

LYNDON'S "BUDDY"?: THE SPOOKY SAGA OF NORMAN A. BAILEY¹

On 6 December 2006, the Cuban press service Granma International ran an article bitterly attacking Norman A. Bailey for his leading role in Bush administration's foreign policy efforts against both Cuba and Venezuela.² During the Bush Administration, Bailey worked under his old friend and Bush "Intelligence Czar" John Negroponte in the Office of the Director of National Security where he specialized in Latin American problems. In the article, Granma correspondent Jean- Guy Allard also went out of his way to mock Bailey's ties to his "buddy" Lyndon LaRouche. In a 15 December 2006 *EIR* article, LaRouche angrily denied the charge that he had ever been Bailey's friend.³

Allard drew on long-existing media reports linking Bailey and LaRouche. On 4 March 1984, for example, NBC aired a *First Camera* story on LaRouche. One of the show's highlights came when then former National Security Council member Norman A. Bailey admitted that he had regular meetings with the LaRouche group and that he circulated LaRouche material in the NSC. Bailey told *First Camera* that LaRouche ran one of the most sophisticated private intelligence services in the world. From 1981 to 1983, Bailey served as Senior Director of International Economic Affairs at the NSC.

Yet what Bailey did not volunteer to the camera -- and LaRouche failed to mention in his *EIR* article as well -- was the surprising fact that (in a manner of speaking) Bailey's "relationship"

with the NCLC actually dated back to 1975. That *year New Solidarity* -- then defending the leftist revolution in Portugal -- ran two articles attacking the “fascist” Bailey for his alleged role as an American government secret agent. Bailey then sued *NS* for libel.

Yet if Bailey and LaRouche achieved some kind of rapprochement during the Reagan years, after Bailey left the NSC, the NCLC had yet another falling out with him. The specific issue precipitating the break may have been Panama. LaRouche strongly supported the Noriega government while Bailey aligned himself with the business-led opponents of the General. To add injury to insult, Bailey also managed to convince some leading NCLC members with strong backgrounds in economics to break completely with LaRouche.

Here we want to take a closer look at the curious history of Bailey and LaRouche as well as try to place their relationship with LaRouche in a broader historical context. Needless to say, much about the Bailey-LaRouche encounters remains murky and this analysis in no way claims to be definitive.

THE PORTUGUESE REVOLUTION AND THE *NEW SOLIDARITY* CHARGE

Norman A. Bailey’s name first surfaced in *New Solidarity* in a 1 September 1975 article on the Portuguese Revolution. The then-ultra leftist NCLC enthusiastically backed the Portuguese turn to the Left following the fall of the Salazar-era dictatorship. (Salazar died in July 1970. His successor Marcelo Caetano, however, remained in power until the “Carnation Revolution” of 25 April 1974.)

The sect linked its campaign to strong support for the MPLA movement in former Portuguese Angola as well. Besides bludgeoning various Maoist organizations in Europe in particular for failing to support the pro-Soviet military officers in Portugal as well as for their opposition to the Cuban and Soviet-backed MPLA in Angola, the NCLC venomously denounced Socialist International politicians in Portugal as CIA lackeys because they feared hard-line pro-Soviet and anti-Eurocommunist elements inside the Portuguese Left coming to power.

The NCLC particularly gloried in the return of Portuguese Communist Party leader Alvaro Cunhal, the PCP's famed living icon who had daringly escaped from Salazar's prisons in the early 1960s and then lived in exile in Moscow. Following the outbreak of the Carnation Revolution, Cunhal returned to Portugal and became a minister without portfolio in some of the early provisional regimes. A faction of the Portuguese military allied with the PCP also supported the government of Vasco Gonçalves. Fiercely anti-Eurocommunist, Cunhal refused to support any "Union of the Left" with the Second-International-backed Portuguese Socialist Party then led by future Portuguese President Mario Soares.⁴

The NCLC knew all too well the fate of the Allende government in Chile and axiomatically assumed that the CIA and other US government agencies would employ all their powers to prevent Portugal from going Left. One telling example that this may well have been true was the fact that the then US Ambassador to Portugal – Frank Carlucci – next became a deputy director of the CIA.

The 1 September 1975 *New Solidarity* story cited a *Washington Star* article on the Azores as a source and it seems clear that the *Washington Star* piece first put the NCLC onto Bailey. From

the *NS* story: “U.S. citizens in the employ of the CIA, such as City University of New York professor Norman Bailey, are traveling throughout the Azores fraudulently offering business contracts to follow Azores separation from Portugal, according to the *Washington Star*.” A few paragraphs earlier, the same article claimed that the London *Daily Telegraph* had indicated that the U.S. Air Force base on Lajes Field in the Azores would also serve as a transshipment point to send anti-Communist rightists recruited from Portuguese immigrant communities in America into mainland Portugal.

Then on 8 September 1975, *New Solidarity* followed up its attack with an article entitled “Break Up the NSC’s Portuguese Fascist Network Now” that included another blast at Bailey. In a discussion of the Azores separatist movement, the FLA, the paper writes:

The FLA is supported by “ex” Defense Intelligence Agency Colonel, now Queens College Professor Norman Bailey. Bailey, who is part of a Wall Street brokerage firm connected to Portuguese banks, just returned from the Azores arranging economic deals for whenever the FLA becomes the government.

In an accompanying box to the story, *NS* listed the names and phone numbers of some of the people they attacked with the note: “Tell these fascists what you think of them.” Along with the phone number to a Newark travel agency and the number of a man who headed the Newark Committee to Help the Refugees (Newark having a large Portuguese population), we read: “Norman Bailey, ex-Queens College Professor and former Defense Intelligence Agency Colonel, the CIA’s coordinator of FLA activities on the East Coast. (212) 520-7057.”

Apparently it was this second mention of Bailey in *New Solidarity* that caught both his eye and his ire. It is also more than likely that more than the article was involved. (The NCLC 's Security Staff – following its own twist on the slogan “Reach Out and Touch Someone” --almost certainly coordinated a series of harassing personal phone calls to Bailey.) But whatever the exact circumstances, as a result of these articles, Bailey launched his own legal suit against the NCLC and claimed that he had been slandered as a “fascist.”

BAILEY'S BACKGROUND

A Columbia PhD with a special expertise in Latin America, Norman Bailey was one of the founding academic Cold Warriors associated with Georgetown's Center for Strategic and International Studies (CSIS) along with his good friends Richard Allen and David Abshire. Through the intervention of Richard Allen (President Reagan's first NSC advisor and a leading conservative Catholic academic), Bailey entered the NSC staff in 1981.

As we have noted, Latin America was a Bailey bailiwick. In 1965, for example, Bailey edited a CSIS book on Latin America (*The Strategic Importance of Latin America*), which came graced with an introduction by Eleanor Dulles. In his own article for the anthology, Bailey sang the virtues of radical free-enterprise economics for Latin America, which Bailey labeled “neo-liberalism.” (Bailey's essay is entitled “Neoliberalism in Latin America: Organization and Operation.”)

CSIS itself was affiliated with the then highly conservative Jesuit-run Georgetown University. CSIS had other ties as well. In his 1972 book *Portuguese Africa and the West*, William Minter describes CSIS as having had “close connections with the Navy.” At least one Navy tie was

personal and even involved Portugal. Navy Admiral George W. Anderson (also a Catholic Knight of Malta) was related to longtime CSIS leader David Abshire by marriage. Anderson – who had been removed as Chief of Naval Operations by McNamara – was then appointed U.S. Ambassador to Salazar’s Portugal by JFK.

MOUNT PELERIN MAN

In his writings, Bailey promoted the doctrines of neo-liberalism by which he meant the Mount Pelerin Society-promoted views of “Austrian School” economists such as Friedrich von Hayek and Ludwig von Mises. In an October 1965 article for *Notre Dames’s Review of Politics* (“The Colombian ‘Black Hand’: A Case Study of Neoliberalism in Latin America”), Bailey favorably profiled a group called IPES (*Instituto de Pesquisas Estudos Sociais*), which he describes as “a faintly mysterious organization” which played an important role in the CIA-backed military coup against the Goulart government in 1964.⁵ Bailey says the IPES was just one of a number of similar organizations throughout Latin America that identify themselves as “neoliberal.” He then explains:

The Brazilian rebellion [Bailey’s short hand lingo for the CIA-backed military coup against João Goulart] is undoubtedly the greatest success the Neoliberals have had so far in their four or five years of existence (only three of the more than forty [!] neoliberal organizations were founded before 1959), and the only occasion on which they have been directly (though not uniquely) responsible for the overthrow of an incumbent regime.

According to Bailey, neoliberal groups enjoy two common features: First, they are overwhelmingly composed of businessmen and professions. Second:

They are uniformly opposed to all forms of collectivism, whether of the right or the left, and in favor of a free market economy, although not necessarily in its pristine form.

Within this general orientation, specific idea-systems range from the philosophy of Ayn Rand through the strict market economics of a Ludwig von Mises or a Friedrich Hayek to the “social market economy” of Wilhelm Ropke and Jacques Rueff.

Given their free-market philosophy, it comes as no surprise that the Latin neoliberals enjoy gringo blessings:

International organization, such as it is, is provided by two organizations. The Latin American Information Committee in New York is sponsored and financed by U.S. corporations which contribute funds and technical assistance to some of the Neoliberal organizations. An ad hoc committee in Caracas made up of Latin Americans provides for mutual consultation and exchange of information.

Bailey then discusses both defensive and “attack” methods used by the neoliberals. As for the latter:

The attack activities of organized Neoliberalism in Latin America have naturally been the most controversial. These are the activities kept “secret” to a greater or lesser extent for obvious reasons, and have given rise to such names as the “Black Hand.” It cannot be

denied, however, that on occasion pressure tactics and direct action have been extremely effective.

To counter the Latin Left in all its manifestations, the neoliberals would coordinate the withdrawal of advertising from media as well as put pressure on governments through personal contacts. Not one to beat around the bush, Bailey writes: “The most widespread direct action practice is that of blacklisting.” Bailey then notes: “Infiltration is also widely and in some cases very successfully practiced. Neoliberals have been planted in many Communist Parties and movements of the Jacobin Left.” These same “neoliberals” also play a role in the formation of not-so-liberal attack squads: “The most controversial of all direct action activities is the formation of anti-guerrilla militias. The extreme political dangers of such activities are obvious.” (We shall see later on just one of these groups in action in Mexico.)

Bailey next presents more detailed study of Columbia’s neoliberals dubbed “the Black Hand” by “the Jacobin Left” (Bailey’s terminology). Bailey reports that the neoliberals abhor both left and right approaches that promote a strong state-interventionist economy – a pro state interventionist view -- Bailey notes -- that the neo-Peronists in Columbia also share: “The latest manifestation of the feudal-mercantilist mentality [that neoliberals oppose] is the so-called “*dos brazos*” [“two arms”] theory of politics and economics: Under this theory . . . the State should intervene actively.”

Needless to say, the neoliberals organized around groups like the IPES are dead set against such any such *dos brazos* economic approach with its emphasis on state intervention.

OPUS DEI FAN?

Bailey also notes that the one group inside the Catholic Church most favorable to the neoliberals is “a small neoliberal-wing centered around the lay organization Opus Dei.”⁶

Another Bailey article entitled “Local and Community Power in Angola,” published in *Western Political Quarterly* (XXI/3, September 1968) also raises another possible Opus Dei link. In it, Bailey writes: “In 1964-65, a study of contemporary Portuguese Africa was initiated by the Gulbenkian Foundation of Lisbon and carried out by a team of American and English specialists”-- including Bailey -- as to developments in Portuguese Africa. The Gulbenkian Foundation paid for Bailey to spend some two months in Portugal, Angola and Mozambique.⁷ One of the largest private foundations in the world, the Calouste Gulbenkian Foundation has been reportedly linked to Opus Dei as well. The 20 March 1975 issue of *New Solidarity* even reported that a Portuguese leftist paper named *O Seculo* had exposed the Gulbenkian Foundation as an Opus Dei conduit.⁸

As for Bailey, his research later formed part of a book entitled *Portuguese Africa: A Handbook*, edited by David Abshire and Michael A Samuel (a CSIS researcher who later became a member of the Carlucci Commission). Published in 1969 by Praeger Press in cooperation with CSIS, the book includes these acknowledgements:

The Gulbenkian Foundation responded to our proposal for a grant to Georgetown [CSIS] to support extensive research in Africa and elsewhere. . . . Of essential help at the beginning of the project was the then U.S. Ambassador to Portugal, George W. Anderson, Jr. . . . Arleigh Burke, Chairman of the Center, enthusiastically encouraged the staff.

In one of the most important essays in the book, David Abshire discusses neoliberal policy both in Portugal as well as in Africa this way:

Two years later came a change [in 1961] in Portugal's economic policies toward its African territories. Dr. Teixeira Pinto, noted for his writings about the need for outside investment and loans, was made economic minister. Younger economists, such as Vasco Cuhha d'Eca and Xavier Pintado, deeply influenced by the need to abandon medieval economics and to modernize, worked their influence in and out of the government.

The de Mello family of CUF (Companhia Uniao Fabril) – the corporate giant that dominates Portugal and the leaders of the large Portuguese companies overseas such as Queiroz Pereira and Jorge Jadim – moved towards more dynamic development policies, under the influence of increasing business contacts with developed countries. . . . The long-held Salazarian policy of excluding foreign capital and relying on scarce Portuguese capital began to diminish. . . .

And just what was the de Mello family politics?

In his 1977 book *Portugal: The Impossible Revolution*, Phil Mailer writes: “The [rightwing] CDS was supported by the Catholic Opus Dei and by certain priests, especially in the North. Backed by the CUF trust and the de Mello family, the CDS used all available modern techniques of political marketing . . . “

BAILEY AND THE AZORES

When NS first stumbled upon Bailey in 1975, he had been “on leave” from Queens College and was residing in the Azores at the height of the movement to separate the Azores from Portugal. (The Azores were extremely important to the U.S. military which maintained one of its most important air bases for the Mediterranean on Terceira Island.)

As we have seen, NS first have become aware of Bailey’s role in the Azores after an article in the *Washington Star* discussed his role there. The *Star* article -- written by Henry Bradsher and entitled “Azores See No Turning Back on Road to Independence” -- reported on two curious Americans who -- “inadvertently or otherwise” -- were fanning the grievances of Azores separatists in the *Frente de Libertacao Azoriana* (FLA). From Bradsher’s story:

In the islands [were] two Americans who were poking around into economic matters. Their questions about the kinds of economic limitations and restrictions that Portugal has had on the Azores focused people’s attention on discrimination, thus encouraging the independence movement.

The two economists, Edmond A. Tondu and Norman A. Bailey, said they were looking into prospects for management consultancy contracts when and if the Azores became a separate nation needing outside economic advice. They passed out calling cards identifying themselves as representing BKW Associates Inc., management consultants of Washington, D.C., with their own offices in New York.

The BKW office in Washington later said it had not one named Tondu or Bailey connected with it and no New York office, or, on second thought, maybe it did but a partner in the firm was not sure.

It is also worth noting that in the early 1970s, Bailey's CSIS friend Richard Allen also worked for Azores separatists. According to a Sept./Oct. 1980 *Mother Jones* story:

As the enforcement network tightened around Robert Vesco, Allen began doing business in the Portuguese Azore Islands. His activities upset the Portuguese government, which felt Allen was fanning separatist flames. In fact, in 1975 Allen served some militant right-wing groups backing independence as a go-between to the State Department and the CIA.

FRIEND OF A FRIEND? VICTOR FEDIAY, THE AZORES, AND THE FRENCH OAS

Bailey's quest to promote Azores separatism may even have overlapped similar efforts by a mysterious far-right Russian émigré named Victor Fediay although it is impossible to know for sure just what their relationship was (if any).⁹ Fediay, however, was involved in trying to organize far right and neo-fascist mercenaries from Europe to help lead a separation between Portugal and the Azores if need be. Fediay reportedly worked for Senator Strom Thurmond's office at the time of the Azores crisis but no one was quite sure exactly what he did there. He also had spent some 20 years involved with a secret Air Force Intelligence program, At other times he was merely listed as a "researcher for the Library of Congress."

In the "small world department," Fediay also later turned out to be an NCLC contact as well. In a rambling 3 August 2001 *EIR* article by an NCLC member named Stan Ezrol on the evils of the Southern Agrarian literary tradition, Ezrol recalled

one of many meetings I had on Capitol Hill with Dr. Victor Fediay, an advisor to *Southern Partisan* Senator Jesse Helms and other Night Writer-allied institutions, in which Fediay exclaimed, "We have these Mujahedeen [Muslim freedom fighters] ready to bleed and die for us. I don't understand why we don't use them more!"

Fediay seems to have cultivated a taste for eccentric friends besides Stanley Ezrol. During the Azores crisis, for example, Fediay played a leading role in trying to encourage an alleged organized crime-linked New York company and some French OAS toughs to "free the Azores."

When the last Salazar-era government finally fell in Portugal in April 1974, the collapse of the far right Portuguese secret service, the PIDE, endangered the long-standing protection relationship with members of the notorious French OAS. After failing in their repeated attempts to assassinate Charles De Gaulle, many OAS cadre had found shelter and employment in both Franco's Spain and Salazar's Portugal where they carried out operations for Portuguese and Spanish intelligence on a contract basis, frequently in Africa.

In 1975, a leading OAS operative named Jean-Denis Raingard (who had attracted some FBI attention during the famous "French Connection" drug case) took the lead in organizing a separatist movement in the Azores. He even helped establish the "Clandestine Government of the Azores in Exile" in the Massachusetts town of Fall River. In order to get American backing, Raingard visited Washington where he met with Victor Fediay, then an aide to Senator Strom Thurmond.

But who was Victor Fediay?

From “The Fall River Conspiracy”:

Victor Fediay’s relationship with Senator Strom Thurmond was an unusual one

Although he was on Thurmond’s payroll for four years, Fediay’s name has never appeared in the Congressional Staff Directory. In fact much of Fediay’s work for the senator was not done in the senator’s office at all but at an unmarked office four blocks away. We learned of the existence of the office – and of its unlisted telephone number – only after we traced phone calls placed to the number (and to Fediay) by an Azorean OAS agent traveling in the U.S.

A receptionist in Thurmond’s Senate office acknowledged to us that Fediay maintains a “little cubbyhole on Capitol Hill,” but refused to give out Fediay’s office telephone number. The “cubbyhole” is actually a three story brick townhouse – complete with a garage, well-appointed meeting rooms, and a WATS line – which *Washington’s Business Directory* then listed as a “vacant building.”

The townhouse unlisted telephone is billed to a business that Fediay set up in 1972 called Capitol Information Services. . . . [T]he District of Columbia revoked Capitol Information’s charter in 1974 because Fediay failed to file papers explaining what the mysterious firm did.

Fediay also enjoyed a long relationship with the U.S. Air Force:

Fediay, a 63-year-old Russian émigré spent 20 years working for a secret Air Force Intelligence program called Aerospace Technology Division before becoming a Senate

staffer in 1973 when employees who had voiced complaints about falsified Reports to Congress allegedly received death threats from their superiors. Fediay – who had been a project director in the program, bristles at the suggestion that his involvement with the Azorean secessionist movement was somehow connected to his intelligence background.

Fediay reported that he had a friend from Texas who also owned a cattle ranch in the Azores and it was through his friend and not the U.S. government that he first became interested in the Azores. Fediay's chum was J. Evetts Haley, a leading conservative critic of LBJ best known for his book, *A Texan Looks at Lyndon*. Haley maintained close ties both to the John Birch Society and the Christian Anti-Communist Crusade.¹⁰ Haley – it turned out -- knew another top OAS man on the Azores named Jean-Paul Bletiere. Bletiere, in turn, was widely believed to be behind a series of anti-government bombings on the Azores, some of which targeted leftist parties and at least one small newspaper.

In order to get quick money for the plot, Fediay put the OAS's Raingard in contact with a company in Manhattan called The Continental Resources Corporation, one of whose business partners – Einar O. Petersen, Jr., was a 54 year old forger “once linked to the Joe Columbo Mafia family.” (The other partner named Edward M. Meadows, however, played the most active role in the separatist plot.)

Meanwhile, the OAS also was putting its chips on a rightwing general named Spínola in what they saw as an impending civil war inside Portugal itself. Under this scenario, the Azores could serve as a possible base for the coming fight on the mainland. In essence, there appeared to be

a deal in the works between the OAS, Spinola, and mafia money with Fediay helping to play the role of broker. If the mainland went out of control and the Azores attained independence, it would become a haven for unregulated gambling and offshore banking as well as the potential use of diplomatic pouches to move money around the world. (The entire deal would be managed by a contract between the Azores separatists and Continental Resources!) Or at least that was the plan. In reality, the proposed deal was so corrupt that the Azoreans refused to sign on in spite of intense pressure from Fediay. The Fediay-midwifed plot, in essence, fell apart before it even began.

Clearly Norman A. Bailey seems to have been involved in some way with the Azores separatist movement but it is not at all clear exactly how. The U.S. Ambassador to Portugal Frank Carlucci reported that American policy was to strongly oppose any Azores independence movement for fear that “it could unleash a popular backlash on the mainland and this could be exploited by the Communists.” Carlucci also told the NSC’s Brent Scowcroft not to get the U.S. government involved with the secessionists, given the potential for disaster. Still, it is hard to ignore the fact that Victor Fediay spent 20 years working for some murky wing of the United States Air Force which, in turn, had a highly strategic base on the Azores. As for what Bailey did or did not do during the 1975 crisis, the *Washington Star* story remains the best information we have.

DOING THE MURO MAMBO

While the extent of the NCLC’s relationship with the late Victory Fediay remains unknown, it seems clear that simply on economic grounds alone, the NCLC and Norman Bailey were utterly incompatible partners. In a 29 August 1978 *New Solidarity* article, for example, the NCLC

attacked a leading Mexican “neoliberal” economic think-tank called the Institute of Social and Economic Research (ISER) headed by Augustin Navarro Vázquez. The paper accused the ISER of promoting the ideas of Hayek and Mises and said it was aligned with the London-based Institute of Economic Affairs (also a think-tank for Margaret Thatcher), as well as the Foundation for Economic Education in New York and the Institute for Human Studies in Menlo Park, California. *NS* further claimed that Navarro was himself a leading figure in Opu Dei and that he worked with the likes of Milton Friedman to promote similar neoliberal economic think tanks throughout South America.

The Mexican ISER also engaged in its own brand of anti-communist counter-insurgency much like Columbia’s “Black Hand.” There is even a memoir discussing Navarro’s role in creating an anti-communist youth gang called MURO (or “wall” in Spanish) to fight the Left:

"I always supported Navarro Vázquez, a true hero of freedom who has not been given the acknowledgement he deserves. He outlined to me the advantage of creating a youth gang, in effect to counteract the leftist terror amongst the students. It would be called MURO (University Movement of Renewed Orientation). It's most likely that various people supported them, but I never knew who else supported this group; the result was very effective in giving the leftists a taste of their own medicine. MURO had a house on División del Norte Avenue, where the boys practiced martial arts. On one occasion, MURO decided to have a protest at UNAM (National Autonomous University of Mexico). They burned an effigy of Fidel Castro. It was fun; my brother-in-law and I were there. His photo was in the following day's paper, next to the effigy in flames."¹¹

This same report states that MURO (the *Movimiento Universitario de Renovadora Orientacion*) was also suspected by some of acting as a front group of *El Yunque* ("The Anvil"), a Catholic, ultra-rightwing secret Mexican society with strong connections to the "free enterprise" National Action Party (PAN). In contrast, the NCLC strongly supported the then-ruling PRI party against the challenge of the PAN.

CHILE DEATH SQUAD SQUABBLES

The ideological conflict between the "dirigist" NCLC and a supreme free enterprise economic theorist like Norman Bailey eerily echoes deeper divisions inside the Latin American right. Perhaps this division was most strikingly visible in General Pinochet's Chile when adherents of the Milton Friedman "Chicago School" clashed with far right "neo-Peronists" inside the halls of power. From the 1983 book *Chile: The Pinochet Decade* by the London-based leftist Latin American Bureau:

The coup [in Chile] saw the emergence of a new generation of rightwing activists who were committed to a brand-new right-wing ideology. This ideology, "monetarism," the "new economic orthodoxy," or "libertarianism," has in the 10 years since the coup imposed a new *laissez faire* regime on the country. . . . This has been achieved despite opposition from many of the professional associations, or *gremios* that played such an important part in Allende's downfall by creating a climate of hysteria and insecurity. . . . The *gremios* had sought a centrally directed fascist or corporatist project for the country's future.

In contemporary Chile, fascism and monetarism are both allies and enemies. . . . Fascism was able to put on a patriotic dress in Latin America in the 1930s because it was a form of economic nationalism. . . . It suited the needs of those sectors of society who would benefit most from a project of industrialization, notably the military and the local industrial elites.

However when monetarist doctrines were introduced into Latin America (though Bailey's much heralded neoliberals):

They have faced considerable opposition from the old military establishment The old military establishments tend to have visions of the future in which the nation is an economic as well as a political Great Power. They may not be fascists – the more common word for them in Latin America now is nationalists – but they do represent a kind of naturalized local variant of the fascist tradition. . . . As exiles from the new military dictatorship in Brazil were saying in Chile in the early 1970s: “The liberals in our government are the pro-Americans; it is our torturers who are the anti-imperialists.”

Inside the Chilean secret service DINA, the “nationalist” ultra-right grouped itself around Manuel Contreras against their factional opponents linked to the “Chicago School” and their apparent friends inside Opus Dei. In an article entitled “Opus Dei: Secret Order Vies for Power” in the winter 1983 issue of the leftist *Covert Action Information Bulletin*, author Fred Landis notes:

In Chile the locus of CIA/Vatican collaboration shifted during the period of 1963-70 from the Christian Democratic Party to Opus Dei. Opus Dei had a think tank of free market economists and technocrats called the Institute of General Studies (IGS), which was taken over by the CIA. This Opus Dei cell provided most of the civilian Cabinet and advisors to the junta in the field of law, economics and media.

Whether or not it is totally correct to say that the CIA “took over” an Opus Dei-sponsored economic think tank, it seems quite likely that the Chilean IGS was yet another “Black Hand”-style free enterprise operation so touted by Bailey.

ARGENTINA

A similar split inside the rightwing military, economic and political elites can be seen in Argentina as well. In his invaluable article “Constructing Subversion in Argentina’s Dirty War” in the journal *Representations* (75/Summer 2001), Latin America specialist Mark Osiel writes about the Argentinean military men involved in carrying out the disappearances, tortures, and murders of thousands of leftists:

Far from being unqualified apologists for market mechanisms, most antisubversive militants were intensely critical of laissez-faire economics and its atomized view of human nature, specifically its unconcern for social inequality, which sowed the seeds of revolution, they acknowledged. Rather than sponsoring American influence within their country, they denounced Argentina’s economic “dependency” on the northern behemoth and despised almost everything about the United States, particularly its

“hedonistic materialism.” No admirers of the Western international alliance, they advocated an intensely nationalist foreign policy justified by a “Hispanicist” conception of national identity and distinct from that of other Western societies.

They viewed international organizations as infected with liberal universalism, as controlled by the Trilateral Commission and the “international Zionist conspiracy.” They did not advocate the “deepening” of modern industrialization. Rather, they viewed themselves as critics of modernity; skeptics of industrial society and the scientific knowledge on which it rests, enemies of its avaricious magnates. In fact, they upheld a confessedly medieval idea of self and society.

Like Chile, Argentina also witnessed the rise of the Opus Dei technocrats. In 1966, for example, an Opus Dei member named General Juan Carlos Onganía led a coup. He then appointed several Opus Dei members to the Cabinet. In the mid-1970s, the Opus Dei influence continued to grow. However there were competing “nationalist” networks inside the military that resulted in a power sharing deal between the “laissez faire” wing of the military and the “nationalists”:

But because continued military rule required substantial consensus among competing factions, there was a tendency for each to concentrate upon the area of its greatest concern, and to concede other policy areas to other officers. The “liberals” got economic policy, the “nationalists” the antiradical campaign. Most officers recognized that maintenance of their continued rule required a certain restraint on internecine rivalries. In fact, an explicit power-sharing agreement was adopted at the outset of military rule to guard against this very divisiveness. . . . To sustain this modus

vivendi, however, required an attitude toward competing views, wherever possible, of “live and let live,” if you will. . . . This helps explain why “moderate” officers would, to the greatest extent possible, indulge their more murderous colleagues among the Catholic nationalists. . . . Of course [the direction the government should take] was itself a subject of continuing contention between the Catholic nationalists and laissez-faire liberals over the years of military rule. Nationalists defined the enemy in much broader terms than did the economists.

(In this context, one might want to examine the various splits inside the World Anti-Communist League (WACL) in the late 1970s and early 1980s, particularly the conflict over the involvement of groups like the Mexican-based “Tecos” (“Owls”) inside WACL as well as the clash between the Tecos and a group like Tradition, Family and Property (TFP).)

SEINELDIN AND LAROUCHE

One leading Argentine “nationalist” was Colonel Muhamed Ali Seineldin, one of the few Argentine war heroes in the Falklands/Malvinas war against England. Seineldin then took a leading role in military mutinies against the civilian government after it threatened to seriously investigate massive human rights violations by the military.

In 1987 Seineldin issued a long document entitled *Synthesis of Subversion’s Long-Term Strategy*, which was first published in the magazine *El Expreso*. In his diatribe, Seineldin attempted to “synthesize the struggle that has taken place since the dawn of the Christian era between ‘truth,’ or ‘God’s reign,’ and ‘error’ or ‘evil’s reign.’” In his essay, Seineldin – who describes

himself as a “fundamentalist” Catholic nationalist – divides world history and culture into a single line:

Above the line [on the side of the good] are the Bible, the various councils called by the Catholic Church, scholasticism, the Christian re-conquest of Spain from the Muslims, the Counter-Reformation, and the papal encyclicals. The document commends the excommunication of Martin Luther, the St. Bartholomew’s Day Massacre . . . and Pope Pius VI’s condemnation of the French Revolution’s Declaration of the Rights of Man.

Below the line are found the heresies condemned by the early church as well as contemporary social, political, cultural and religious movements. Everything having to do with the Renaissance is condemned because of its “glorification of the profane.” Détente is considered evil because it allows communist ideology to penetrate and corrupt noncommunist countries. The document also states that progressive religious thought “disfigures the church’s mission” and that the church is being infiltrated by Marxism through the “Third World priests’ movement.” Freudianism is also below the line because of its emphasis on sexuality. The document ends by foreseeing the coming of total “chaos.”¹²

Shortly after Seineldin issued his crazy but clearly heartfelt opus, the NCLC embraced him as one of its great Latin American heroes! On his website devoted to LaRouche, Denis King – author of *Lyndon LaRouche and the New American Fascism* -- reprints some key LaRouche articles praising Seineldin. He also adds these valuable comments:

This article from *The New Federalist*, Dec. 9, 1988, is the ultimate in LaRouchian glorification of the sinister "dirty-war" commando leader Col. Mohamed Ali Seineldin. According to the article's author (who has since left the LaRouche org), the failed coup attempt the previous week by Seineldin and the *Carapintadas* ("Painted Faces") had been aimed at foiling a giant Moscow plot.¹³ In fact, Argentina was in no danger of communist revolution and had a democratically elected government on friendly terms with the United States. The coup leaders had more to fear from prosecutors looking into the military's crimes during the 1970s when tens of thousands of Argentinian leftists (most of them noncombatants) were raped, tortured and/or murdered during the junta's war against an undeniably violent, but relatively small-scale, insurgency.

The second article in this file, "Charismatic Military Leader Behind Argentine Action" (also Dec. 9, 1988) praises Seineldin as a "staunch anti-communist" and a "devout Catholic." Says he calmed the waters for the Argentine invasion of the Falklands by appealing to the Virgin Mary, and that the sea became "clear as a mirror." (Unfortunately, the Virgin did nothing to stop the British Harrier jets several weeks later.) This adulatory article was written by Carlos Wesley, an intermediary in the LaRouche organization's dealings with Panamanian cocaine dictator Manuel Noriega in the 1980s. Seineldin served in Panama in the mid-1980s first as an Argentinean military attaché and then as an advisor to the Panamanian Defense Forces, training them in "dirty war" tactics before returning to his own country to take command of the coup attempt. He almost certainly was in contact with the LaRouchians in Panama, which may be why the "Anti-Bolshevik" article described LaRouche as a "friend of Col. Seineldin."

But the LaRouchians could have also met him in Argentina during the junta years when emissaries of LaRouche were treated as honored guests.¹⁴

CONCLUSION: THE BLACK HAND AT WORK?

Our brief tour through yet another LaRouche political sewer suggests why it may be erroneous to believe that LaRouche and Bailey could ever truly be “buddies.” Their basic views on economics are almost diametrically opposite as is their related ideas of the “dirigist” state. To LaRouche – at least on paper -- Bailey clearly meets all the requirements for a “free market”-style “Anglo-Dutch” demon while to Bailey, LaRouche’s state-driven economics reeks both of the “Jacobin Left” *and* the Peronist/fascist/nationalist right. We also know that Bailey even converted some former leading LaRouche cadre to his own view of “the dismal science” that were opposite from LaRouche. All of which only makes the strange saga of Lyndon LaRouche and Norman Bailey that much more bizarre. Until more details about this strange interlude are revealed, any definitive explanation of their connections remains purely speculative. Still it may be worth recalling that Bailey prided his “Black Hand” economic think tanks friends for their ability to keep track of and infiltrate and disrupt their “Jacobin” political opponents.

One then can only be left wondering: Did the professor also practice what he preached?¹⁵

*Special Note***FIDEL TO LYNDON: HISTORY WON'T ABSOLVE YOU -- Granma's take on both Bailey and his "Buddy"**

In early December 2006 The Cuban wire service Granma put out a highly critical report on Norman A. Bailey which went out of its way to link him to LaRouche.

The article provoked a response by LaRouche in the 15 December 2006 EIR where he denied being Bailey's buddy as well as ever meeting with him at LaRouche's estate in Virginia. (See http://www.larouchepub.com/eiw/public/2006/2006_50-52/2006_50-52/2006-50/pdf/41-42_650_hoax.pdf for LaRouche's response.)

Here is the Granma article followed by later one by the same author reporting on Bailey's fall from power in the Bush administration:

(Article One)

Havana. December 6, 2006

SPYING ON CUBA AND VENEZUELA: A RELIC FROM THE REAGAN ERA

BY JEAN-GUY ALLARD —Special for Granma International—

HE infiltrated the Noriega government in Panama whilst the U.S. invasion was being prepared; he advised Duhalde in Argentina when the country was heading towards economic disaster; he confesses to being a buddy of Lyndon LaRouche, the controversial ultra right-wing U.S. politician: the new "chief spy" whom Bush has appointed against Cuba and Venezuela is a genuine relic from the Reagan regime, in which he was a privileged advisor.

Everything would indicate there was no other recourse left available to Bush than rummaging round in his father's closet when the time came to recruit high-ranking officials for his declining government. Norman Bailey, whom John Negroponte – another leftover from the Reagan connection and currently national director of U.S. intelligence – has recently named as head of the U.S. intelligence mission for the two sister nations, has a longstanding curriculum with the CIA, that is certainly not lacking in

inconsistencies and foolish mistakes.

His official biography indicates that Bailey is a “economic consultant” and “professor” of Washington’s Potomac Foundation, a conservative think-tank embedded within the network of low-ranking Republican officials. Former special assistant to President Ronald Reagan for international economic affairs and a member of the National Security Council (NSC), he urged the NSA – the electronic espionage agency that monitors the post – to spy on the movement of money on a worldwide scale. He has his own lobbying office - Norman A. Bailey Incorporated - that has even advised the Mobil Oil firm.

But aside from all his titles and covers, this rotund sexagenarian, who was trained in military intelligence and graduated from Columbia University, has acted for many decades as a beachhead for the CIA, most notably with respect to Latin American governments which, after having placed their trust in him, have seen their own downfall.

In 1989, when the US. invasion of Panama was being prepared, it was he who handled the plans of George Bush Sr. in the State Department and the CIA.

It is said that it was thanks to his indiscretions, perhaps inspired by Otto Reich, that journalist Seymour Hersch published a veritable flurry of alleged crimes committed by Manuel Noriega in The New York Times, which gave rise to a widespread international campaign of discredit and a series of undercover operations.

He then advised Noriega and “accompanied” him to the disastrous denouement of the crisis that took the Panamanian president straight to a U.S. jail cell, in the midst of a veritable massacre of poor Panamanians from the most marginal neighborhoods in the capital.

With the same shamelessness, he developed a close relationship with Argentine president Eduardo Duhalde, in the guise of a great U.S. financial expert – his favorite role – following the abrupt end of the De la Rúa government in December 2001, when the Argentine economy was in tatters.

On March 8, 2002, the *Clarín* daily, with admirable innocence, announced that “the president is now receiving advice from his American consultants” and that the previous day at the presidential palace he had met with Norman Bailey, “a specialist who advised (George W. Bush) in his campaign” with the aim of “improving his contacts in the USA.”

He recommended that the vulnerable president fiercely repress social unrest or, if a strong hand did not work in the short term, to call elections as a means of diversion. He also recommended that Duhalde issue trusteeship bonds for state land. Shortly after receiving such great advice from an “independent” advisor who belonged to both the CIA and the most intimate circles of the current occupant of the White House, Duhalde ended up in the inexorable archives of history.

A BUDDY OF LYNDON L. LAROCHE

Throughout those decades, during which Reaganism prevailed, in one way or another in Washington, Bailey continued to show his links with Latin America. It is said that he made an appearance during the dollarization process in Ecuador and also participated in the conception of Plan Colombia.

But the thing that stands out most on his résumé is his confessed friendship with Lyndon H. LaRouche

Jr., former presidential candidate and prominent member of the far right in the U.S., who runs an intelligence network, the breadth and efficiency of which he has publicly praised.

Further still, Bailey is the man LaRouche used to get inside the White House, shortly after which the spy-official was appointed to the National Security Council (NSC).

Bailey himself has said that at some point he was then directed by NSC officials to talk to a group of LaRouche's supporters, who offered to provide intelligence information.

Since then, he has maintained wide-ranging and regular relations with the group and its boss who even visited his exclusive ranch in Loudoun County.

LaRouche's enemies describe him as "anti-Semitic" with Hitler-like tendencies, at the head of an occult sect.

In his apology for that controversial organization, Bailey stated that it was one of the best intelligence services in the world which operates more freely and openly than the official agencies, which allows them to communicate with "prime ministers and presidents."

In December 1999, in a cable from Washington which condemned the appearance of "new threats to the security of the United States in Latin America", the U.S. AP agency quoted Bailey rudely attacking Venezuelan President Hugo Chávez, who had been democratically elected the previous year.

In his lecture, Bailey declared that the government of Ecuador was "totally bankrupt", suggesting that "military intervention" should not be ruled out. Speaking of Panama, he said then that it was a country that was vulnerable to guerilla incursions and that possibilities for sabotaging the Canal are "enormous" allowing him, of course, to dream of another adventure in that nation.

In March 2001, in *The Washington Times*, the current Chief Spy against Cuba and Venezuela openly expressed his desire for a drop in oil prices which, he commented, would have "disastrous consequences" for Venezuela.

Later, he rudely mocked Chavez' transcontinental gas pipeline project. "If they want to build the gas pipeline, let them do it but it makes no economic sense. It is totally stupid."

Bailey then blurted out an example of his unsubtle vision of Latin America: "Thinking that Bush needs Kirchner to contain Chávez is idiotic."

(Article Two)

Goodbye Mr. Bailey

THREE months: that was how long the Super Spy appointed by George W. Bush to monitor Cuba and Venezuela lasted. A patent relic of the Reagan regime, veteran CIA agent Norman Bailey has been tossed into the dust-bin, against all expectations, by the new National Intelligence Director Mike McConnell.

News on Bailey's sudden dismissal has been very discreet, contrary to what happened at the time of his appointment, when, in a gesture of genuine imperialist arrogance, the career of that sinister individual was celebrated.

For many observers, Bailey's dismissal is an expression of the complete uncertainty reigning in U.S. intelligence apparatus in face of the big changes emerging in what Washington always considered to be its backyard.

Selected by John "El Embajador" Negroponte, McConnell's predecessor in late November, the U.S. intelligence "chief of mission" for the two countries has a long record of service to the CIA and the Bush clan.

Notably, Bailey infiltrated the Noriega government in Panama while the disastrous U.S. invasion was being prepared, and was an advisor to Ronald Reagan, despite being an associate of controversial U.S. politician Lyndon LaRouche.

In one of his well-known goofs, Bailey said in a March 2001 interview that he hoped for a drop in oil prices, which, he said, would have "catastrophic consequences" for Venezuela.

However, in August 2000, in an interview published by the Argentine newspaper **Clarín**, he made an enigmatic statement regarding Cuba.

"I really don't see any possibilities of a change in policy for the moment," he said, later adding that after the elections in the United States, things could change. "After all, it was a Republican, Richard Nixon, who reestablished relations with China," he said.

According to the **Miami Herald**, Bailey, after learning of his humiliating expulsion from the highest ranks of national intelligence, immediately sent an email to his friends to give his version of events. He said that his job had been eliminated for good, something later denied by an "anonymous" official, a common procedure in the U.S. capital.

Negroponte, now deputy secretary of State, has not commented on the downfall of his unlucky protégé.

(Jean-Guy Allard) 14 March 2007 Granma.

¹ *Editor's note:* The following first appeared as a brief chapter in a 1987 manuscript study of Lyndon LaRouche. It has now been updated and put in electronic format. Although the strange Bailey-LaRouche "relationship" actually began in the fall of 1975, Bailey's public collaboration with the NCLC began some time in the 1980s and fell outside the original text's study. However because Bailey became so prominent a figure, the 1987 manuscript included a discussion of him. Bailey's story – as well as the related examination of Victor Fediay – falls into the larger category of the LaRouche organization's attempt to forge connections inside "national security" circles in Washington, DC.

² The Granma articles are reproduced at the end of this chapter.

³ See http://www.larouchepub.com/eiw/public/2006/2006_50-52/2006_50-52/2006-50/pdf/41-42_650_hoax.pdf for LaRouche's hostile comments on the Granma piece.

⁴ Needless to say, the sect's impassioned views fueled speculations that the NCLC must have had links either to the Soviet Union or some other East Bloc nation with the DDR seen as the most logical culprit.

⁵ Bailey also wrote a detailed study of the IPES in his essay "Pressure Groups and Decision-Making in Brazil" in *Studies in Comparative International Development*, Vol. III, no. 11 (1968). For a brief note about the possible ties of the IPES and CIA, see Ruth Leacock, "JFK, Business and Brazil," *The Hispanic American Historical Review* (59/4, Nov. 1979), 669.

⁶ Clearly this is not the place to write a dissertation on Opus Dei. It also has to be added that Opus Dei is a piñata for conspiracy theorists of all stripes given its secretive nature as readers of *The Da Vinci Code* can well attest.

What the reader should keep in mind for our purposes is that Opus Dei more or less arose during the Franco dictatorship in Spain. Opus Dei members tended to be very well educated and wealthy and many of them entered the Franco government in the 1950s and 1960s as "economic technocrats." As such, Opus Dei has a far more "open" view of economic forces in the world than your average Franco follower.

⁷ This was around the same time that Che Guevara was active in Africa.

⁸ The reader should recall that during the Portuguese Revolution leftist military officers gained access to many government files and leaked them to the press. One result came in the extensive exposure of PIDE operations in Europe and Africa particularly by a PIDE front group called Aginter Press. For more, see Frédéric Laurent's classic book *L'Orchestre Noir* (Paris: Stock, 1978).

⁹ On Fediay, see Fred Strasser and Brian McTigue, "The Fall River Conspiracy" in the 1 November 1978 issue of *Boston Magazine*. Neither Strasser nor McTigue mention Bailey in their article.

¹⁰ The John Birch Society was perhaps the leading American rightist organization to promote the OAS in its pages. OAS leaders such as Jacques Soustelle even had articles printed in John Birch Society journals.

¹¹ See mention of MURO in paragraphs five and six at <http://www.tlaxcala.es/pp.asp?lg=en&reference=5953>.

¹² Mark Osiel, "Constructing Subversion in Argentina's Dirty War," *Representations* 75 (Summer 2001), 153, fn. 104. Osiel's article is a brilliant reading of the motives and beliefs of the "antisubversive" military men and stresses the critical role played by Catholic neo-medievalist ideology in justifying their actions.

¹³ The military coup mutineers only accepted declared Catholics in their ranks. Many of them had served with distinction in the Falklands/Malvinas conflict and frequently were fanatic Catholics. As for the Soviet Union, Osiel notes that throughout this entire period, the Soviet Union was Argentina's largest trading partner! "The Soviets' dependence on Argentine grain and their close relations with the country's military rulers in these years even led to Soviet pressure on Argentina's Communist Party to moderate its criticism of military rule. Hence, Communist

members of Argentina's human rights community repeatedly sought to retrain its public denunciations of human rights abuses." (p. 131).

¹⁴ On the *New Federalist* stories in praise of Seinfeldin and King's comments, see <http://lyndonlarouchewatch.org/larouche-argentina-seinfeldin18.pdf>.

¹⁵ In this context, see the references to David Abshire in "How John Train Targeted LaRouche" in the 27 October 2006 issue of *EIR* and available on the web in pdf format. This article reprints an affidavit by a former member of the LaRouche Security Staff named Herbert Quinde. In his affidavit, Quinde cites Abshire's role in the President's Foreign Intelligence Advisory Board (PFIAB) that during the early years of the Reagan Administration pressed for some kind of investigation into the NCLC, reportedly based on the suspicion that the group had ties either to the KGB or East German Stasi. Norman A. Bailey was one of David Abshire's early colleagues at Georgetown's CSIS. It is therefore not entirely impossible that Bailey purposely developed links to the NCLC to learn more about the group's own connections in Latin America and elsewhere rather than out of any deep respect for its ideas or leader. In short Bailey may have been using the NCLC for his own ends.