

Our Little Secrets

WAS CLARK AT WACO?

On February 28, 1993 the Bureau of Alcohol, Tobacco and Firearms launched its disastrous and lethal raid on the Branch Davidian compound outside Waco, Texas. Even before the raid, members of the US Armed Forces, many of them in civilian dress, were around the compound.

In the wake of the Feb 28 debacle Texas governor Anne Richards asked to consult with knowledgeable military personnel. Her request went to the US Army base at Fort Hood, where the commanding officer of the US Army's III corps referred her to the Cavalry Division of the III Corps, whose commander at the time was Wesley Clark. Subsequent congressional enquiry records that Richards met with Wesley Clark's number two, the assistant division commander, who advised her on military equipment that might be used in a subsequent raid. Clark's man, at Richard's request, also met with the head of the Texas National Guard.

Two senior Army officers subsequently travelled to a crucial April 14 meeting in Washington, D.C. with Attorney General Janet Reno and Justice Department and FBI officials in which the impending April 19 attack on the compound was reviewed. The 186-page "Investigation into the Activities of Federal Law Enforcement Agencies Towards the Branch Davidians", prepared by the Committee on Government Reform and Oversight and lodged in 1996 (CR 104 749) does not name these two officers and at deadline CounterPunch has so far been unable to unearth them. One of these officers had reconnoitered the Branch Davidian compound a day earlier, on April 13. During the Justice Dept. meeting one of the officers told Reno that if the military had been called in to end a barricade situation as part of a military operation in a foreign country, it would focus its efforts on "taking out" the leader of the operation.

Ultimately tanks from Fort Hood were used in the final catastrophic assault on the Branch Davidian compound on April 19. Certainly the Waco onslaught bears characteristics typical of Gen. Wesley Clark: the eagerness to take out the leader (viz., the Clark-ordered bombing of

Milosevich's private residence); the utter disregard for the lives of innocent men, women and children; the arrogant miscalculations about the effects of force; disregard for law, whether of the Posse Comitatus Act governing military actions within the United States or, abroad, the purview of the Nuremberg laws on war crimes and attacks on civilians.

NO BAD DEED GOES UNREWARDED

In the incestuously small world of orthodox economic theory, the John Bates Clark medal is a big deal. Some say it is the most prestigious honor, next to the Nobel Prize. Mind you this isn't saying much. The "economics Nobel" is awarded by a conservative group separate from the main Nobel industry. The Clark medal is awarded by the American Economic Association every two years to the most outstanding economist under forty. This spring the Clark medal was bestowed upon Andrei Schleifer, a 39-year-old Russian émigré who is a tenured professor at Harvard and a disciple of that architect of human misery, Treasury Secretary-in-waiting Lawrence Summers. Schleifer, an untiring apologist for capital, is regarded as one of the intellectual godfathers of the "shock therapy" privatization schemes that have plagued Russia for the past six years.

In tapping Schleifer for the award, the AEA ignored allegations of corruption made against the economist and some of his colleagues by the US Agency for International Development. The scandal stems from Schleifer's role in the Harvard Institute for International Development. Schleifer and fellow Harvard man Jonathon Hay ran HIID's Russia project, which worked side-by-side with Anatoly Chubais to orchestrate the Yeltsin government's privatization bonanza, a looting of the public treasury that makes the Salinas years in Mexico seem like petty larceny by comparison. The funding for the Russia project came courtesy of the US gov-

ernment, largely through \$57 million in AID grants, much of it awarded without competitive bids. This is hardly surprising, since HIID had friends in the Clinton administration, namely Summers and his crony David Lipton, another Harvard man.

Investigators for AID believe that the HIID Russia project became a merry-go-round of self-dealing. Hay, for example, is suspected of steering AID resources to his girlfriend, who was running a Russian mutual fund called Pallada Assets Management. Schleifer's wife, Nancy Zimmerman, is a Boston-based hedge fund manager with big holdings in Russian bonds. The investigators believe that Schliefer and Hay may have invested government money in a private consulting firm that had Zimmerman as its first client.

In 1997, AID cancelled a \$14 million contract with Hay and Schleifer's outfit, citing evidence that the men may have been engaged in business activities for their own enrichment. According to George Washington University professor Janine Wedel, "the men had allegedly used their positions to profit from investments in the Russian securities markets and other private enterprises." Afterwards, Schleifer, who says he did nothing illegal, left HIID, but remains at Harvard. There is a grand jury in Boston looking into the matter, as well as a continuing investigation by the Inspector General of AID. A full account of Schliefer, Hay, and the other Harvard boys' exploits in Russia can be found in Wedel's terrific book, *Collision and Collusion: The Strange Case of Western Aid to Europe*. The word is that Summers (a former Clark honoree himself) played a decisive role in securing the Clark medal for his buddy.

MOON'S GLOW

Among the thickets of liberal policy wonk groups in Washington there is an outfit that calls itself the Inter-American Dialogue, set up in the 1980s by Sol Linowitz, the former Carter era diplomat and fixer, and long nurtured by handsome disbursements from the Ford Foundation. The purpose of the Dialogue is obscure. According to its mission statement, it is supposed to promote peace and understanding throughout the Americas.

These days the Inter-American Dia-

General Wesley Clark was in command of the cavalry division at nearby Ft. Hood.

logue is headed by Peter Hakim, who was incubated as a program officer at the Ford Foundation. Hakim writes a narcoleptic column in the Christian Science Monitor and is a frequent presence at policy retreats attended by mid-level federal bureaucrats and former political appointees who lust for a return to the spotlight. Acquaintances say Hakim burns to be hoisted to a ranking position in the State Department of an Al Gore (or perhaps even McCain or Bush) administration. His board is larded with a thesaurus of liberal Washington, including Bernard Aronson, congressman-turned-lobbyist Michael Barnes, evangelist-turned-carpenter Jimmy Carter, Drew Days, Carla Hills, Abe Lowenthal, columnist/economist Jessica Matthews, natural gas man and Clinton intimate Mack McLarty, former Nature Conservancy boss and Bush EPA-czar William Reilly, Elliot Richardson, Cyrus Vance and Judy Woodruff. Bruce Babbitt and Frederico Peña are on leave from the Dialogue while they do time in the Clinton administration. For good measure, Hakim has slotted at least two credentialed conservatives on the board, Gov. Tommy Thompson, the welfare-bashing bonehead from Wisconsin, and former Bush NSC head Brent Scowcroft, who recently warned of high NATO casualties if ground troops were sent to Kosovo. "And not all of them will be killed by the Serbs," predicted Scowcroft. "Expect the KLA to kill some just to keep the thing rolling along".

Normally, we'd never give such a comatose organization a second thought. However, a friend of CounterPunch passed us an invitation he had received to a party on April 28 at the Arbor Ballroom in Washington, featuring Hakim as a guest speaker. The black-tie event was to celebrate the launching of a new Latin American newspaper *Tiempos del Mundo*. Hakim was arm-in-arm not with one of Rev. Moon's top corporate generals, Dong Moon Joo, president of the Washington Times. *Tiempos del Mundo*, it turns out, is part of Moon's News World empire, which has zealously backed nearly every butcher in Latin America. Its publisher, whom Hakim introduced, is Phillip Sanchez, former US ambassador to Columbia and Honduras during the Nixon/Ford era.

This seemed an odd pairing. But a long-time Latin America watcher told us that she believed the Dialogue was becoming "an advance group for corporations seeking to exploit the emerging markets

Take Ford's millions and Rev. Moon and you get a typical Washington group on the make.

of Latin America". Certainly, that is the case for the Moonies, who also have a controlling interest in the Uruguayan paper *Ultimas Noticias*. Moon now bases his operations in Uruguay, where he delights in entertaining South American generals at his compound.

So we looked at the Dialogue's funding. Yes, the Ford Foundation is still sluicing tens of thousands its way, along with those other titans of the foundation world, the Pew Charitable Trusts, the McArthur Foundation and the Mellon Foundation. Hakim's group also has its hand in the government trough, taking money from that agent of misery, the US Agency for International Development and the quasi-governmental Inter-American Development Bank.

But more and more the Dialogue's funding appears to derive from corporations. In 1997, it raked in big checks from ATT, Banco Itau, BankAmerica, Capital Group, Corporation Andina de Fomento, General Electric, and Petroleos de Venezuela, one of the most brutish oil companies in South America.

HARLOT'S PROGRESS

Ralph Cavanagh, NRDC's energy guru, hasn't seen a merger he can't bless. Two years ago Cavanagh came to Portland, Oregon to arm-twist local environmental and energy groups into supporting the takeover of Portland General Electric by Enron, the Houston-based energy giant. Now Cavanagh's back in the northwest, flouting his recent Heinz eco-genius award, as he flacks for Scottish Power's bid to acquire the Portland-based utility, PacifiCorp, which operates hydrodams and power plants across the Northwest and Rockies. CounterPunch has been sent a copy of Cavanagh's written testimony on the merger before the Public Utility Commission dated April 27, 1999. Environmentalists and consumer advocates have largely opposed the marriage, citing, among other matters, the unnerving precedent of allowing a foreign company to acquire a local utility.

Cavanagh quickly brushed aside these concerns, saying "I do not agree with those who contend that 'foreign ownership' of PacifiCorp is somehow inherently inimi-

cal to the public interest". Cavanagh notes that he has been "impressed with the people that Scottish Power has designated to take leadership positions" and says that they have "reached out to the entire public interest community with obvious sincerity and abundant goodwill". Translated: Scottish Power has promised lavish payouts to local eco-groups. Astonishingly, Cavanagh even vouches for the company's green record, telling the PUC that "Scottish Power has a solid reputation in terms of both environmental stewardship and reliability performance." Tell that to the people of Scotland, who are forced to breathe the smog-fouled air belched from the company's coal-fired plants. Fortunately, Cavanagh's powers as a flack for big energy appear to be waning. The staff of the Oregon Public Utility Commission, who seem to be tiring of Cavanagh's carpetbagger appearances (he lives in the Bay Area), has recommended that the merger be squashed.

WITH LETHAL AUSTERITY

In early April, Colombia's president Andreas Pastrana was compelled to can two of the nation's top generals after their ties to the ultra-right wing death squads that rove the country were exposed. The two generals, Rito Alejo del Rio and Fernando Milan, didn't end up in the slammer for their crimes, but instead were feted during a party at The Red Salon in Bogota's Hotel Tequendama. The soirée was hosted by the man many expect to be Colombia's next president, Alvaro Uribe Velez.

According to the excellent Colombia Labor Monitor, Uribe Velez praised the generals for their "initiative, honesty and austerity". He slammed the Pastrana government for firing the generals and said that the war against the insurgents should be prosecuted with more vigor. Like many of Colombia's top brass, General Del Rio learned his trade at the School of the Americas, where he graduated on December 1, 1967. More than half of the alumni of this US Army run program in butchery and torture have been officers of the Colombia military, who have returned to practice their grim craft with lethal "austerity". ■

Dispatches from the Wider War: Brazil's Elusive Miracle

Back in Brazil, where he reported for five years before returning to the US to put out CounterPunch, Ken Silverstein sends us these dispatches from a deadly economic siege.

Returning to Brazil after an absence of nearly six years, I felt I'd never left: An economy in crisis, charges of corruption swirling about government ministers, police brutality, drought and desperation in the impoverished northeast. One thing was different, though. In 1993, when I'd returned to the United States, Brazil had been going through a period of record inflation, with monthly rates hitting as high as 80 percent. Today, inflation stands at about 10 percent per year. In its place, unemployment has never been higher. The official (and vastly underreported) rate in Sao Paulo, the country's industrial hub, now hovers at nearly 20 percent.

Today's ripest scandal involves the incestuous relationship between the government and the nation's hugely profitable banking sector. On January 11, the dollar bought 1.3 Reals (the Brazilian currency). Within three weeks of the government's surprise decision that day to allow the currency to float on international markets, the dollar bought 2.2 Reals. (The dollar has subsequently fallen, but still buys 1.7 Reals.) The devaluation sent the economy into a downspin, but leading banks - including Citibank, J.P. Morgan, and the Bank of Boston — made a killing as, with miraculous foresight, they had bought up huge stocks of dollars just before the currency crashed.

There's a strong suspicion that someone at the Central Bank leaked word of the impending decision to float the currency, since until the week prior, the banks had been furiously selling dollars. The Senate has called a special commission to investigate, and that panel is also exploring the curious case of Francisco Lopes, who headed the Central Bank at the time the Real was devalued. Investigators discovered that Lopes maintained \$1.7 million in an overseas bank account

that was held for him in the name of a friend. Lopes has thus far not revealed the source of the money, which will be difficult to do since on his 1997 tax return, also obtained by the Senate, he had declared his net wealth to be about \$90,000.

THE RICH AND THE POOR

The Real's plunge came just two months after President Fernando Henrique Cardoso won re-election, campaigning on a platform that he would never devalue the nation's currency. Cardoso became a darling of the Western press after he declared the "Real Plan" - hence, the name of the currency — which opened up the country to foreign investment, reduced trade barriers, and otherwise called for the "free-market" reforms so favored by the U.S. With the country now in recession, the president's popularity level has fallen to about 30 percent, its lowest ever. One reason is that the famous Real Plan did little to change Brazil's status as one of the most inegalitarian countries on the planet, with the richest 1 percent of the population controlling more than 50 percent of the wealth. A study published by the Rio daily *Jornal do Brasil* finds that poor Brazilians spent 85 percent of their income just to meet basic needs such as food and housing - the exact same percentage they spent in 1934. "The poor continue to earn little and no wealth was effectively distributed [by the Real Plan]", economist Marcio Pochmann told the newspaper.

On April 22, a rally of leftist opposition parties drew 30,000 people to Belo Horizonte, the nation's third largest city. "We need to bring together workers, students, the landless, all of society, to fight against Fernando Henrique and this economic model", socialist opposition

leader Luis Inacio Lula da Silva told the crowd.

CARDOZO'S SHIFT

Even before the Real's collapse, Brazil had signed a "rescue" package with the International Monetary Fund. Unemployment is so bad that when Rio's municipal garbage collection agency advertised to fill two positions, enormous lines formed, nearly leading to riots. After signing the deal with the IMF, Cardoso said that the austerity plan "cannot mean the destruction of social programs that are of fundamental importance to Brazil." Cardoso then proceeded to destroy those very same programs. For 1999, the budgets for 18 of 22 major social programs were reduced from their funding level for last year. Before coming to terms with the IMF, Cardoso planned to spend the piddling sum of \$180 million for a program that offers supplemental income to the poorest of the poor. After signing the deal, that figure was cut to about \$32 million.

THE "MIRACLE" THAT ALWAYS FAILS

As was the case with the "Asian tigers", the U.S. press was touting an "economic miracle" in Brazil not long before the economy went to hell. Typical was a lengthy dispatch filed by Ian Katz of *Business Week* last May 4, which said that with Cardoso's crack-down on inflation, Brazil's "economy has shifted from its old boom-and-bust cycles to steady, long-term growth. Business is thriving, and the country's clout and wealth are growing". The miracle was attributed to the government's wise "free-market" policies, with Katz espousing a "growing self-confidence visible" across the country. Just four months

Brazil remains one of the most inegalitarian countries on earth, where one percent of people control eighty-five percent of the wealth.