

Probe Eagleburger role in East Europe looting scheme

by Scott Thompson

While most major media are just beginning to promote the June summit between President George Bush and Czar Mikhail Gorbachov, where a conventional forces agreement for Europe is expected to be signed, *EIR* has learned that secret negotiations are under way for a second summit in September. The subject of that summit will be economics: not only to line up the tribute wagons of consumer goods, since Gorbachov pleads that he cannot survive another bad winter, but to work out the so-called development of Eastern Europe on terms amenable to the United States' partners in London and Moscow.

In preparation for that summit, the Anglo-American Establishment is hurrying to impose upon Eastern Europe the same oligarchic model of the International Monetary Fund (IMF), emphasizing rentier-financier forms of looting, which is already causing genocide in Ibero-America and Africa on a scale greater than that contemplated by Nazi Finance Minister Hjalmar Schacht. They intend thereby to edge out a Franco-German approach that emphasizes investment in infrastructure and new energy sources as a precondition for real economic progress.

The anchor man in Washington for the Anglo-American swindle is Deputy Secretary of State Lawrence Eagleburger—the former president of the global influence-peddling firm Kissinger Associates, Inc.—who recently got the added post of presidential coordinator for Eastern European Assistance. Eagleburger unabashedly endorsed the IMF looting approach toward the emerging republics of Eastern Europe in March 6 testimony before the House Budget Committee. But Eagleburger abruptly canceled March 8 testimony before the Senate Foreign Relations Committee on U.S. policy toward Eastern Europe, apparently because he feared that some senators might grill him on his conflicts of interest over East-

ern Europe. (See *EIR*, March 16, 1990, p. 62.) A source on the Senate Foreign Relations Committee says that Eagleburger will not appear to testify until he is guaranteed that certain questions will not be asked in public hearings by Committee chairman Senator Claiborne Pell (D-R.I.).

The questions Eagleburger fears

One question Eagleburger may want to avoid answering, has to do with what Thomas Friedman reported in the *New York Times* on Jan. 27, namely, that Eagleburger told then-U.S. Ambassador to Hungary R. Mark Palmer that he could stay in that post until he became chief executive officer of Ronald Lauder's Central European Development Corporation (CEDC). In an interview, Palmer told *EIR* that the CEDC is the model of the "privatization approach" toward Eastern European "development" advocated by President George Bush and Secretary of State James Baker. But informed sources add that the threat of a scandal was so great, after articles appeared in the *New York Times*, *Washington Post*, and *Newsweek* that Secretary Baker demanded Palmer's instant resignation as ambassador, lest the September summit plan be jeopardized.

According to coverage in the *New York Times* of Jan. 26, the CEDC had set up shop in Budapest, Hungary, Jan. 25 with the announcement that it had paid \$10 million for 50% ownership of the General Banking and Trust Company and that this model business would engage in banking, real estate speculation, and tourism throughout Eastern Europe.

EIR's independent sources say that the CEDC is part of a plan to make Budapest a banking center like Tangiers or Beirut, where anything and everything goes, so as to outflank Franco-German plans for an Eastern European development bank. Apparently still fearing conflict-of-

interest charges, Palmer refused to discuss with *EIR* reports that he was recruiting a "nationalities division" from people of Eastern European ethnic origins in the U.S. State Department and the Democratic and Republican National Committees, who could act as front men for Anglo-American financial interests.

Overall, the sources stress that the essential features of the Eagleburger/Palmer plan are congruent with an obscene study prepared by Philip A. Petersen, who is an assistant to Undersecretary of Defense for Policy Paul Wolfowitz. Petersen's study advocates the reemergence of an Austro-Hungarian Empire including Czechoslovakia, Austria, Hungary, Yugoslavia, and Italy as a restraint on a reunified Germany. This plan, revealed by Peter Almond in a March 12 article for the *Washington Times*, was slated to be unveiled on March 19 for NATO ambassadors in Brussels, Belgium.

Who's behind the Palmer scheme

Below are the principal investors in Palmer's CEDC, according to the Jan. 26 *New York Times*, with profiles assembled by *EIR* investigators:

Ronald Lauder. This former U.S. ambassador of the Reagan administration to Austria and unsuccessful 1989 New York mayoral candidate is the chairman of the CEDC. He is an heir to the Estée Lauder makeup fortune. His mother's family claims to have been close to the last Austro-Hungarian emperor, Franz Josef; she, too, is said to be an investor in the CEDC. Ironically, although Estée Lauder was raised partly in the Jewish religious tradition, she counted as her best friends the Duke and Duchess of Windsor, key figures in the Anglo-American conspiracy to finance the Nazi Party and to impose Adolf Hitler upon Germany. As King Edward VIII, the Duke not only sought to bring fascism to Britain, but, after his abdication, he traveled to Germany to meet Hitler, Goering, and Himmler, a scandal covered up by the late Anglo-Soviet agent, Anthony Blunt.

Yet, as U.S. ambassador to Austria, Lauder helped implement the plan of Edgar Bronfman, who is a bigwig in the Anti-Defamation League (ADL) of B'nai B'rith and president of the World Jewish Congress, to smear Austrian President Kurt Waldheim as a Nazi war criminal and to make him *persona non grata* in the United States. Lauder's Deputy Chief of Mission at the time was alleged Soviet spy Felix Bloch. (Bronfman's own credentials as a democrat are badly tarnished, since he was decorated by East German strongman Erich Honecker in 1989, just before Honecker was ousted in a democratic revolution, apparently as reward for Bronfman's role in destabilizing West German leaders pursuing German unity.)

Andrew Sarlos. This Toronto-based investment counselor is vice-chairman of the CEDC. Sarlos, who was born in Hungary and immigrated to Canada in 1956, worked with the Bechtel Corporation and other firms before becoming a private investor. Sarlos is also on the board of The Hungary

Fund, which he had sponsored with fellow Hungarian George Soros. With \$80 million placed jointly by Bear Stearns and the World Bank's IFC, it is the largest investment pool in Hungary.

Albert Reichmann. This major investor in the CEDC is one of the three Reichmann brothers of Hungarian origin who control the Toronto-based Olympia & York Development Ltd., recently called by *Business Week* magazine "the richest and most powerful real estate developer in the world." The owners of this \$25 billion world real estate empire are the sons of Samuel and Renée Reichmann, who fled Austria for Tangiers, Morocco, where Samuel allegedly traded in currency and industrial diamonds (the latter, some sources allege, went to the Nazi war machines), while his wife Renée worked to smuggle Jews out of Nazi-occupied Europe. The family immigrated to Canada in 1956.

Albert Reichmann told the *New York Times*: "The Jewish population is the reason I'm interested in Hungary and the Soviet Union." Albert Reichmann is also on the board of The Hungary Fund with Andrew Sarlos. Moreover, Olympia & York is said to be building a \$210 million, 60-story office tower that will be Moscow's tallest, and the family is said to be part of a Canadian consortium to build a real estate complex in Leningrad. The *Times* reports that "The Reichmanns . . . have pressed the Soviet Union to allow more Jews to emigrate," especially to Israel. This is understandable since the Reichmanns own 30% of Bronfman's Trizec Corporation Ltd. real estate firm.

The Reichmanns are very much a part of the Anglo-American Establishment's bid to make London the financial services hub of the planned Single European Market-1992, through their \$5.9 billion Canary Wharf office complex project in the City. They are said by some British sources to have regular entry to British Prime Minister Margaret Thatcher, who is leading the charge to stop German reunification. Thatcher is also seeking to sequester in London, and thereby hinder, the Eastern European development bank fund for infrastructure investment proposed by the French.

R. Mark Palmer. This career foreign service officer is another protégé of Henry Kissinger, having served as second secretary at the U.S. Embassy in Moscow when Kissinger started Détente I, and then in Policy Planning at State when Kissinger was secretary. When he was Deputy Assistant Secretary of State for European Affairs in 1981-86 (his first boss in that post was Larry Eagleburger), Palmer told *EIR* that he was using businessman Armand Hammer as a back channel toward Moscow to help organize the first Reagan-Gorbachov summit. "Any friend of Father Lenin is bound to be a friend of Mikhail Gorbachov," Palmer explained. Declassified State Department intelligence documents from the 1920s state that "friend of Father Lenin" Armand Hammer had carried out secret missions for the Soviet government, and that Hammer's first wife was an agent of the OGPU, the predecessor of the KGB Soviet secret police.

More recently, as U.S. ambassador to Hungary, Palmer worked with Edgar Bronfman's East-West Forum, helping write a policy piece for the IMF austerity-style restructuring of the Eastern European economies. Also, while he held the post of ambassador, he worked closely with Hungarian magnate George Soros on designing projects for The Soros Foundation-Hungary, a parallel of the Soros Foundation in the U.S.S.R., which assists Raisa Gorbachova's Russian chauvinist-linked Soviet Culture Fund.

The CEDC's board totally overlaps that of The Hungary Fund, as the cases of Andrew Sarlos and Albert Reichmann show. Spokesmen for the Bear Stearns investment firm told *EIR* that Sarlos, at least, is committed to review any CEDC project with The Hungary Fund to see whether it wishes to participate. Well-informed sources state that Bear Stearns, which is also represented on the board of The Hungary Fund, is seeking to control 20% of all U.S. capital flow to London and 60% of that to Hungary.

The plight of Soviet Jews

As the case of Edgar Bronfman's business associate Albert Reichmann highlights, the CEDC has a lot to do with the question of Soviet Jewish emigration to Israel. It has been charged that one of the main reasons why Edgar Bronfman's World Jewish Congress went to such outlandish lengths to smear Kurt Waldheim, was that Waldheim complied with the Helsinki Accords by permitting those Soviet Jews traveling on the main route from Moscow to Vienna to choose where they would settle. As syndicated columnists Rowland Evans and Robert Novak wrote in a Jan. 23, 1989 article entitled, "Swap Soviet Jews for U.S. Trade?" Bronfman was part of an "ugly deal" to negotiate with Moscow the lifting of Jackson-Vanik and other restrictions on U.S. trade with Moscow, if the Soviets would negotiate the forced transport through such alternate routes as Budapest of Soviet Jews only to Israel.

Present at a meeting at Bronfman's New York apartment was grain cartel magnate Dwayne Andreas, who, in addition to being a funder of the Anti-Defamation League (ADL), is American co-chairman of the U.S.-U.S.S.R. Trade and Economic Council (USTEC), a KGB-infiltrated outfit in which Edgar Bronfman and Armand Hammer are members of the executive committee. Last November, Andreas told *EIR* that negotiations for the forced transport of Soviet Jews to Israel were in their final phase, as was the establishment of an ADL office in Moscow at the invitation of Mikhail Gorbachov (see *EIR*, Dec. 1, 1989, "The Dwayne Andreas file: How the ADL works for Moscow"). Now, former U.S. intelligence sources report to *EIR* that the first 2,500 Soviet Jews have been transported to Israel via Budapest, where, perhaps not coincidentally, the ADL opened its first Eastern European office, on the day Larry Eagleburger landed there during his Feb. 20-27 tour of the region.

Once these Soviet Jews land in Israel, there is every

chance that they will become cannon fodder in the attempt by hard-line Israelis like Likud fanatic Gen. Ariel Sharon to annex the occupied territories into *Eretz Yisroel*. But even here there is a scandal involving Henry Kissinger, who is allegedly a business partner in Palmer's CEDC. In October 1982 Lord Harlech (David Ormsby-Gore) inadvertently revealed to *EIR* that he was a partner of Henry Kissinger in a scheme to swindle Arabs on the Israeli-occupied West Bank of the Jordan River out of their land, which could then be sold at an immense profit to Jewish settlers. Apart from Kissinger, the key partners in this venture included Lord Peter Carrington, who would shortly thereafter emerge on the board of Kissinger Associates, Inc., and Kissinger's old deputy, former U.S. Secretary of State Al Haig, who had just been fired from the State Department under the cloud of having been a party to Sharon's invasion of Lebanon. *EIR* investigations subsequently uncovered a meeting at Sharon's farm in the spring of 1982, that helped plan this caper to make the West Bank "Arab-free."

The Felix Bloch affair

There is another question that may be posed by the Senate Foreign Relations Committee that Eagleburger would likely seek to dodge, namely what his connections were to alleged Soviet spy Felix Bloch. On March 13, R. Mark Palmer denied to *EIR* charges of former U.S. State Department intelligence sources that he and Eagleburger had worked closely with Bloch for over a decade. "I only met him once, fleetingly," said Palmer of Bloch, who is said to have been a protégé of Kissinger's longtime crony and later State Department aide, Helmut Sonnenfeldt, when Bloch entered State Department intelligence (INR) in 1958.

Felix Bloch's suspicious contacts with the KGB were exposed by the French, and a well-informed source alleges that President François Mitterrand personally called George Bush, asking the President—who, after all, is a former U.S. Director of Central Intelligence—to mount a crackdown. The fact that no indictments have been forthcoming may be due to the fact that the Bloch affair is not about simple espionage. Bloch had helped draft NSO-4, the part of the much vaunted East-West policy review dealing with trade relations. Had Bloch been nailed, the source believes, this could have brought down Kissinger and also Eagleburger. The latter also worked on NSO-4, which remains the basis for preparations for the September summit.

The same source alleges that Jerusalem Mayor Teddy Kolek and Edgar Bronfman would have prevailed upon Lazard Frères banker Felix Rohatyn to tell President Mitterrand: "Don't make any more waves on the Bloch affair." While neither Rohatyn nor Bronfman could be reached to comment on this allegation, Rohatyn is on record in New York and Paris papers appealing for the Anglo-American bankers' approach to Eastern Europe that is epitomized by Eagleburger, Palmer, and the CEDC.