

Who is Richard Mellon Scaife?

Part 2 of our exposé on the moneybags behind the media campaign against the President. Edward Spannaus reports on Scaife and the Bush “secret government.”

Richard Mellon Scaife has recently come into prominence as the bankroller of a news-media campaign aimed at President Clinton, while he is sponsoring a cushy “retirement” position for Whitewater special prosecutor Kenneth Starr. In Part 1 (EIR, March 21), we showed that “Dickie” Scaife has been deployed for almost 25 years by the old Office of Strategic Services Anglo-American financier-intelligence circles, to do exactly this sort of thing.

Since Dickie Scaife was allowed to take over the Scaife family foundations and trusts in 1973, he has been a principal funder of that network of nominally “conservative” foreign policy think-tanks which operates as a training ground and as the agenda-setter for the foreign service and intelligence communities. During the Reagan-Bush administrations, this cluster of conservative think-tanks virtually *became* the government.

In reality there were two governments in the Reagan-Bush administration—the official, public government, and the “secret government” run by Vice President George Bush. The official government, particularly the National Security Council, the State Department, and the intelligence community, were riddled with Scaife’s grantees and beneficiaries. But behind the official government lay what became known as the “secret government”—and Scaife’s network of think-tanks and foundations provided the intellectual rationalization which justified its creation, including the infamous Executive Order 12333. As far as is known, most of Scaife’s hirelings didn’t dirty their hands with actual drug-running or assassinations, but they did provide key funding and staff for the entire so-called “Project Democracy” apparatus, and also for the semi-official “public diplomacy” propaganda machine which ran cover for Bush’s Contra drug-runners and Afghansi terrorists.¹

Then and now, Scaife does not limit his largesse to strategic and foreign policy matters, but he is also a primary funder of a burgeoning network of think-tanks and propaganda mills promoting the feudal economic policies coming out of the

Mont Pelerin Society. Under the guise of “Thatcherism,” these groups provided the social and economic policies, and much of the staffing, for the so-called “Reagan Revolution,” and more recently, for the Gingrich-Gramm gang in the wake of the Republican Party takeover of Congress in the 1994 elections. One could say that the earnest money for the “Contract with America” was paid by Dickie Scaife.

A third distinctive cluster of organizations funded by Scaife are the right-wing legal foundations and litigation groups; originally founded to counter civil libertarians and environmentalists, they have increasingly become pro-environmentalist and libertarian in their outlook—as well as financing legal attacks on President Clinton and the Clinton administration.

Here, we will look more closely at the intelligence and foreign policy think-tanks which virtually took over the Reagan administration in 1981, and which provided the underpinning for Bush’s “secret government” built up in 1981-86.

Origins of the secret government

As the Iran-Contra scandals played out in televised Congressional hearings in 1987, many Americans began to get a glimpse of what some Congressmen called the “parallel” government, and others simply called the “secret government.” What most Americans didn’t know, is the intellectual foundations were developed by Richard Mellon Scaife’s hirelings.

Two Scaife-funded operations played central roles in preparing the way for the creation of this “secret government” machinery. The first was a series of national security seminars held during 1973-79 by the International Security Studies Program at the Fletcher School of Law and Diplomacy at Tufts University—organized by Prof. Uri Ra’anan. The second was a series of seven conferences held during 1979-84 by the “Consortium for the Study of Intelligence,” organized by Roy Godson.

Both Godson and Ra’anan were subsequently deeply involved in what became known as the “Iran-Contra” scandals; and—not surprisingly—both were personally and heavily involved in dirty operations against Lyndon LaRouche.

1. For a thorough description of Bush’s “secret government” apparatus and Public Diplomacy, see *EIR Special Report* “George Bush and the 12333 Serial Murder Ring,” October 1996, Chapter 2.



Vice President George Bush and Secretary of State Alexander Haig in April 1981. They fought over control of the national security apparatus and the “secret government” structures masterminded by think-tanks funded by Richard Mellon Scaife. Bush won, and Haig left. Roy Godson (above), an architect of the secret government, is shown in 1969, when he was on Scaife’s payroll in Pittsburgh; Godson was a consultant to the Reagan-Bush National Security Council.

Ra’anan and the Fletcher School

The Fletcher School is the oldest graduate school of diplomacy in the United States. Its students are tracked into careers in the foreign service, the CIA, and the military. From its founding, the International Security Studies Program within the Fletcher School was financed almost exclusively through grants from the Scaife family foundations and trusts. On its Advisory Council in the 1980s were R. Daniel McMichael and Gen. Matthew B. Ridgway, both trustees of Scaife family foundations.

After the arrest of Israeli spy Jonathan Pollard in November 1985, Ra’anan, the chairman of Fletcher’s International Security Studies Program, was quoted praising his former student Pollard in the *New York Times* as “bright and articulate.” Upon Pollard’s graduation from the Fletcher School in 1978, he had gone to work for U.S. Naval Intelligence. One of his classmates, Mira Lansky Boland, went to work for the CIA for two years, and then for the Pentagon; in 1984, Boland transferred to the Washington office of the Anti-Defamation League (ADL), where she soon became devoted full-time to the “Get LaRouche” task force.

Pollard was no accident, nor was Boland. Ra’anan (born Heinz Felix Frischwasser in Central Europe in 1926) spent the war years in London, and then emigrated to Israel. He came to the United States in the early 1960s, and, working out of the Israeli Embassy in Washington, set up an Israeli spy-recruiting unit. In 1967, he joined the faculty at the Fletcher School.

In 1973, the International Security Studies Program initiated a series of annual conferences, funded by Scaife, on a wide range of strategic topics. Dozens of senior figures in the U.S. military-intelligence community were brought in to participate. The last seminar, in April 1979, was on “Intelligence Policy and National Security.” Ra’anan himself was named to an advisory committee in 1980 to help shape Reagan’s foreign policy and defense platform.

Godson and the Consortium

Roy Godson, a wholly-owned asset of Scaife, Inc., is the son of a longtime Lovestonite State Department official, Joe Godson, who served principally in London and Belgrade, Yugoslavia after the war, and who founded the London branch of Georgetown University’s Center for Strategic and International Studies (CSIS).

Roy Godson, after getting his master’s degree at Columbia University (where he was already known as a “CIA watcher of left-wing groups”), was immediately sent to Pittsburgh, where he was given his first teaching post at Carnegie-Mellon University (1967-69), and where he was also hired as a program director of the Pittsburgh World Affairs Council (where Scaife’s aide R. Daniel McMichael was president). Godson’s first book, *American Labor and European Politics* (1976), was financed by a grant that McMichael arranged; his next book was published by the National Strategy Information Center (NSIC).

From Pittsburgh, Godson went to Georgetown University

in Washington, D.C., and by the late 1970s, was regarded as an “expert” on Soviet methods. In 1979, Scaife money enabled Godson to launch the Consortium for the Study of Intelligence (CSI), a direct extension of the 1970s Fletcher conference series, reflecting the expectation that the Republicans would be victorious in the 1980 elections, which would present an opportunity to get in on the ground floor of re-organizing U.S. intelligence and counterintelligence capabilities.

The Scaife-funded effort by the American Tories to take over and subvert the country’s intelligence reorganization had an important, if unwitting, ally in the new Director of Central Intelligence William J. Casey. He had been a founder in 1962 of the NSIC (along with George Bush’s brother Prescott), and he considered Leo Cherne, of the International Rescue Committee and the Scaife-funded Freedom House, as one of his closest intelligence community colleagues and advisers. While Casey did not hold Godson in very high regard, he viewed the network of intelligence community “hard-liners” who frequented the Godson Consortium events as a resource to be drawn upon.

And although Casey was not a great fan of George Bush, he was an enthusiast of “off-the-books” covert operations, and he often preferred using non-CIA personnel to run such operations—usually drawing on Pentagon personnel requisitioned through the NSC—which effectively put Vice President Bush in charge of such operations.

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The “charter” of the secret government and privatized intelligence operations was Executive Order 12333, signed by Ronald Reagan on Dec. 4, 1981, along with EO 12331 (signed Oct. 20, 1981, which reconstituted the President’s Foreign Intelligence Advisory Board, or PFIAB), and EO 12334 (also signed Dec. 4, 1981, which created the three-member Intelligence Oversight Board). The relationship between the three orders, was that PFIAB would identify areas where intelligence “active measures” or covert operations were desired; the Oversight Board then reviewed covert actions and provided the legal justification for them.

EO 12333 and its sister orders were the product of the Godson CSI Consortium process, along with a workshop on “Law, Intelligence and National Security” sponsored by the American Bar Association’s Standing Committee on Law and National Security held in Washington in December 1979. All of this was funded by Scaife, and naturally, almost everyone who played a major role in the creation of EO 12333 was involved with the Scaife-funded think-tank network. It was reportedly drafted by two regulars at the Godson Consortium—Angelo Codevilla, from the Hoover Institution and a senior staffer for the Senate Intelligence Committee, and

The new administration

From the very beginning, the Reagan administration was packed with officials who had come from Scaife-backed and -financed private institutions. Some of these were:

- Martin Anderson: Assistant to the President for Policy Development; Hoover Institution, Committee on the Present Danger (CPD).
- Richard Allen: Reagan’s first national security adviser; a founder of Georgetown Center for Strategic and International Studies (CSIS); then senior staffer at Hoover Institution.
- Richard Pipes: National Security Council (NSC) Soviet specialist; attended five of seven Consortium for the Study of Intelligence (CSI) seminars; CPD.
- Geoffrey Kemp: NSC Middle East specialist; from Fletcher School; CSIS.
- Roger Fontaine: NSC Latin America specialist; CSIS, American Enterprise Institute (AEI).
- Roy Godson: NSC consultant; National Strategy Information Center (NSIC); entire career was Scaife-financed and -sponsored.
- Kenneth deGraffenreid: NSC director of intelligence programs; attended six of seven CSI seminars.
- David Abshire: head of national security transition

team, chairman of President’s Foreign Intelligence Advisory Board (PFIAB); CSIS.

- Leo Cherne: PFIAB; Freedom House, CSI seminars.
- Paul Seabury: PFIAB; all seven CSI seminars.
- Glenn Campbell: transition team; chaired Intelligence Oversight Board (IOB); Hoover Institution.
- John Norton Moore: chief legal consultant to IOB; University of Virginia Center for Law and National Security.
- William Casey: Director of Central Intelligence; a founder of NSIC in 1962.
- William Van Cleave: Reagan’s transition team on defense; financed by Scaife grant at University of Southern California.
- Jack Marsh: Secretary of the Army; NSIC; worked directly for Scaife.
- John Lehman: Secretary of the Navy; Foreign Policy Research Institute (Philadelphia).
- Fred Iklé: Undersecretary of Defense; CSIS, CSI seminar.
- Alexander Haig: Reagan’s first Secretary of State; board of Foreign Policy Research Institute (Philadelphia).
- Jeane Kirkpatrick: Ambassador to United Nations; AEI.
- Edwin Meese: Counsel to President, then Attorney General; Center for Criminal Justice Policy and Management, University of San Diego; Pacific Legal Foundation.

Kenneth deGraffenreid, also a former Senate Intelligence Committee staffer and a Reagan-Bush NSC official—and then run through the Senate and House Intelligence Committees.

Others reportedly involved in the drafting were Paul Seabury and Anne Armstrong of PFIAB, and Prof. John Norton Moore of the University of Virginia, who became the chief legal consultant to the Intelligence Oversight Board.

EO 12333 was touted as “unleashing” the intelligence agencies from the restrictions of the Carter years, much of which stemmed from the post-Watergate Congressional investigations of the intelligence agencies in 1975-76.

Among significant changes from the previous 1978 Executive Order 12036, was that the President could designate agencies other than the CIA to conduct “special activities” (covert operations), and that CIA was permitted to conduct “special activities” inside the United States. Although private contracting had been permitted under the earlier EO, it could only be done covertly with the approval of the Attorney General; EO 12333 allowed concealment of private contracting without any approval by the U.S. Attorney General. According to one source who was involved in the process, deGraffenreid had sought an even broader privatization charter; this was beaten back, but the loophole was still big enough to permit almost anything that the dirty deGraffenreid faction wanted. This also opened the door even wider for the Bush networks to bring British and Israeli intelligence operatives into official U.S. intelligence operations.

EO 12333 also designated the NSC as “the highest Executive branch entity” for review and guidance of all foreign intelligence, counterintelligence and “special activities.” Under the committee structures being set up within the NSC, Vice President Bush was then effectively put in charge of *all* intelligence activities.

Theodore Shackley and covert operations

The role of Theodore Shackley requires special mention—for it was critical to the creation of the Bush “secret government.” When Bush was CIA director in 1976-77, Shackley was his deputy director for plans (covert operations). Shackley was forced to resign from the CIA in 1978, but he had already built up a vast financial and intelligence network in Asia and the Middle East, which he put at Bush’s disposal during the Reagan administration. Vice President Bush’s national security adviser, Don Gregg, was a Shackley protégé; it was Gregg who brought his longtime associate Felix Rodriguez on board for the Contra gun- and drug-running operation.

At the December 1980 Consortium event on “Intelligence Requirements for the ’80s: Covert Action,” in Washington, Shackley laid out a detailed proposal for “rebuilding” America’s covert paramilitary capabilities. The Shackley speech was a recipe for the subsequent Contra and related efforts, complete with the “offline” funding. According to one intelli-

gence source, Shackley gave a similar presentation to the Reagan Presidential transition team on intelligence. Attending the briefing, according to the source, were Casey, Bush, and Max Hugel, Casey’s first deputy for covert operations.

Shackley reportedly urged that the rebuilt covert intelligence and paramilitary apparatus be run “offline”—which meant using the band of intelligence community “asteroids” who had gathered around him from his days as CIA station chief in Miami and later in Laos, such as Felix Rodriguez and the operatives who staffed the Oliver North-Richard Secord Contra supply operation and their international arms ring. Shackley also reportedly urged that the new special teams be run directly out of the White House: What this meant in practice, was through the NSC staff apparatus that functioned under Vice President Bush’s direction under the authority of EO 12333, and National Security Decision Directives 2 and 3.

All of Shackley’s proposals were enthusiastically promoted by Godson in the seven-volume proceedings of the CSI. The proceedings were published by the Scaife-funded NSIC, which appointed Roy Godson to head up its expanded Reagan-era Washington office.

Caught!

Scaife’s network did not just provide the “intellectual” underpinnings for the “secret government” and offline intelligence operations. In a couple of instances, his operatives were caught directly laundering money for the drug-running Contras, and they almost found themselves indicted as a result of the Iran-Contra investigation. Two of these were Godson and the aptly named Clyde (“Terry”) Sleaze, who described himself, during his Iran-Contra deposition in 1987, as having been “general counsel for Richard M. Scaife and his family and entities” during 1974-86. Sleaze testified that he had met Godson while the latter was working for the NSIC, and Sleaze said that he had attended some of the NSIC seminars, as well as having often visited the NSIC to check up on what they were doing with Scaife’s money.

Sleaze testified that Godson had asked him for a contribution involving Nicaragua, and that as a result, he had then met personally with Oliver North, then-National Security Adviser Robert McFarlane, and Roy Godson in the White House Situation Room, where they asked Sleaze to raise \$400,000 for a Contra organization. However, Sleaze testified that he raised only \$5,000 from another individual, which he sent to Godson to be deposited with an offshore entity called “I.C. Inc.” Sleaze also said that he had arranged a substantial contribution (actually, \$60,000) to Godson from a Goldman Sachs stockbroker, and that then there was another \$100,000 donated to the Heritage Foundation, arranged through Ed Feulner, for Central America.

The money was laundered through Heritage, then through another non-profit organization controlled by Richard Miller and Frank Gomez, and then into I.C., Inc. The \$60,000 contribution ended up in one of the North-Secord “Enterprise” bank

accounts (that of Lake Resources) in Switzerland.

Miller was subsequently indicted and pled guilty to a charge of conspiracy to defraud the United States by using tax-exempt organizations for improper purposes. Gomez was given immunity from prosecution in exchange for cooperation with the independent counsel. Godson, Sleaze, and Feulner managed to escape indictment.

Documentation

Richard M. Scaife's private government

Following is a partial listing of grants from 1973 to 1993, made by the three Scaife family foundations run by Richard Mellon Scaife that publicly report their grants. The three are the Sarah [Mellon] Scaife Foundation, the Allegheny Foundation, and the Carthage Foundation. The complete list of grantees is much longer. There are also three private family trusts that do not report their activities publicly; it is reported that some of the most sensitive, intelligence-related grants made by Dick Scaife are handled through the private trusts. These are the Richard Mellon Scaife Family Trust No. 1 and No. 2, and the Trust for the Grandchildren of Sarah Scaife.

Intelligence and foreign policy think-tanks

National Strategy Information Center (NSIC)
Tufts University, Fletcher School of Law and Diplomacy
Georgetown University, Center for Strategic and International Studies (CSIS)
Stanford University, Hoover Institution on War, Revolution and Peace
American Bar Association, Standing Committee on Law and National Security
The Committee for the Free World
Committee on the Present Danger
Foreign Policy Research Institute, Philadelphia
Institute for Foreign Policy Analysis, Cambridge, Massachusetts
American Security Council Foundation
U.S. Global Strategy Council
Jamestown Foundation
University of Virginia Law School, Center for Law and National Security
New York University, National Security Education Program of the Graduate School of Public Administration
Freedom House, New York
Prodemca (Friends of the Democratic Center in Central America)

National Endowment for Democracy
Institute for the Study of Conflict, London, U.K.
Center for European and Strategic Studies, London, U.K.
World Affairs Council, Pittsburgh

Social-economic policy think-tanks

Mont Pelerin Society
American Enterprise Institute
Heritage Foundation
Cato Institute
Reason Foundation
Free Congress Foundation
Atlas Economic Research Foundation
American Legislative Exchange Council
National Taxpayers Union
Foundation for Economic Education, Irvington-on-Hudson, New York
Manhattan Institute, New York
Citizens for a Sound Economy
Competitive Enterprise Institute
Intercollegiate Studies Institute
National Center for Policy Analysis
Rockford Institute
Institute on Religion and Democracy

Population control

Planned Parenthood
Population Action International
Population Crisis Center
Federation for American Immigration Reform (FAIR)

News media propaganda

Accuracy in Media
American Spectator
American Spectator Educational Foundation
Center for the Study of Popular Culture
Foundation for American Communications, Los Angeles
Foundation for Cultural Review
Media Institute
Western Journalism Center, Sacramento

Legal foundations

National Legal Center for the Public Interest, Washington
Washington Legal Foundation, Washington
Pacific Legal Foundation, Sacramento
Landmark Legal Foundation, Kansas City, Missouri
Atlantic Legal Foundation, New York
Mid-Atlantic Legal Foundation, Philadelphia
Southeastern Legal Foundation, Atlanta
New England Legal Foundation, Boston
Mid-American Legal Foundation, Chicago
Capital Legal Foundation, Washington
The Mountain States Legal Foundation, Denver