

More Gates Than A Rat Maze

Rumors that the Administration is involved in a host of major scandals are flying fast and furious in D.C. Sources close to a leading Texas Republican hint that a wave of new problems are about to hit the Administration including new revelations about Budget Director Bert Lance's unusual banking career, Justice Department coverups, and Federal Election Commission collusion to write off Democratic Party debts...

The nation's Budget Director, one of the country's top economic planners, is in financial straits himself, and is pleading with the Congress to allow him to temporarily keep his shares in a Georgia bank. Carter personally intervened to ask Congress to allow Lance the extra time, and Washington is abuzz with rumors that Carter is very interested in protecting Lance and keeping his financial woes quiet because some of Lance's largest loans went to Carter himself...

Carter is also reportedly concerned about protecting Lance's backers. Lance received several million from Manufacturers Hanover Trust to purchase his Georgia bank's shares. Shortly after stories were floated that Lance was to get a top cabinet post, First National Bank of Chicago head A. Robert Abboud also loaned Lance money to refinance his loan. Insiders are hinting that the real story behind Lance's bank is about to break and may well cause a government shakeup...

Word that the Korean CIA scandal will pull in the Carter Administration is coming from as far west as Illinois. One leading Republican there told *EIR* that the KCIA investigation will not only involve leading Democratic Congressmen but "will be Carter's Watergate too." White House press secretary Jody Powell was noted to be bristling when reporters asked him about Justice Department coverups of the scandal. Carter has said, unasked, that there is no evidence that the Administration

was at all involved with a coverup and there is no need for outside investigators. Perhaps the President forgot that the Attorney General's law firm, Atlanta's King and Spaulding was representing the South Korean government at a time when a leading figure in the scandal arrived in the U.S. and in Georgia...

A number of investigative journalists are building dossiers on illegal activities the Federal

WASHINGTON WEEK

Election Commission conducted against political opponents of the Carter Administration, especially the U.S. Labor Party. At least two major television stations and three nationally known papers are on the verge of major exposés...

With the air reeking of a new Watergate, tension is mounting on Capital Hill between Administration supporters and opponents which broke out on the House floor a week and a half ago during a debate on establishing a House intelligence committee. The formation of the committee is a particularly sensitive question, coming at a time when all of Washington is in a mad scramble for control of the intelligence community. House Speaker Tip O'Neill had been strongarming Congressmen behind the proposal. O'Neill, better known among his friends as Topsy, castigated minority leader John Rhodes (R-Ariz.) for opposing the committee and in language rarely used in those hallowed halls, declared, "I wish the minority leader could lead instead of always following his followers around here." Citing his orders to push for the committee as coming from the White House, O'Neill banged his fist on the rostrum, shouting that in such matters there can be no par-

tisanship. Third-ranking Republican leader John Anderson (R-Ill.) then retorted, "This is not an animal farm where all bleat and bray on signal"...

Intelligence community questions are creating other major crises for the Administration. Sources reveal that the Administration will not place the name of Lyman Kirkpatrick, an associate of Nelson Rockefeller, in nomination for Deputy CIA director, because there is so much opposition to him. The White House is evidently terrified to force the issue because Kirkpatrick could not stand up to questioning about his role in CIA illegal drug testing activities.

Carter is not getting along much better with our European allies or the Soviets. In Moscow U.S. Ambassador Toon has tried to meet with Soviet Defense Minister Ustinov several times but could not get in the front door. Watching the spectacle, Helmut Sonnenfeldt, former State Department official and close associate of Henry Kissinger, blamed National Security advisor Brzezinski's policy for the Soviet refusal. Sonnenfeldt is reported to be tooting himself for Toon's job...

Top Administration officials are admitting privately that they are extremely worried about Soviet economic moves, particularly the Soviet extension of the transfer ruble to expand European-Soviet trade. A top NSC economics expert tried to convince himself that the Europeans were really not consolidating transfer ruble trade deals with the Soviets. "The European press is wrong. No one wants the ruble, it's worthless. You can't do anything with it."

This while the dollar was sinking fast...

And the heat was on Chase Manhattan. During New York's 103 degree weather July 21, Chase's air conditioners broke down. Rumors have it that James Schlesinger just ordered Chase to convert to solar heating...