

## Israeli Spies: ‘Mega Was Not An Agent—Mega Was the Boss’

by Jeffrey Steinberg

For a brief period of time in early 1997, the Central Intelligence Agency, the Federal Bureau of Investigation, and the National Security Agency engaged in a frantic mole hunt for an Israeli spy, believed to be operating inside the highest levels of the Clinton Administration national security establishment. By the time the mole hunt was made public—in a May 7, 1997 *Washington Post* leak—the hunt had been abruptly ended, and for all intents and purposes, the story disappeared from the news within a matter of days.

According to the *Post* account, in January 1997, the National Security Agency (NSA) had intercepted a phone conversation between an Israeli official at the embassy in Washington, and Danny Yatom, the head of the Mossad, Israel’s foreign intelligence service. The official sought permission from the spy boss to “go to Mega” in order to obtain a copy of a confidential letter that had been sent by then-U.S. Secretary of State Warren Christopher to Palestinian Authority President Yasser Arafat, concerning U.S. assurances about a recently negotiated agreement for an Israeli military withdrawal from the Hebron area in the West Bank. Yatom, according to the NSA intercept, rejected the request, admonishing his agent, “This is not something we use Mega for.”

The idea that the Israeli government was running another spy operation inside the U.S. national security establishment created a tremendous stir. The *Washington Post*, in its May 7, 1997 leak, had reported, “One official with knowledge of the FBI investigation into the identity of Mega cautioned that much remained unknown. But the official said that if it turned out that a senior U.S. official was passing sensitive information to Israeli authorities, it could prove more serious than the espionage case involving Jonathan Jay Pollard, a former Navy

analyst who was convicted in 1986 of selling U.S. military intelligence documents to Israel.”

To this day, the Pollard affair is a hot-button issue inside the U.S. intelligence community. At the time of Pollard’s arrest in November 1985, it was known that the Navy analyst had been “tasked” to obtain specific U.S. military intelligence secrets, by someone much higher up in the U.S. intelligence community. To this day, the hunt for “Mr. X,” Pollard’s inside controller, continues. In 1986, *EIR* had revealed the existence of not merely a “Mr. X,” but an “X Committee,” made up of nearly a dozen top-level Pentagon and National Security Council officials, all suspected of having been part of the Pollard spy network.

Given the seriousness of the Mega security breach, the abrupt shutdown of the mole hunt naturally prompted some wild speculation about the circumstances under which the search for Mega was abandoned. In March 1999, British author Gordon Thomas released a book, *Gideon’s Spies*, which alleged that Israel had blackmailed the Clinton Administration, with the threat to release tapped telephone conversations between the President and Monica Lewinsky, to force Washington to abandon the Mega hunt. Indeed, in her testimony before independent counsel Kenneth Starr, Lewinsky had reported that the President had warned her, on March 29, 1997, at the height of the Mega hunt, that he suspected the White House telephones were being tapped by agents of an unnamed foreign country.

Years later, it was revealed that the White House communications system had been overhauled and modernized during the early Clinton era, and one of the main outside contractors involved in the project was an Israeli firm, Amdocs. Accord-

ing to a May 2000 story in *Insight* magazine, Amdocs employees would have had nearly unfettered access to White House telephone lines and other super-sensitive communications equipment. However, the nature of the request from the Mossad man in Washington to Yatom—to obtain a confidential State Department document—rules out the possibility that Mega was an electronic eavesdropping source.

## Mega-Suspects

Even though the Mega hunt was formally called off, still in some U.S. intelligence quarters, the effort to unearth the suspected Israeli spy cell apparently continued. In September 2000, a CIA team of counterintelligence specialists arrived in Israel, after U.S. Ambassador Martin Indyk had his security clearances temporarily lifted. Ostensibly, Indyk had breached security guidelines by bringing classified U.S. government documents to his residence in Tel Aviv. But it later was revealed that the CIA probe was triggered by an August 2000 unauthorized meeting between Indyk and the former head of the Mossad, Ephraim Halevy, which the ambassador had never reported back to Washington.

If there were anyone in the Clinton Administration's political hierarchy who was a prime candidate to be the Israeli spy Mega, it was Indyk. A British-born Australian citizen, Indyk had been Australia's top Mideast security official in the late 1970s, as deputy director of current Mideast intelligence at the Australian Office of National Assessments, the equivalent of the U.S. National Security Council. But, Indyk abruptly quit the post after just ten months, prompting speculation that he had come under suspicion of spying for Israel (he had lived in Israel while completing his dissertation on "The Power of the Weak: The Ability of Israel and Egypt to Resist the Policies of their Super-Power Patrons"). According to British journalist Kevin Dowling, Indyk next surfaced in Israel, as a "media consultant" to Israel's Likud Prime Ministers, Menachem Begin and Yitzhak Shamir.

In 1982, Indyk came to America, ostensibly on a six-month sabbatical from his duties with the Office of the Israeli Prime Minister. Based out of Cornell University, Indyk formed a research department for the America-Israeli Public Affairs Committee (AIPAC), the "official" Israeli lobby in the United States. Within a year, AIPAC had ponied up \$100,000 to Indyk to hive off the research unit as the Washington Institute for Near East Policy (WINEP). Pro-Israel luminaries in Washington, including former Vice President Walter Mondale, former Secretaries of State George Shultz and Alexander Haig, and former United Nations Ambassador Jeane Kirkpatrick, were among the initiating members of WINEP's advisory board, according to Dowling's Sept. 27, 2000 account of the Indyk counterintelligence probe.

Indyk's "six-month sabbatical" never ended, but it was not until 1987 that the Australian got his first green card, permitting him to work in the United States. Indyk was made a U.S. citizen on Jan. 12, 1993—just eight days before he was

appointed to the incoming Clinton Administration's National Security Council (NSC) staff as Senior Director for Near East and South Asian Affairs. Indyk had already been an informal Mideast policy adviser to President George H.W. Bush, at the initiative of Dennis Ross, Bush's Assistant Secretary of State, previously a deputy to Indyk at WINEP. At the time of the Mega hunt, Indyk had Ross' old job as Assistant Secretary of State for the Near East.

Another prime suspect in the Mega mole hunt was Leon Fuerth, Vice President Albert Gore's national security adviser, and another well-known pro-Likud fanatic. The *Washington Post*, in a 1998 profile of Fuerth, reported that he was suspected by U.S. intelligence officials of passing sensitive U.S. policy information to Israeli Prime Minister Benjamin Netanyahu (Likud), a passionate, personal enemy of President Clinton, who was suspected of activating the Mega spy operation.

Also on the Mega list of suspects inside the Clinton national security apparatus was Richard Clarke, the National Security Council "counterterrorism czar," who was fired from the State Department and brought onto the Bush Administration NSC in 1992, after he was accused by the State Department's Inspector General of concealing illegal Israeli arms sales to China.

## The Purloined Letter Principle

While all of the above-mentioned Bush- and Clinton-era national security operatives may have been, indeed, secretly, or not-so-secretly passing critical American policy papers and classified documents to the Likud faction in Israel; and, while then-Israeli Prime Minister Netanyahu and his Mossad mandarins may have been attempting to blackmail the President, there is a much simpler answer to the Mega puzzle: Mega was not a deep mole inside the White House. Mega was a far more visible, far more powerful entity, known among its several dozen members as "the Mega Group."

The existence of the Mega Group came to light, almost exactly a year after the *Washington Post* revealed that the mole hunt was under way. Yet, the story of the Mega Group, which appeared in the *Wall Street Journal* on May 4, 1998, made no mention of espionage, and did not mention the Mossad, the CIA, or Monica Lewinsky, even in passing. Despite that, the Mega Group precisely fits the story of the illusive mole hunt, in a manner that has profound policy implications to this day, as President George W. Bush struggles to avoid an outbreak of war in the Middle East, which would have devastating consequences for the entire planet.

Under the innocent headline, "Titans of Industry Join Forces To Work for Jewish Philanthropy," *Wall Street Journal* staff reporter Lisa Miller reported on an April 1998 gathering of some 20 Jewish billionaires, at the Manhattan apartment of hedge-fund manager Michael Steinhardt. That gathering involved some of the most powerful names in the Jewish lobby in America, starting with Edgar Bronfman, the

chairman of the World Jewish Congress. Others included: Charles Bronfman, Edgar's brother and a top executive of the family's flagship Seagrams Corp.; Leslie Wexler of Limited, Inc.; Charles Schusterman, chairman of Samson Investment Co. of Tulsa, Oklahoma; Harvey "Bud" Meyerhoff, a fabulously wealthy and powerful Baltimore real estate magnate; Laurence Tisch, chairman of Loews Corp.; Max Fisher, the Detroit oil magnate and Republican Party powerhouse; bagel magnate Max Lender; and Leonard Abramson, the founder of U.S. Healthcare.

According to the *Journal* account, the Mega Group was founded in 1991 by Wexler and Charles Bronfman, to add greater clout to the Israeli lobby, by establishing an informal, but all-powerful policymaking group, able to deploy billions of dollars in "charitable" funds for the maximum effect on U.S. policy toward Israel, the Mideast, and other issues of paramount importance to the Jewish megabillionaires. The Mega Group convenes twice a year, for two-day sessions, where, behind closed doors, the members make life-and-death decisions, affecting U.S. policy. Membership is by invitation only; the meetings are secret (the *Wall Street Journal* story was the only coverage to ever appear in the U.S. media about the existence of the Mega Group, before the publication of this *EIR* account); and the members each kick in \$30,000 in annual dues, to cover "operating expenses" for the twice-yearly sessions.

Charles Bronfman reflected the Mega Group's propensity for secrecy, when he told the *Journal's* Lisa Miller, "From the beginning we didn't want to be seen as a threat to anybody. And that still pertains. We don't want to be seen as the Sanhedrin," a reference to the highest court of the ancient Jews. "We don't want to be looked at crooked." Charles' far more sinister and slick brother, Edgar, tried to dismiss the activities of the Mega Group, telling Miller, "We want to make it cool to be Jewish."

## Not So Cool

But then, a March 13, 2001 dispatch by the Jewish Telegraph Agency revealed that the Mega Group is more than a loose bunch of Jewish billionaires out to do good. The JTA reported that newly installed Israeli Prime Minister Ariel Sharon was about to launch a two-pronged propaganda offensive inside the United States, aimed at winning American support for his plans to overturn the Mideast peace process. First, the JTA revealed, the Sharon government announced that it was hiring two U.S. public relations firms—Rubenstein Associates and Morris, Carrick and Guma—to peddle the Israeli government "spin" inside the U.S. media and in policy-making circles in New York and Washington.

The JTA wire continued, "More controversially, a handful of Jewish mega-donors has created a think-tank they hope will generate long-term strategies for presenting Israel in a favorable light."

The new think-tank, Emet (the Hebrew word for "truth"),

JTA reported, is the collective brain-child of Leonard Abramson, Edgar Bronfman, and Michael Steinhardt—three of the leading Mega Group members (JTA made no mention of Mega). The Mega Group is expected to kick in \$7 million to launch the new organization, with the Israeli Foreign Ministry also pledged to pony up \$1 million in startup cash. But, lest there be any confusion about who's in charge at Emet, JTA revealed that "the group consulted with [Malcolm] Hoelein, [Abe] Foxman and other Jewish activists—and only then notified Israel's Foreign Ministry, Foxman said." Hoelein, the executive vice president of the Conference of Presidents of Major American Jewish Organizations, is a fanatical backer of the Sharon war-drive, a view he shared with the just-retired president of the group, Ronald Lauder, a big Sharon financial backer who met with Sharon in September 2000—just before the latter staged his provocation at the Islamic holy sites on the Temple Mount/al-Haram al-Sharif in Jerusalem, triggering the ongoing violence.

The Emet project has been criticized inside Israel, by Foreign Ministry officials and peace activists alike. As JTA reported, "Some Foreign Ministry officials grumbled that American Jews were poaching on their turf. Not surprisingly, they would prefer that any extra money be funneled to the ministry's efforts. . . . Israel's left appeared concerned that hawkish American Jews will use Emet to push a hard-line approach to the peace process." Steinhardt, Bronfman, and Abramson refused to talk about the project. But the enthusiastic endorsement for Emet from Morton Klein, president of the hawkish Zionist Organization of America, is strong confirmation that the outfit will peddle Sharon's war line. As *EIR* reported recently, Klein led a delegation of right-wing Zionists and evangelical Christians in a White House meeting, where they threatened a Presidential representative with a cutoff of support, if Bush attempted to interfere in Sharon's war schemes (see Anton Chaitkin, "Temple Mount Fanatics Seek To Blackmail Bush," *EIR* Aug. 24, 2001).

## The Power of Money

The Mega Group story came full circle on May 5, 2001, with the publication of a story in an obscure Israeli online publication, Media Monitors Network, by writer Israel Shamir. Shamir noted, with no lack of irony, the meeting of the Mega Group, which had taken place the previous day at the Manhattan mansion of Edgar Bronfman.

Shamir first described a meeting he had recently had with a Vermont-based psychoanalyst, the nephew of Israel's first Prime Minister, David Ben-Gurion. The nephew prided himself on the fact that his closest friends were Palestinians, and that he rejected the idea of a Jewish "tribal" identity, preferring to view all human beings as brethren.

Shamir observed, "That is the last thing the bosses want. I would not be amazed if they discussed it yesterday, when they met in the Edgar Bronfman mansion in Manhattan. The head of the World Jewish Congress hosted a meeting of the

50 richest and most powerful Jews of the U.S. and Canada. There was no press coverage, no limelight, just a few lines in the newspapers. . . . They agreed to launch a PR program under the Orwellian codename of 'Truth' with the purpose of influencing American public opinion regarding Israeli policies."

Shamir continued, "The megabucks call themselves 'Mega group.' This name appeared in the media a couple of years ago, as a name for the secret Israeli mole in the upper reaches of the U.S. establishment. It came up in an overheard phone conversation, later denied by the Israeli embassy in Washington, D.C. The newshounds and spook watchers got it wrong. 'Mega' was not an agent, Mega was the boss."

With some bitterness, Shamir wrote, "Megabucks influence us, even more than they influence the U.S. Our politicians are as weak and corrupt as America's and they are easier to swing. Even relative small-timers can cause eruption and bloodshed, like the California bingo-parlor owner [Irving] Moskowitz, who pushed our ex-prime minister Netanyahu to open the tunnel under the Haram al Sharif. . . . The Megabucks can buy Israel with their spare change. If they wish, we would have peace in Palestine today. But they are not interested in Israel per se. . . . Megabucks care for themselves, and they need Israel in order to keep the American Jews together, supporting them. That is why they do not mind bloodshed in Palestine, and even a bloody regional war does not scare them."

Shamir concluded: "In my opinion, Megabucks, rather than forces of Caballa, move the events in the Middle East. It is not magic, just money—but a lot of money. They do not rule America or Israel, but they exercise a lot of influence. Fifty multibillionaires united in one framework present a very real force in the world."

Of course, Shamir does not have the picture precisely right. The Bronfman-centered Mega Group is but one component of an insane and desperate element within the transatlantic financial establishment that is now pressing for a "Clash of Civilizations," as a means of responding to the collapse of their global financial empire, and the threat of a new set of Eurasia-centered cooperative arrangements among nations supplanting their power. But, as far as the Mega puzzle is concerned, Shamir has solved the mystery.

No wonder Mossad boss Yatom scolded his Washington-based underling with the warning, "This is not something we use Mega for."

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## Is Rail Union Pension Moynihan's Precedent?

by Anita Gallagher

On July 30, legislation which repeals the Roosevelt-era Railway Act of 1934, by allowing some pension fund assets of railroad workers to be invested in private securities, sailed through the House of Representatives with 384 votes. The new Railroad Retirement and Survivors Improvement Act of 2001 was supported by the AFL-CIO. But it may well be used by the Bush Administration as a precedent for the privatization of Social Security monies, which the same union leadership intends to demonstrate *against* in the Fall.

A fight for the right to invest pension money in bankrupt Wall Street is reality-avoidance of the worst kind. As Lyndon LaRouche, candidate for the Democratic Presidential nomination in 2004, recently stated, "The only question being asked by alert and sane people around the world, is, 'Since the crash is now here, what do we do now?' The only significant issues before both the U.S. and world populations, are the political issues. . . . [Have the American people] still that instinct for survival once seen in the support for President Franklin Roosevelt's leadership out of the Coolidge Depression?" For the AFL-CIO, the answer is doubtful.

The Wall Street establishment desperately needs to employ the Bush Administration to vacuum new suckers into the financial markets, even while the *Wall Street Journal* frankly reported on Aug. 16 that, "The companies listed on the market that symbolize the New Economy haven't made a collective dime since 1995." The "Old Economy" is hardly tanking any less. The 85-15 ratio of new investments in mutual funds versus savings accounts has already flipped in one year, meaning that 85% of the population is now seeking the safety of savings accounts. For the first time since they were created, the average 401(k) private pension account lost 11% in the last year. The Virginia Retirement System lost \$3 billion of its capital—7%—in fiscal 2001. Including 401(k)s, pension funds comprise 25% of all U.S. stocks traded—more than \$5 trillion.

### Financial Establishment Like Dracula

Whatever "visions of sugarplums" were in the heads of the Democrats and labor leaders who supported this rail legislation, the financial establishment operated to expedite what they hope will be a precedent for their Social Security "blood drive."

On July 30, the Opus Dei-connected columnist Robert