

AIM REPORT
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THE JOURNAL'S KWITNY NEVER QUILTS

Jonathan Kwitny, one of the Wall Street Journal's star reporters, is familiar to regular readers of the AIM Report. In 1981, we pointed out that a major story he had written about the State Department White Paper on El Salvador was based largely on an analysis written by CIA defector Philip Agee. The Agee critique of the State Department's charge that communist-bloc countries were supplying arms to the guerrillas in El Salvador had been released in Washington by the editors of the *Covert Action Information Bulletin*. This publication is devoted to Agee's project of exposing the identities of CIA agents, and Agee is on its advisory board.

Kwitny obtained a copy of the Agee article on the White Paper from these editors. He studied it and produced a front-page story for the Wall Street Journal which contained 13 criticisms of the White Paper. Every one of them had been made first by Agee. It is no wonder that Agee himself told the Los Angeles Herald-Examiner that Kwitny's story was based on his analysis, even though Kwitny did not acknowledge his debt to Agee.

Frederick Taylor, executive editor of The Journal, was sufficiently stung by the letters of criticism of Agee that he received from AIM members and others that he published a 1400-word defense of Kwitny. He only made matters worse, since he pointed out that another of Kwitny's sources had been John Kelly, editor of the notorious magazine *CounterSpy*. *CounterSpy* is like *Covert Action Information Bulletin*, only worse.

Kwitny Cuddles Up To Castro

Despite our devastating expose of Kwitny and his reliance on extremist sources, The Wall Street Journal next dispatched him to Cuba to do a story for its readers on how Castro was getting along. The result was a story published on November 16, 1981, which no doubt pleased Castro immensely, but which brought forth stinging rebukes from readers familiar with the facts about Cuba and even from one of the Journal's editorials.

The AIM Report for January-I 1982 covered Kwitny's pro-Castro story in depth, but here is a reminder of how far he was willing to go in his efforts to make Castro's communist catastrophe look good. He wrote: "The average Cuban lives very well these days by Third World standards. He also suffers political repression,

but accepts it as a price for his economic gains. He strongly supports his government's foreign and domestic policies." Later he argued that Cubans believe "that real restrictions on their lives are less now than under previous right-wing dictatorships." These statements are obviously contradicted by the behavior of the Cuban people. Over one million Cubans have fled their homeland to escape what Kwitny would have us believe is an improvement in their economic condition and their freedom.

Kwitny Goes Down Under

On August 24, 25, and 26, 1982, Kwitny again appeared on the front page of The Journal with three long articles about a small merchant bank in Australia that had gone bankrupt two years earlier. Bank failures are not such a rarity these days that one in Australia merits front-page treatment in this country. And though Australia is a long way off, it should not take over two years for news of any event of importance to reach New York City.

Why was The Wall Street Journal giving such play to a two-year-old story about the failure of an obscure Australian bank? It was not as if the bank's collapse had threatened the solvency of any American financial institutions. Nugan Hand, Ltd. was a merchant banking enterprise embracing some 40 related corporations scattered around the globe. It has been described as "a two-bit merchant banking firm."

Jonathan Kwitny's interest in Nugan Hand was political, not financial. The Australian Communist Party newspaper, *The Tribune*, had floated charges that the bank was involved with the CIA and had been the channel for CIA funds into Australia. The allegations covered drug dealing, arms running and funding opposition to Prime Minister Gough Whitlam back in 1975. These charges, which remain unsubstantiated allegations to this day, were picked up by the sensationalist press in Australia and they found their way into *CounterSpy* in this country. As Frederick Taylor, executive editor of The Journal admitted in print, *CounterSpy* is a source that Jonathan Kwitny has relied upon in the past. It seems likely that this is what whetted his interest in Nugan Hand.