

Kissinger Watch by M.T. Upharsin

Fat Larry gets new pork barrel from taxpayers

Fat Larry Eagleburger, who is number two man at the U.S. State Department, revealed at an East-West trade conference in Washington, D.C., that there is legislation pending before Congress which would provide a new taxpayer-financed pork barrel for his cronies. Speaking at a conference sponsored by the U.S. Chamber of Commerce and the U.S. Commerce Department on April 11, entitled, "On Doing Business in Eastern Europe and the Soviet Union," Eagleburger revealed that the Bush administration had introduced a bill to expand the Support Eastern European Democracy (SEED) Act of 1989 in terms of nations covered and scope of funding.

As President Bush's Coordinator for Eastern European Assistance, Fat Larry already has at his disposal under the SEED Act two large pork barrels for his cronies: the \$240 million Polish-American Enterprise Fund and the \$60 million Hungarian-American Enterprise Fund. True to form, there is already a major conflict-of-interest scandal brewing on Fat Larry's handling of these sums.

With his new coordinating post, Eagleburger not only administers these funds but he is able to choose their boards of directors, investment fund managers, and decide upon other lucrative aspects of the funds. Under the SEED Act, material distributed at the conference showed that the funds can solicit venture capital, invest in interest-bearing instruments, and engage in venture capital management, institutionalization of investment banking in Poland and Hungary, and immediate investments in those two countries.

The scandal that emerged from

conference material is that Eagleburger chose Nicholas Rey, the managing director of the investment bank of Bear, Stearns & Co., to be director of the Polish-American Enterprise Fund. As recent *EIR* articles have documented, Bear, Stearns & Co. was the placement agent for another \$80 million Hungary Fund of émigré Hungarian financier George Soros, whose Fund's board overlaps that of the Central European Development Corporation (CEDC). It was Fat Larry who told his old friend, and fellow Kissinger crony, R. Mark Palmer that he could remain as U.S. ambassador to Hungary until July, when Palmer had already accepted the job of chief executive officer for the CEDC, that plans to operate in Hungary.

Eagleburger denies any conflict of interest

Asked by *EIR* at the conference about this violation of the 1978 Ethics in Government Act by Palmer, Eagleburger denied all:

EIR: Secretary Eagleburger, are you ever going to appear before the Senate Foreign Relations Committee to testify about your handling of aid for Eastern Europe?

A: Yes, if they ask me.

EIR: What do you mean "ask you"? You were already scheduled to testify, and you didn't appear.

A: No, I never canceled my testimony. They did.

EIR: Well, they claim you were the one who canceled. Some Senators have some questions about your conflicts in Eastern Europe. For example, is it true as Thomas Friedman of the *New York Times* charges that you were the one who advised R. Mark Palmer to violate the Ethics in Government Act?

A: No.

Meanwhile, a senior Hungarian official at the conference revealed to *EIR* on background that it was true that R. Mark Palmer and his business friends, including Ronald Lauder, Albert Reichmann, and Andrew Sarlos, did have plans to turn Budapest into a banking center for Eastern Europe like Beirut or Tangiers, where anything and everything goes. The official also revealed that the Palmer CEDC group is already establishing their beachhead in Budapest to use Hungary as the base for major deals with the U.S.S.R. This report from a senior Hungarian official partially corroborates that of a former State Department Bureau of Intelligence official that what Palmer really planned, with the connivance of Eagleburger, was the transfer of restricted technology having military applications to the U.S.S.R.

Fat Larry is already implicated in such dealings with the September 1989 conviction of the Yugoslav banking subsidiary, LBS Bank of New York, in federal court in Philadelphia on federal charges of money laundering and conspiracy to violate the Munitions Control Act. Larry Eagleburger had been on the board of the convicted bank until his confirmation as Bush's Deputy Secretary of State was assured.

While the federal prosecutor scrupulously kept Fat Larry's name out of the proceedings, it came out that some of those indicted with Eagleburger's bank had been under electronic surveillance because they were targets of a hostile foreign counterintelligence investigation, which one source in the prosecutor's office alleged had to do with technological espionage. It seems that between Fat Larry's friends on the CEDC and the LBS Bank, that he is the gopher sitting in the middle of an East bloc "mole hill."