

Banking by John Hoefle

Mergers help Bush's Texas buddies

It appears that in the President's jungle, where might makes right, some beasts are more equal than others.

The wave of consolidations now sweeping the U.S. banking system means that some financial networks will survive—at least for a while—and others will not. As a result, erstwhile allies in the financial system have begun fighting among themselves like a pack of starving beasts fighting over a small kill.

In the jungle of might makes right, where George Bush has spent his entire adult life, it should come as no surprise that the President is using his power to protect his own financial interests and those of his friends.

The recently announced Chemical Banking Corp.-Manufacturers Hanover Corp. and NCNB-C&S/Sovran mergers, the two largest in U.S. banking history, both involve banks directly tied to George Bush and his buddies.

These mergers are being orchestrated by the Federal Reserve as part of a de facto nationalization of the top 25 U.S. banks, Wall Street sources have told *EIR*. The connection between Bush's recent reappointment of Fed chairman Alan Greenspan, and Greenspan's moves to save Bush's banks, seems more than coincidental.

In 1986, Chemical purchased Texas Commerce Bancshares, a bank historically associated with the families of Secretary of State James A. Baker III and Commerce Secretary Robert Mosbacher. At the time of the sale, Baker, whose family law firm Baker & Botts was intimately involved in the creation of Texas Commerce, owned a significant amount of Texas Commerce stock. After the merger, that was replaced by Chemical stock.

Bush's Texas Yankee buddy Mosbacher was at the time a director of Texas Commerce. His brother, Emil Mosbacher, Jr., was a director of Chemical.

George Bush's financial holdings are currently in a supposedly blind trust administered by his friend William Stamps Farish III, an heir of the Humble Oil (now Exxon) fortune and the Queen of England's favorite American horse breeder. As of 1985, Farish was a director of Pogo Producing, a Houston company owned in part by Chemical. Also on the Pogo board were Baker & Botts attorney George Jewell (who was also a director of Schlumberger, which owned a chunk of Pogo). Other significant Pogo stockholders included Pennzoil, Manufacturers Hanover Venture Capital Corp., American General Corp. and the Texas Commerce Shareholders Co.

Pogo is a spinoff of Pennzoil. The then-chairman of Pogo, William Leidtke, was the brother of Pennzoil chairman J. Hugh Leidtke. The Leidtke brothers were the source of the infamous cash found in the safe of the Committee to Re-Elect the President (CREEP) during the Nixon Watergate era.

The Liedtkes and Bush founded Zapata Corp., an oil-service firm with multiple links to the Texas establishment, including Baker & Botts, which supplied a lawyer to run the company. In April 1969, according to Moody's financial Services, Zapata was raising funds for an attempted takeover of United Fruit, the notorious dope-running organized crime company now known as United Brands. Zapata and

United Fruit also had interlocking directorships during the period.

Pennzoil and other elements of this Texas network, such as Halliburton and Texas Eastern, were also among the first companies to do business in the People's Republic of China. Bush was the U.S. ambassador to China in 1975, and continues to this day to defend the Butchers of Beijing—and his friends' business dealings with those butchers. Chemical, the bank of the Roosevelt family, has long been involved in operations in China.

Bush is also linked to NCNB, through its 1988 acquisition of First Republic Bank Corp., which was itself a combination of Republic Bank Corp. and InterFirst. Bush had been a director of First International Bank of Houston, which later became InterFirst Bank Houston.

First Republic Bank Corp. failed in 1988, the most expensive bank failure in the U.S. to date. The bank, although insolvent, was kept open until after the 1988 Texas primary, to protect then-Vice President Bush. After it was closed, the remains of the bank were sold in a sweetheart deal to NCNB of North Carolina, a bank associated with the networks of White House counsel C. Boyden Gray.

These mergers raise a number of critical questions about the Bush administration. First, while the President is clearly guilty of substantial conflict of interest in these mergers, is he also guilty of using his office to protect his own pocketbook? Second, are the President's ties to this Texas-China financial network responsible for his continued defense of the Butchers of Beijing? Finally, do the President's ties to Dope Inc.'s United Fruit, like his control of Oliver North's dope-running Iran-Contra operations, reveal something about why his administration has been so ineffectual in the war on drugs?