

the President made personally. I do know, directly, that what happened in 1985 and 1986 was a direct result of policy-decisions made back in 1982, in the process of bringing Project Democracy into White House decision-making. It was a combination of decisions on economic policy toward Central and South America back during 1982, Project Democracy's political ties to Caribbean drug-traffickers, and the series of decisions, including what became Gramm-Rudman, beginning during April, 1983, leading into last October's near disaster at the Reykjavik summit.

Although the President has stuck to a cut-down version of his March 1983 SDI policy, on every other major front in the world, the Reagan administration has been in full retreat under Moscow's pressure. So, since April 1983, when Soviet President Andropov stated publicly, in a major magazine interview, that he recognized the U.S.'s right to do with Nicaragua as it might choose, the Reagan administration used the Nicaraguan Contra operation as a way of seeming to say to worried patriots, "We're still willing to wage the fight against Communism in at least one little corner of the world." Since the administration's economic policy forbade running an effective kind of irregular war against the Sandinistas, it ended up with a disgusting side-show.

**EIR:** How does that justify describing McFarlane, Poindexter, and North as "clowns"?

**LaRouche:** Maybe they were acting as opportunists, helping out old buddies who needed a little covert-operations action and some money. Maybe, they had the military competence to know that the Contra operation was a lunatic side-show. Maybe, they were so concerned with their personal career-management, that they simply did not care enough what this operation did to the United States.

I can imagine that anyone who tried to tell the President that this kind of operation was a worthless side-show, would have been put on the President's list of "tear up this guy's calling-card." So, those who wished to stay in the good graces of the White House, would either go along with the policy, or simply avoid being involved in the operation in any way. As we have seen from his patterns in public conduct, when President Reagan does not wish to admit he has made a mistake, he can be very stubbornly nasty about it, and then he tends to cut a lot of corners in maneuvering around the truth.

So, after the case of Richard Allen, anyone in the NSC hot-spot or at similar levels, knows it is not good career-management to become what Mr. Reagan might view as an expendable embarrassment to his self-image. Perhaps a few old friends, or, for a while, a Donald T. Regan, could persuade the President to change his policies. Admittedly, as the public record shows, fellows in the position of a McFarlane or Poindexter would find it smart career-management to put up a show of being "an outstanding team-player." That much in the way of extenuating circumstances, I would grant them.

Extenuating circumstances or not, when you act like a

clown, you are a clown. Clowns like that go on my list of people who are never to be assigned to duties in which the well-being of a military unit, or our nation has to rely on the honesty of their expressed judgment.

Let's call this the lesson of Goethe's *Faust*. Let us call these fellows modern Fausts. Let us call the temptations of career-management, Mephistopheles. If you sell your soul to Mephistopheles, for whatever price, it is your soul that you have lost. Anyone betraying principles for sake of a Faustian pact with influence and power, can turn themselves into schlemiels in the way these fellows did.

I have often seen people make a first crucial step in compromising an important principle for such Faustian reasons. Then, I have witnessed the accelerating spiral of their intellectual and moral self-degradation after that first step was taken. Generally speaking, one who does not pull back from that first step of self-degradation is never to be trusted again.

**EIR:** Who do you see as the principal targets of investigation in the Contra scandal?

**LaRouche:** Project Democracy, the officials of the National Endowment for Democracy, Elliott Abrams, some in the Justice Department involved in the Irangate and Contra cover-ups, and Armand Hammer's crony, Charles Z. Wick. Abrams and Wick are at the center of culpability in the Contra operation as such. What McFarlane, Poindexter, and North did, was to plug some veterans from the regular intelligence services into the middle of a Project Democracy operation being run through channels controlled by Abrams and Wick's U.S. Information Agency. It is that network of old communists and so-called right-wing social-democrats centered around Jay Lovestone, that is the real problem here, as it has been one of the key problems inside our intelligence and diplomatic institutions for about 40 years. Clean out that nest, and the United States might begin adopting sound policies.

## 'Project Democracy' retreads old threats

by D.E. Pettingell

The National Endowment for Democracy concluded its "Challenge of Democracy" conference in Washington, D.C. on May 19, with a call to overthrow Third World governments which do not fit the American standard of "democracy." The NED is the public arm of "Project Democracy," the secret government currently under fire in the Irangate scandal.

"It is irrelevant if we have the right to interfere or not,"

said Stanford University professor Seymour Martin Lipset, co-author of a "comparative study" of political systems in the Third World, financed with a NED grant, and discussed during the May 19 morning panel. Stanford University's Larry Diamond and Yale University's Juan Liz, the other authors, and Harvard University's Samuel Huntington, participated as well.

The study on "democracy," to be published later this year, is a four-volume work on Ibero-America, Asia, and Africa. According to the review made available at the conference, each Third World nation's "democraticness" is discussed in connection to its political stability. In this regard, Argentina, Mexico, Brazil, Peru, Colombia, the Philippines, Dominican Republic, Zimbabwe, and others, are considered "partially stable," some because they are "new democracies," and others, like Mexico, because they have a "hegemonic one-party" system. The few "stable" ones are Costa Rica, India, and Venezuela.

NED, which is funded by Congress, has become very controversial due to its involvement in the Iran-Contra affair, involvement exposed in *EIR*'s "Project Democracy" *Special Report*. The conference was seen as an attempt to regain credibility as a legitimate "private" organization exclusively concerned with helping others achieve "freedom and democracy."

### Call for 'informal economies'

Around 300 people from the United States and other countries attended the event in the House Rayburn Office Building. NED's godfather Rep. Dante Fascell was paid "tribute" as the American who has done "the most" to assist "courageous individuals abroad who are struggling to build democratic systems." Sen. Richard Lugar and Rep. Stephen Solarz, the men who did "the most" in overthrowing the government of the Philippines, were praised, as was NED board member Rep. Robert Lagomarsino.

Sen. Bill Bradley, a newcomer in the NED network, proved to be the biggest demagogue when speaking about America's role in assisting the "poor" and "needy." In what some observers called a "profound philosophical" speech, full of quotes from John F. Kennedy, Woodrow Wilson, and John Quincy Adams, Bradley came close to denouncing the Reagan administration's policies toward Ibero-America as imperialist and interventionist.

"Too often, we misguidedly arm repressive regimes in the name of containing communism. . . . Then our national interests and our principles diverge. We betray our own ideals. . . . We repudiate our involvement with the outside world and take refuge in Fortress America. . . . It is not only our values that are deformed by this double standard. We also hurt the very people we are trying to help," Bradley said.

Admitting that he once supported the Contra policy, Bradley blasted the administration for "continuing" to squander scarce political capital on the Contras. "The Contra issue impinges on our politics far in excess of its importance. . . .

The prospect of Sandinista/Cuban dominoes falling northward is infinitely less of a threat to the U.S. than the threat of instability and violent shifts in political opinions in Mexico and other nations. . . . The administration may still win the battle if the Contras are funded. But they are on the verge of losing the war if they refuse to provide debt and interest rate relief. We need action on debt now."

The type of "action" that Bradley demands is precisely the policies that the International Monetary Fund foists on Ibero-American governments, which have caused more political instability and poverty. For Bradley and NED board vice-chairman, banker Sally Shelton Colby, growth means turning the economy over to private and foreign interests and opening countries to looting.

Bradley lauded NED's favorite Third World drug economist, Peruvian Hernando de Soto, who participated May 18 in the panel "Strengthening New Democracies." De Soto is the author of *El Otro Sendero (The Other Path)*, which glorifies as "creative entrepreneurship" the black-market drug economy, affectionately dubbed the "informal economy." Said Bradley, "Our debt policies and our economic assistance should aim to empower the humble, nameless men and women, the usually poor, impoverished, often illiterate, people of our countries, for as Hernando de Soto . . . has so painstakingly documented, this is the group that will determine the future of Latin America." The sixth edition of the book, now out in four languages, bears Bradley's endorsement as "the best way to understand Latin America's problems."

De Soto heads the Institute for Liberty and Democracy, center of the destabilization operations against Peruvian President Alan García. The institute is NED's largest grantee, with \$240,000 a year.

Sitting in the audience were true believers of the need to forge "informal economies" in their own countries. Mexico was represented by the National Action Party's (PAN) business front, Coparmex's Raul Ortega and Saturnino Campoy, from the Monterrey-based Center for Economic and Educational Studies (CEEE). Campoy stood up from the audience to denounce the "lack of democracy" in Mexico and warn that given the power of the Mexican political system, "democratic changes" in Mexico will take a long time.

Coparmex and the CEEE are NED grantees. Coparmex will receive this year a total of \$94,000 from NED's Center for International Private Enterprise, while the CEEE in 1986 received a \$33,000 grant from CIPE. The fact that these two PAN-connected groups get foreign money has created such a political scandal in Mexico, that as the NED conference was taking place, the Coparmex chairman was categorically denying getting funds from Uncle Sam. *EIR* has been the only American publication to report on the issue.

The NED conference concluded with a luncheon at the Sheraton Grand Hotel; the attendance list read like a who's who in Project Democracy's public/private network of destabilizers. The highest ranking American official attending the luncheon was National Security Adviser Frank Carlucci.