; after a shakeup in the late 1970s—which transformed it into what one Heritage

staff member termed “an outpost for British intelligence in the United States”—Scaife’s support jumped to the range of \$1 million a year.

(In November 1994, just after the commencement of the short-lived “Gingrich revolution” of the 1994 elections, Newt opened a speech at the Heritage Foundation President’s Club by praising two people “who have really created modern conservatism—Dick Scaife and Ed Feulner.” Gingrich went on: “Dick Scaife is a remarkable citizen who has spent many years as a key force in sustaining conservative ideas and who has played a major, major role on the Heritage Foundation’s board, and he’s been a good friend and a good ally for a very long time, and I remember working with him starting in the late ’70s.”)

In fact, Scaife’s role at Heritage increased after the 1976-77 shakeup, when he personally brought in Edwin Feulner to head it up. Feulner (a board member of the Sarah Scaife Foundation) placed many Brits into key policy positions at Heritage, among whom was Stuart Butler, a member of the British Fabian Society. A socialist at the “conservative” Heritage Foundation? Not so strange. Both are motivated by a deep-seated, bitter hatred of industrial capitalism. It was, after all, the “Fabian” London School of Economics to which Friedrich von Hayek, later the founder and head of the Mont Pelerin Society, had moved his “Austrian School” of economics in the 1930s.

In a 1981 interview with *EIR*, Butler explained it as follows: “In the case of the Reagan government, we are using a conservative government to impose a quite radical, left-wing program—all based upon solid, liberal economic principles. There really isn’t so much difference between the people in the Fabian Society, people like myself, and Milton Friedman. We really overlap in the middle of things on such ideas as local control.”

What Butler said then, goes many-fold for Gingrich’s 1994 Contract with America.

But that gets ahead of the story. First came the so-called “Reagan Revolution,” which on virtually every level was run by operatives associated and financed by Mellon Scaife, along with four other foundations which make up the “Philanthropic Roundtable.” The Roundtable includes the Smith Richardson Foundation, the John M. Olin Foundation, the Lynde and Harry Bradley Foundation (these four are known as the “Four Sisters” because they finance almost all of their projects in common), plus the J.M. Foundation.

Even more important, was the reorganization of intelligence operations in the Reagan administration, and the creation of what became known as the “secret government” run under the personal direction of Vice President George Bush in the 1980s. This “secret and parallel government” was simply the Scaife Mellon network of think-tanks and academic retainers, brought into the government, and made “official.”