

# Will Kissinger face prosecution for China trade conflict of interest?

by Scott Thompson

When Red Chinese army tanks smashed into the “Goddess of Democracy” statue in Tiananmen Square, while troops killed thousands of unarmed students, former Secretary of State Henry A. Kissinger went on a propaganda offensive to defend Deng Xiaoping, the “Butcher of Beijing,” and to ensure that President George Bush would waffle on imposing tough economic sanctions on the Communist Chinese government. At the end of June, well-informed sources report, Henry Kissinger attended the bi-monthly meeting of the President’s Foreign Intelligence Advisory Board (PFIAB, the so-called “quality overseer” of U.S. intelligence and counter-intelligence), where a major topic was developments in China.

Kissinger’s public condemnation of the students as a “chaotic element” and praise of their cold-blooded murderer Deng as “courageous,” “the symbol as well as engine of China’s reform,” and so forth, has shown that a “river of blood” now separates Henry Kissinger from the moral principles upon which this republic had been founded. Of course, Kissinger’s right to say these things is protected by the First Amendment of the Constitution which he so clearly despises. But, by giving the same advice at PFIAB, Kissinger has violated a major provision of the 1978 Ethics in Government Act, under which he could be prosecuted and sentenced to two years in prison. Namely, clients of Henry Kissinger’s global influence-peddling firm, Kissinger Associates, Inc., had hundreds of millions of dollars worth of investment at risk if the Bush administration did not follow Kissinger’s advice to maintain relations with the Communist regime, despite its butchery of tens of thousands of democratic republican leaders in that country.

## Kissinger plans Beijing visit

This conflict of interest is even greater: Kissinger’s office confirmed to *EIR* investigators on July 12 that he still plans to visit China in September, where he may participate in a Red Chinese government-sponsored event to increase investment—an event that is even more critical for the murderous regime in light of the de facto boycott of new investment in China by major banks in Western Europe, Japan, and the United States ever since the Tiananmen Square massacre.

An aide to Kissinger employed by Kissinger’s America-China Society stated that by the fall, the tide against new investment in China may have turned.

A similar view was presented to *EIR* investigators by other members of Kissinger’s America-China Society, which, sources report, has had tremendous influence upon the immoral policy of “caution” adopted by President Bush. The two co-chairmen of the ACS are Kissinger and former Secretary of State Cyrus Vance. The honorary chairmen are Presidents Gerald Ford, Jimmy Carter, and Richard Nixon; the last will travel to China this fall on a trip that parallels Kissinger’s. The vice chairmen are former National Security Advisers McGeorge Bundy, Robert McFarlane, and Zbigniew Brzezinski, along with former Secretaries of State Dean Rusk, Edmund Muskie, Alexander Haig, and William P. Rogers.

While Haig denied to *EIR* investigators that the ACS has any “commercial” side, an aide to Kissinger reported that its July 1988 meeting was held in mainland China, and that the topic was investment opportunities. Clearly, these high-powered unofficial advisers to the Bush administration see that apart from Kissinger’s China card hoax, the “vital interests” of the United States in mainland China include business opportunities. Former Secretary of State Rogers told an *EIR* reporter that President Bush was “just about right. He condemned the violence, got our people out, didn’t break diplomatic relations, maintained some arms sales, and imposed only minimal economic sanctions.” And Haig added, “I am very supportive of the position of President Bush so far.”

## Hundreds of millions at risk

*EIR* investigators have discovered that Kissinger was the “Pied Piper” of investment in mainland China, and that now his clients have hundreds of millions of dollars at risk. Those clients include:

- **Chase Manhattan Bank.** In May 1984, Chase’s international advisory board led by chairman David Rockefeller and his deputy Henry Kissinger met as a group in Beijing, where Rockefeller and Kissinger talked at length with Deng Xiaoping. After that meeting, Kissinger said that China has

“better prospects of success” in its economic reform than the U.S.S.R., an oft-repeated piece of disinformation. Chairman Rocky said of Chairman Deng that “his leadership is an extraordinarily impressive performance. . . . My feeling is that he is certainly one of the great men of this century.”

Chase has hundreds of millions invested in China. It gives leases for the purchase of modern aircraft by the Civil Aviation Administration of China. It is the major financier of the Yueyang Power Plant in Hunan province. And it has invested \$270 million, according to Chase sources, in the Daya Bay Nuclear Power Plant, which is an integral part of building Red China’s nuclear weapons capabilities. Chase also handles banking for major grain sales to China.

Chase sources report that the two key advisers on these investments are Kissinger and Sir Y.K. Pao. The latter, who had been vice chairman of the Hongkong and Shanghai Banking Group, has been identified by *EIR*’s book *Dope, Inc.* as one of the main overseas Chinese involved in financing opium and heroin production in the “Golden Triangle” of China, Burma, Laos, and Thailand, and in related drug money laundering. Pao had been brought onto the international advisory board by Henry Kissinger.

● **Midland Bank PLC.** Kissinger Associates vice chairman T.J. Cunningham is on the board of this client, which is 14.9% owned by the same Hongkong and Shanghai Banking Group, a bank which since its founding in the 19th century by City of London banks, has been the principal financier of opium and heroin production in mainland China and the largest drug money launderer in the region. Midland and the “HongShang” have rationalized their offices, with Midland taking over HongShang facilities in such major drug money laundering centers as London, Amsterdam, and Switzerland. Midland was caught red-handed in drug money-laundering, when, in 1985, its subsidiary Crocker National Bank of San Francisco was indicted for laundering \$3.98 billion between 1980 and 1984, of which \$3.43 billion had come from six Hong Kong banks, including the HongShang. The Treasury Department at the time of the indictment explicitly cited Hong Kong as the main money-laundering spa for “Golden Triangle” opium/heroin proceeds.

Although the HongShang is widely viewed as an international bank operating from the Crown Colony, it has multiple ties with Red China, which is symptomatic of its role as the main financier of dope production. Despite the lie perpetrated by Henry Kissinger since the early 1970s over objections of another faction of the U.S. intelligence community and narcotics enforcement agencies, Red China remains the foremost opium producer, and has been so ever since Mao introduced the policy in 1928. Throughout the Korean War and the Cultural Revolution, the HongShang retained an active staff in Shanghai through affiliation with the Bank of East Asia. Moreover, in 1980 HongShang vice chairman Sir Y.K. Pao, now a member of the international advisory board at Chase, was the first overseas Chinese leader to meet Kis-

singer’s hero, Deng Xiaoping.

● **S.G. Warburg.** Kissinger Associates board member Lord Roll of Ipsden (a.k.a. Eric Roll, created Life Peer 1977) is chairman of this major London-based bank. An affiliate of S.G. Warburg is the Bank of East Asia, whose international advisory board overlaps through the person of Sir Y.K. Kan, who is also a board member with Lord Roll of Kissinger Associates. Although it was formally chartered in Hong Kong in 1918, the BEA has maintained operations in Shanghai since 1920, including during the Korean War and the Cultural Revolution.

In 1982, BEA formed a joint venture merchant bank with S.G. Warburg, East Asia Warburg, based in Hong Kong. In that same year, BEA established the first electronic teller system with the Bank of China, a curious hybrid owned two-thirds by the Red Chinese government and one-third by unknown Western financial interests, that U.S. Bureau of Narcotics and Dangerous Drugs chief Henry Anslinger had identified as early as 1953 as one of the financial linchpins of Red Chinese opiates production. In 1986, BEA formed a Grand Cayman Island branch, that is located in one of the main offshore drug money-laundering spas. Simultaneously, it entered into a joint venture with the Bank of China’s Shenzhen branch and other firms to form Red China’s first finance company, China International Finance Company, based in Shenzhen, which spearheaded development of the Shenzhen Special Economic Zone, a “treaty port” similar to those of the “Opium Wars” period. Clearly, the question is raised whether much of the joint venture investment in China is financed by the opium trade of the Chinese Communists, which Kissinger covered up when he opened the door to China in 1971-72, even as Red Chinese intelligence was dragging U.S. troops in Vietnam.

● **American Express.** Board member Henry Kissinger has toured with Amex chairman James Robinson through China under the auspices of Everbright Industrial Holdings, a Chinese government investment firm. Currently, Amex and Shearson Lehman Hutton have \$138 million invested in a 13-year loan to build an office complex in Beijing, while Amex also handles many tourist facilities in mainland China. Not surprisingly, given the pattern of Kissinger’s other clients involved in Red China investment, it is suggestive that Amex offices in the United States have been raided on three separate occasions for suspected drug money laundering.

● **American International Group.** International advisory board member Henry Kissinger has helped establish a joint venture with the People’s Insurance Company of China called China America Insurance Co., which is capitalized with \$25 million and handles insurance and re-insurance on mainland China business.

● **Atlantic Richfield.** This Kissinger Associates client will invest up to \$170 million as part of its 34% share in a 30-year joint venture to develop the South China Sea natural gas field and to run a pipeline to Hainan Island.