

Who is Richard Mellon Scaife?

Part 3 of our exposé on the moneybags behind the media assault against President Clinton and Lyndon LaRouche. Edward Spannaus reports.

A certain irony exists, in the fact of Richard Mellon Scaife's bankrolling of a network of anti-capitalist Mont Pelerin Society think-tanks in the U.S. The Mont Pelerin Society—the modern-day embodiment of the feudal, aristocratic “Austrian School” of monetarist economics—bitterly hates industrial capitalism and any form of centralized, dirigist measures through which a nation-state can build up its own industrial-technological base, while restricting access to predatory international financial looters.

The fact of the matter is that the Pittsburgh Scaife family was a pioneering U.S. *industrial* family, especially in the 19th century. At one time, the family was wont to boast that the Scaife Company (formerly William B. Scaife & Sons) was “the oldest manufacturing company west of the Alleghenies.” It was undoubtedly a beneficiary of the “American System” of economics—national banking, protective tariffs, and internal improvements—as was practiced off-and-on through the 19th century.

The company grew out of a tin-plating enterprise begun in 1802; it produced ordnance for the War of 1812 against the British, and also during the Civil War against the British-sponsored Southern secession. Throughout the 19th century and the first half of the 20th century, the Scaife metal-working company continually invented new products; it built boilers for steamboats and for railroad steam engines; it invented “range boilers”—the forerunners of today's hot-water heaters for households—and high-pressure vessels, and provided corrugated iron roofing and structural iron for factories and warehouses.

But Dickie's father Alan Scaife preferred the financier-oligarchy milieu of the Mellon family to his own family's industrial tradition. He joined the Mellons for boozing, steeple-chasing, and fox-hunting, and married into the Mellon family in 1927. In 1940, he joined the Mellons' Gulf Oil, and within two years he had been brought into the “Oh So Social” Office of Strategic Services (OSS) which shipped him off to London. After the war, he served as the Mellon family representative on Gulf's executive committee, and was made a Vice President of T. Mellon & Sons—the newly created non-profit family forum and trust, which was explicitly based upon a British model. Despite all this, Alan Scaife was never

treated as a full-fledged Mellon. Dickie would later describe his father as “sucking hind tit” to the Mellons.

As he grew older, young Dickie became resentful of the treatment that his father had gotten at the hands of the Mellons, and he often made his animosity known, particularly toward his uncle, Richard King Mellon. Dickie became known as a “bull in a china shop.” Some attributed his impetuosity to his being thrown by a horse at age 9; his skull was partially crushed, and was repaired with an aluminum plate and much plastic surgery.

As soon as his father died in 1952, Dickie sold off the Scaife Company for one dollar.

Politically, Dickie became a Goldwaterite, when the Mellons were mainstream Republicans. In the 1960s, the Pennsylvania GOP split between the Rockefeller and Goldwater wings; Dickie bankrolled many of the right-wingers.

Nevertheless, by 1973, he was tamed and house-broken. The method by which this was accomplished is illustrative, and became the model which Dickie would go on to use against his targetted adversaries and enemies—including Lyndon H. LaRouche and, now, President Clinton. This may also, by the way, shed some light on Scaife's obsession with the death of White House deputy counsel Vincent Foster, and his fanatical backing of the effort to “prove” that Foster did not really commit suicide.

The taming of Dickie

In the 1950s, Scaife began to hang around his sister Cordelia's boyfriend Robert Duggan, who took young Dickie under his wing. In 1963, Dickie helped Duggan get elected as district attorney of Allegheny County, Pennsylvania, on the GOP ticket. But Duggan was an Irish Catholic from the wrong side of the tracks, and Dickie's besotted mother, Sarah Mellon Scaife, would never let Cordelia's boyfriend into her house. Duggan's ambitions grew large, and Dickie wanted to make him governor of Pennsylvania, something which the Republican establishment, controlled by the Mellons, George Bush's cousin Elsie Hillman, and U.S. Sen. Hugh Scott, were not going to tolerate.

After Richard Nixon was elected President in 1968—with the help of Scaife money—Duggan tried to block the appoint-

ment of Rockefeller man Dick Thornburgh as U.S. Attorney in Pennsylvania; Duggan lost the fight. The victorious Thornburgh came into office with an agenda for what many regarded as “a political vendetta.” Thornburgh changed the priorities of the federal prosecutor’s office to focus on “political corruption” and “white-collar crime,” and before long, rumors began circulating about DA Duggan’s alleged ties to the mob. The Internal Revenue Service got in on the case, and Scaife and Duggan attempted to use their contacts in the Nixon Justice Department to squelch the investigation—after all, Dickie had chaired the finance committee for Nixon-Agnew in 1968, and would go on to give over \$1 million (broken up into 334 separate checks to avoid gift taxes) to Nixon’s Committee to Re-Elect the President (CREEP) in 1971.

But Thornburgh persisted, subpoenaing four detectives from Duggan’s district attorney’s office, giving them immunity, and forcing them to give evidence against their boss. In the fall of 1971, Dickie was “turned”: He crawled to Thornburgh’s office to join in the destruction of his erstwhile political mentor and his sister’s boyfriend. Dickie began to target Duggan in the newspaper he had purchased, the *Greensburg Tribune-Review*. As a book about the Mellon family puts it: “Shorn of Scaife’s influence, Duggan became easy pickings.”

Thornburgh was preparing a tax-evasion case against Duggan, and made preparations to interview Cordelia Scaife, to squeeze her for information about Duggan. She and Duggan quickly got married, meaning that she could not be compelled to provide evidence against her husband. Dickie, according to one account, “was intensely upset. He went into orbit.” Shortly after that, Dickie and Cordelia stopped speaking with each other; by all accounts, they have not spoken since.

On March 5, 1974, Thornburgh got a federal grand jury to hand down a six-count indictment for tax fraud against Duggan. But, a few hours before the indictment came down, Duggan was found dead, apparently of a blast from a shotgun which was found nearby without any fingerprints on it. Duggan’s death was officially ruled a suicide—although, according to a number of sources, Cordelia has always believed Duggan was murdered, as has Duggan’s family.

By 1975, Dickie Scaife had publicly reconciled with the mainstream Republicans in Pennsylvania, declaring himself a “middle-of-the-roader,” and proclaiming: “I’m now enthusiastic about Rockefeller.” But by 1974, as we described in Part 1 (see *EIR*, March 21, 1997), Dickie had been inducted into the old OSS intelligence circles of the Anglo-American bankers, and from that point on, all of his “philanthropy” went in whatever direction they dictated. Dickie had learned to follow orders: His betrayal of Robert Duggan was his rite of passage.

Scaife became notorious for using the *Tribune-Review* to target opponents. Two cases in the 1970s were particularly flagrant: that of Dr. Murdoch Head, and that of Dr. William Mansour. (These two cases were described in detail in an

April 1981 *Pittsburgh Post-Gazette* series on Scaife, which was recently confirmed to the author to have been very accurate, by a knowledgeable source.)

The Murdoch Head case

Dr. Murdoch Head ran the Airlie Foundation near Warrenton, Virginia, which included a conference center and a film-making operation. Scaife was introduced to Airlie officials by executives of the Smith-Richardson Foundation (a CIA- and Bush-linked operation which, to this day, works in tandem with Scaife’s foundations). Also involved was then-U.S. Rep. Jack Marsh, who progressed from being a board member of Airlie, to a Scaife staff member, and then secretary of the Army in the Reagan-Bush administration.

Beginning in 1968, money from the Scaife foundations, at that time jointly run by Dickie and sister Cordelia, financed many Airlie conferences and films. By 1972, Dickie Scaife and the Airlie crowd were at odds, with Scaife pushing a heavy anti-Communist theme for Airlie films, which Dr. Head’s associates resisted. (During this time, his estranged sister Cordelia continued to maintain close relations with Dr. Head and Airlie.)

Airlie found itself subjected to IRS audits in 1974 and again in 1976, for which it blamed Scaife. In 1978, Airlie tax documents and records were leaked to the Warrenton-based local weekly, *Fauquier Democrat*, and were also sent to the Virginia State Corporation Counsel and Attorney General. In 1979, Head was indicted by the U.S. Attorney in Alexandria, Virginia, on charges of tax evasion, conspiracy, and attempting to bribe Pennsylvania Congressman Daniel Flood and others. Head was not convicted on the substantive tax or bribery charges, but was convicted of conspiracy to defraud the IRS. (The parallels to the LaRouche case, which likewise involved the Alexandria U.S. Attorney’s Office, the Virginia Attorney General, leaks to the *Loudoun Times-Mirror*—a sister paper of the *Fauquier Democrat* in Northern Virginia’s oligarchical Hunt Country—and a tax-conspiracy case, are striking.)

Meanwhile, back in Pennsylvania, Scaife’s *Tribune-Review* was devoting so much coverage to the Airlie case and Dr. Head’s trial in Alexandria, that reporters, in both states, were dumbfounded.

The William Mansour case

In reporting on the case of Dr. William Mansour in 1981, the *Pittsburgh Post-Gazette* wrote that “some people believe that once you run afoul of the forces of Scaife, you also run afoul of the forces of the federal government, that he is, in some way, able to get federal agencies like the Justice Department to look closely at those he does not like.”

Mansour was a local physician in Westmoreland County, Pa., who owned a local hospital, as well as a competing newspaper to Scaife’s *Greensburg Tribune-Review*. He also held liberal political views, hence doubly drawing Scaife’s intense

dislike. Scaife went after Mansour in 1973, and, using the local U.S. Attorney's Office under Dick Thornburgh and the FBI, was able to instigate an FBI investigation. In fact, Scaife was able to arrange to have an FBI agent visit one of Mansour's former sisters-in-law at her Detroit home in September 1973 to interrogate her about Mansour's alleged ties to the Middle East, and whether he had given \$500,000 to the Palestine Liberation Organization, which Mansour denied.

Scaife himself had long-standing connections into the FBI, and has been described as "a friend from an early age of J. Edgar Hoover." (Perhaps not so coincidentally, the FBI agent who was deployed in Detroit at Scaife's request was a 22-year veteran of the bureau, Phil Mercado, who, during 1974, became the case agent and handler for informant Vernon Higgins. Higgins had been infiltrated the National Caucus of Labor Committees, the philosophical association founded by Lyndon LaRouche, and its 1970s political wing, the U.S. Labor Party. Higgins provided a pretext for armed FBI agents to raid the Detroit offices of the NCLC and USLP in June 1974. When Mercado's deposition was taken by NCLC and USLP's lawyers in 1975, the authorization for his testimony, and the restrictions upon it, was signed by then-Assistant U.S. Attorney General Dick Thornburgh.)

In 1977, the Justice Department officially opened an investigation of Mansour. Scaife's lawyer Clyde Sleaze (whom

we met in last week's installment) was kept abreast of the grand jury investigation, which resulted in Mansour's indictment in 1980. As with the Airlie/Head case, Scaife's *Tribune-Review* devoted an inordinate amount of coverage to Mansour—all of it negative—which resulted in a drop in business for Mansour's medical practice. Justifiably, Mansour publicly accused Scaife of being behind his problems with the Justice Department.

'Get LaRouche!'

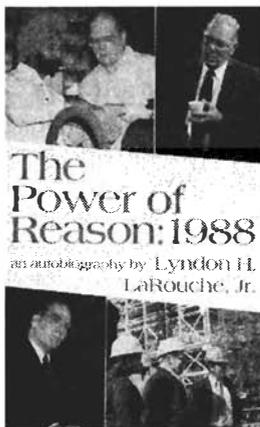
One of the earliest and most persistent of the "LaRouche-watchers" was Roy Godson—who, as we noted in Part 2 last week, went to Pittsburgh in 1968 to teach at the Carnegie-Mellon Institute, and was executive director of the Scaife-financed and -run Pittsburgh World Affairs Council; later, Godson's position at the National Strategy Information Center and his creation of the Consortium for the Study of Intelligence (CSI) was also bankrolled by Scaife.

As early as 1967-68 at Columbia University, in New York City, Godson was already known to be watching the new political movement founded by Lyndon LaRouche, whose activities there were targeted by the FBI. Bureau documents further show that, in January 1976, Godson, accompanied by Tom Kahn of the AFL-CIO, went to FBI headquarters and briefed the head of the FBI's Internal Security Section on his

Books by Lyndon H. LaRouche, Jr.

The LaRouche case "represented a broader range of deliberate cunning and systematic misconduct over a longer period of time utilizing the power of the federal government than any other prosecution by the U.S. Government in my time or to my knowledge."

—Former U.S. Attorney General
Ramsey Clark

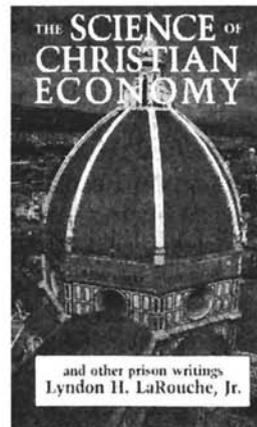


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pet theories about LaRouche and the NCLC. Godson was particularly fixated on speculating about the source of funds for the NCLC: According an FBI memorandum, he suggested that the NCLC was getting money from Iraq and from the Soviets, and he offered his intelligence reading on relations between LaRouche and various European communist parties. About two weeks after this, Godson called the FBI to offer his observations about alleged Greek communist influence on the NCLC during 1968-69.

In the course of one of the Godson-organized CSI seminars in the early 1980s, described in our last installment, *EIR* was explicitly attacked as being a vehicle for Soviet disinformation by former CIA counterintelligence official Donald Jamieson, and by Herbert Romerstein, a consultant to the U.S. Information Agency.

In the Reagan administration, Godson was one of the most vocal against LaRouche. During the early part of the Reagan administration, LaRouche and his associates often met with officials of the NSC and other federal agencies, particularly during the 1982-83 tenure of William Clark as national security adviser. Clark's executive assistant, Richard Morris, a witness for the defense at LaRouche's federal trial in 1988 and in a Virginia state trial of an associate of LaRouche in 1990, testified about a grouping within the NSC staff who were sharply opposed to LaRouche; Morris testified that the most vocal opponents of LaRouche were Kenneth deGraffenreid, Walter Raymond, and Roy Godson. Morris reported that Godson characterized Lyndon LaRouche as "as a socialist, as a communist, as a member of the KGB, as a fascist, and always he was an extremist," adding that Godson insisted that Morris stop meeting with LaRouche and his representatives.

In January 1983, the demand for an investigation of LaRouche was brought into the President's Foreign Intelligence Advisory Board (PFIAB) by the circle associated with Scaife and Godson—the latter being a consultant to PFIAB at the time. According to an FBI document, a complaint by Henry Kissinger was raised at a PFIAB meeting of Jan. 12, 1983, by fellow PFIAB member David Abshire of Georgetown University's Center for Strategic and International Studies (CSIS)—a Scaife-funded think-tank. The vice chairman of PFIAB at the time was Leo Cherne, the founder of Freedom House, also a Scaife-funded institution. The PFIAB discussion did succeed in triggering an FBI investigation of LaRouche; the FBI responded with a memorandum repeating the Godson-Jamieson line, that activities of the NCLC and *EIR* "dovetail nicely with Soviet propaganda and disinformation objectives."

However, the FBI stated that, officially, it did not have an investigation of the NCLC going at that time under either domestic security or foreign counterintelligence guidelines. In order to remedy this, a campaign of news media defamation of LaRouche was organized, starting in early 1983 by the Bush-Scaife-Godson crowd. This was a joint public-private effort growing out of the "Public Diplomacy" operation,

which we detailed in our October 1996 *EIR Special Report* on "George Bush and the 12333 Serial Murder Ring."

Public Diplomacy was headed at the NSC by Walter Raymond, a long-time CIA propaganda specialist who worked with Cord Meyer, and who intersected the London-centered Forum World Features operation headed by Dickie Scaife in the 1970s. In mid-1982, Raymond was posted to the NSC at the recommendation of Vice President George Bush's national security adviser Don Gregg. DeGraffenreid became a deputy to Raymond. On Jan. 25, 1983—less than two weeks after the PFIAB meeting where the demand to get LaRouche was raised—Raymond drafted a memorandum proposing the creation of a private-donor group to fund Public Diplomacy propaganda programs supporting administration policies in areas such as Afghanistan, Central America, and Western Europe. "We can not, forever, rely on one or two good souls, such as Smith-Richardson or Mellon-Scaife," Raymond wrote. (The Smith-Richardson Foundation, along with the John M. Olin Foundation and Scaife's foundations, comprise a cluster of intelligence-connected foundations which fund almost all the same institutions and programs as those we listed in *Documentation* last week, on p. 67.)

In March, Raymond sent another memo to National Security Adviser Clark, describing efforts to pull together the private-donors group: "The group was largely pulled together by Frank Barnett, Dan McMichael (Dick Scaife's man), Mike Joyce (Olin Foundation), Les Lenkowsky (Smith-Richardson Foundation) plus Leonard Sussman and Leo Cherne of Freedom House. A number of others including Roy Godson have also participated." Frank Barnett was from the NSIC—funded by Scaife as well as the other cited foundations.

In the spring of 1983, the same group convened a meeting at the New York apartment of Wall Street financier John Train—known as "the last of the OSS 'old boys' on Wall Street." Dickie Scaife personally attended that meeting, as did about two dozen news media representatives. There were at least two followup meetings in 1983-84. Mira Lansky Bolland, a graduate of Tufts University's Fletcher School of Diplomacy, and the Washington, D.C. Fact-Finding Director for the Anti-Defamation League (ADL), later testified that she attended a meeting at Train's residence in 1984, at which Roy Godson was also present.

The Train meetings were devoted to the coordination of planted articles and features hostile to LaRouche in the news media, and they directly resulted in attacks on LaRouche during the 1984-86 period on NBC-TV, in the *Wall Street Journal*, the *New Republic*, *Reader's Digest*, and thousands of others. It also ultimately resulted in a book-length attack on LaRouche published in 1989 with funding from the Smith-Richardson Foundation.

The campaign of news-media defamation of LaRouche was a precondition for the judicial frame-up of LaRouche and his associates. The first indictment against LaRouche was brought in Boston—where the Weld and Mellon families'

First Boston Corp. wielded enormous power. When the Boston federal case against LaRouche flopped, a second indictment was brought in Alexandria, Virginia—the intelligence agencies' favorite U.S. court district—under the overall direction of U.S. Attorney General Dick Thornburgh.

'Get Clinton!'

As should be clear to the reader by now, Dickie Scaife's current financing and coordination of the news-media attack on President Clinton, is exactly of the same form as what Scaife has been deployed to do since the early 1970s, when he was assigned to take over Forum World Features/Kern House by the Anglophile bankers' intelligence network. Forum World Feature's specific purpose was to finance and circulate selected features and articles for the news media internationally. The "Public Diplomacy" operation in the 1980s which Scaife financed did exactly the same thing as FWF, including orchestrating news media attacks on targeted adversaries.

The *Columbia Journalism Review* put it slightly more politely in a 1981 profile of Scaife: It said that he "has made the formation of public opinion both his business and his avocation. . . . Scaife could claim to have done more than any other individual in the past five or six years to influence the way in which Americans think about their country and the world."

Today, almost on a weekly basis, one can pick up a newspaper and find full-page ads on the Vincent Foster death, reprinting articles written by Christopher Ruddy for Scaife's Greensburg (now "Pittsburgh") *Tribune-Review*. The ads are paid for by Scaife, with funds laundered through the Western Journalism Center (WJC). WJC also occasionally reprints articles by the British Intelligence stringer and London *Sunday Telegraph* Washington correspondent Ambrose Evans-Pritchard—who also writes directly for the *Tribune Review*.

Other ads promoting theories about the alleged coverup of the Vincent Foster death can also be found, produced by Accuracy in Media (AIM), another group bankrolled by Scaife since the 1970s, and long known for its defense of the CIA against any attacks, not to mention its protection of George Bush's drug-running Contras in the 1980s. Currently, Scaife's foundations are AIM's largest contributors, having given them \$630,000 from 1989-93.

The WJC and AIM also produce features on the Foster case for newspapers and television programs. AIM's Reed Irvine has a weekly broadcast on National Empowerment Television (NET), a cable channel founded by Paul Weyrich's Free Congress Foundation, to which Scaife gives about \$1 million a year.

At the end of 1993, the Whitewater scandals against President Clinton, which had been dormant since the 1992 primaries, were revved up again with the publication of the "Troopergate" story in the British-linked *American Spectator*. Already in the 1970s, Scaife had given over \$1 million to the *American Spectator*'s publishers, and this has continued

to the present day; between 1989 and 1993, Scaife gave \$1.3 million to the American Spectator Educational Fund for "research" and other purposes.

Another top purveyor of Vincent Foster conspiracy theories is *Strategic Investment* newsletter, run by former *Times* of London editor Lord William Rees-Mogg, and James Dale Davidson, chairman of the National Taxpayers Union, also Scaife-funded. Davidson has produced a video jointly with the Western Journalism Center called "Unanswered: The Death of Vincent Foster."

What does Scaife himself say about all this? Very little publicly, but, in a rare interview he gave to the *New York Times* in 1995, he proclaimed, "The death of Vincent Foster: I think it's the Rosetta Stone to the whole Clinton administration," adding that Foster's death had the potential to become the political story of the century.

The other major means by which Scaife finances attacks on the President—apart from his funding of House Speaker Newt Gingrich's GOPAC and right-wing think-tanks such as the Heritage Foundation—is through the cluster of right-wing legal foundations and litigation centers. Prominent among these (see *Documentation*, p. 67 in our previous issue's installment) is the Landmark Legal Foundation, which has offered advice and assistance to Paula Jones in her sexual-harassment claim against Clinton, and which has ensconced itself in other Whitewater-related matters.

Another, similar Scaife-financed organization is the Washington Legal Foundation, previously known as the Capital Legal Foundation. On its Legal Policy Advisory Board are Whitewater independent counsel Kenneth Starr, John Norton Moore of the University of Virginia Law School, and Massachusetts governor and former LaRouche prosecutor William Weld. On its National Board of Advisers are Senators Fred Thompson (Tenn.) and Orrin Hatch (Utah)—both involved in Senate investigations of the Clintons—and Jesse Helms, who played a role in the dumping of the first Whitewater independent counsel and his replacement with Kenneth Starr.

The work of Scaife's network of conservative legal foundations is overseen by the Washington-based National Legal Center for the Public Interest (NLCPI), which he, of course, also funds. One of the directors of NLCPI is David Davenport, president of Pepperdine University; Scaife is on Pepperdine's board of trustees. Davenport and Scaife also sit together on the advisory board of the Hoover Institution for War, Revolution and Peace in Palo Alto, California.

It is David Davenport who has offered Bush-leaguer Kenneth Starr a cushy position at Pepperdine University, financed in large part by Scaife, when Starr wraps up his investigation and legal assault on President Clinton as the Whitewater independent counsel. Starr may be "independent" of the administration, but he is certainly not independent of Dickie Scaife.

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