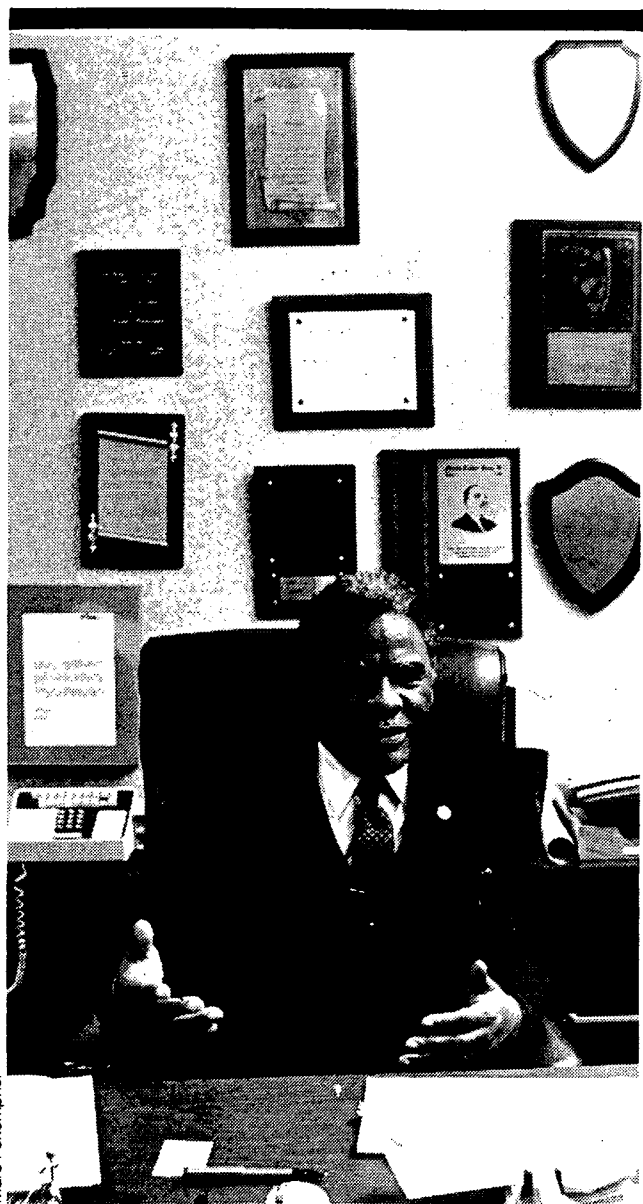


# THE INSIDE STORY



Marc Pokempner

## Washington tangles with machine pols

By David Moberg

CHICAGO

With his first words as mayor of Chicago, Harold Washington made it clear that he was not retreating from the reform program of his campaign. Within three days, the old guard of the City Council made it equally clear that they were going to fight without quarter for their own power and for business as usual.

Beneath whatever working compromise emerges, that struggle will undoubtedly continue during the next four years. Yet the old guard can hold onto its power only through obstructionism and confrontation that would deeply damage the city economically and continue racial polarization. They may be ready to pay that price, but Washington may also be able to convince enough skeptical white voters—and the necessary margin of their representatives—that urban suicide is too much to pay for defense of the prerogatives of the old machine.

In a short, tough speech at his April 30 inauguration in the auditorium at the end of Navy Pier, Washington depicted the city as in a crisis comparable to that after the great fire of 1871. The school system may be \$200 million in the red next year. The public transit system faces its own \$200 million deficit. And Washington's transition team estimated that the city's general fund could run as much as \$150 million short this year out of a \$2 billion budget, roughly half of which is locked into payments for interest, pensions and similar unavoidable items.

Washington called for immediate austerity and cuts. While outgoing Mayor Jane Byrne sat nearby staring ahead icily, he announced that he was freezing city hiring and wages and dismissing the 541 employees that she had added to the payrolls in a last-minute hiring binge. (Byrne tried to add many more and also attempted to switch political appointees into protected civil service slots.) Washington said that he would cut both un-

necessary programs and executive salaries; the next day he slashed his own salary by 20 percent.

Although the city's severe financial problems, exacerbated by Byrne, will hamstring Washington as he attempts to improve city services and stimulate economic development, the austerity budget may give him greater flexibility in eliminating much of the waste built in by machine politics over the years. Court victories by liberal reformers have greatly circumscribed the mayor's powers to fire people for political reasons, but many of the leftover political appointees may be axed for economic reasons or their salaries could be cut so deeply that they will resign. It may be necessary for Washington to exercise such administrative powers in order to create a working majority in the City Council.

The old "evil cabal" of Democratic country chairman Ed Vrdolyak and Alderman Ed Burke—at first Byrne's enemies, then her allies—had an anti-reform movement well underway even as Washington minced no words about replacing the ancient, decrepit machine with a new politics of neighborhood involvement and openness in city government. By the Monday after the inauguration, despite last-minute lobbying efforts by Washington and his allies, Vrdolyak had assembled a majority of the Council behind a package of rules changes that would greatly strengthen the Council's powers to block legislation in committees—setting the stage for more direct Council control over hiring and personnel practices. He also drew up a plan to reorganize the Council: the 20 committees were expanded to 29 so that all of his allies, including freshmen members, were given chairs or top posts. Only three blacks were named committee heads, and Wilson Frost—chair of the finance committee and the leading black machine alderman—was stripped of his powerful position for playing the leading role behind the scenes in trying to organize the council to minimize Vrdolyak's influence.

Sensing that Vrdolyak had the upper hand, the Washington forces played for delay. When the first Council session was convened on May 3, Washington immediately recognized the one white machine politician in his camp, who moved to adjourn. Washington ended the meeting. Then, in the midst of calls for a roll call vote, the Washington bloc walked out. Vrdolyak, the former president pro tem, seized the floor, was elected acting president by the rump session and presided over 29-0 votes in favor of his rules and reorganization. With the exception of the lone Hispanic, a machine appointee, the Vrdolyak bloc was all white. All 16 blacks, the four liberal white reformers and one other white alderman were with Washington.

Some whites on the Council—some newcomers who ousted old machine hacks, some who are loyal to Richard M. Daley or other figures who distrust Vrdolyak—were considered potential Washington allies. And, despite the vote with Vrdolyak, some of them continued to indicate a desire for compromise and a willingness to support Washington. "I'm still not 100 percent in favor of it [the Vrdolyak plan for which he voted]," new member Joseph Kotlarz said later. "I'm very much in favor of a compromise."

Fear of reform motivated most of the Vrdolyak 29, but in the opinion of Council members, others came along out of fear of supporting a black mayor and out of a sense that "Fast Eddie" had the votes and that Washington, if he was truly going to abolish patronage, had little to offer them.

"Vrdolyak took the position some time last week [before the vote] that he was going to take control, and he

wasn't going to talk to anybody," said liberal Alderman Martin Oberman. "He took advantage of racial fears in some of these fellows' wards. He took advantage of a new administration coming in and having a lot of things to worry about besides talking to every alderman. And he put together a majority.... These weighty decisions were not made because of a lack of phone calls. They were made because Vrdolyak and his cronies want to run the city."

Washington could have cut the same deal Byrne did four years ago—but he is apparently determined to fight for reform. "If it was a loss, it may be a loss on good grounds," said reformer Alderman David Orr. "Any mayor could get a victory by paying people's price. But at some point if you've got principles, you have to go down with your ship rather than give up."

Washington has neither given up nor has he gone down irrevocably. He immediately argued that the Council's "rump session" was illegal and its decisions are not binding, and afterward he continued to negotiate for a compromise. He also ordered his new acting comptroller not to issue checks for the new committees, which he estimated would add \$500,000 in costs to the already beleaguered budget. Pushed early into a confrontation that he wanted to delay, Washington now must deal with a more highly polarized Council and a renewal of racial tensions that he hoped to diffuse. But if Vrdolyak has proven he has power, Washington can flex his muscles, too.

In his first day in office, Washington appointed a small core of officials—well balanced between blacks and whites—that include newcomers from outside and a few of the better Byrne administrators. Although the city's bureaucracy is highly politicized—most workers owe loyalty to one or another political boss—Washington could not afford to get rid of many of them, even if he had a free hand. He needs their knowledge of how the city works, even though as his transition team carries on its massive research into the city's past practices, it is reportedly discovering mind-boggling examples of waste, padding and outright corruption.

Even if he cannot and does not want to win Council support by offering jobs, he might be able to win support by agreeing not to dismiss certain friends and relatives of Council members. In the meantime, he is forced to work with a government apparatus that often cannot be trusted. While this infighting continues, part of the Washington campaign staff is beginning to work on a series of "town meetings" to be held throughout the city that will permit Washington to listen to neighborhood desires, establish better direct relationships with each part of the city and begin to mobilize grassroots support for his program.

Other reform elements are also moving to expand their efforts—including the Task Force for Black Political Empowerment, PRO-CAN (Progressive Chicago Area Network) and a new Unity Democratic Congress—put together by Slim Coleman, a long-time white organizer in the poor Uptown neighborhood—that will support Washington and challenge the machine (for example, run delegates for the 1984 Democratic convention).

The struggles for power that marked the primary and general election continue unabated. In order to generate the "spirit of renewal" that Washington called for in his inaugural speech, the new mayor will have to rely on and strengthen what he saw as the key to his recent election—"the greatest grassroots effort in the history of the city."

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# IBT Labs' trial reveals faked data

By Keith Schneider

CHICAGO

**T**HE TRIAL OF FOUR TOP OFFICIALS of Industrial Bio-Test Laboratories (IBT), at one time the nation's largest independent chemical testing firm, is underway here, seven years after federal investigators uncovered what they allege is the most massive scientific fraud in U.S. history.

IBT, headquartered in Northbrook, Ill., 25 miles north of Chicago, conducted thousands of research projects during the '70s for almost every major American chemical and drug manufacturer as well as dozens of foreign firms and several federal agencies. Established in 1953, IBT employed 350 people, collected annual revenues close to \$10 million and performed more than 1,500 studies a year in its main Northbrook facility and its two satellite labs. Almost half of IBT's studies were used by the U.S. Food and Drug Administration (FDA) and the Environmental Protection Agency (EPA) to register a wide array of products, ranging from insecticides and herbicides to pharmaceuticals and food additives.

In May 1981, after a five-year joint FDA/U.S. Justice Department probe, IBT President Dr. Joseph C. Calandra and three of his associates were indicted in Chicago by a special federal grand jury. The four are each charged with eight counts of conducting and distributing fake scientific research and then of attempting to cover up the scheme.

After several postponements, the IBT trial began here on April 4. If convicted on all counts, the officials face up to 40 years in prison and fines totaling more than \$40,000. Federal prosecutors predict the trial may last up to three months.

The four officials claim they are innocent and have hired some of the Midwest's top trial attorneys to defend them. In the months following the indictment, the defendants filed stacks of legal motions seeking dismissal of the charges. They insist that FDA and Justice Department agents "harassed, abused, misled, bullied, intimidated and coerced" key witnesses in order to make their case. Chief FDA investigator Carlton Sharp is accused of "abuse of the grand jury" because he knowingly presented "false, misleading and inflammatory" statements during his two grand jury appearances.

Similar tactics were employed by defense attorneys in two previous cases prosecuted several years ago by U.S. attorneys here. In the first case in 1977, an 11-count indictment was returned against the Velsicol Chemical Company on charges of concealing the fact that two insecticides, chlordane and heptachlor, were proven carcinogens. The case was dismissed in 1979 on procedural grounds.

U.S. attorneys were frustrated once again in 1980 in a case against the G.D. Searle Company, a major pharmaceutical manufacturer. In that case, Chicago prosecutors couldn't gain an indictment. But in the IBT case, the prosecutors successfully answered each motion.

During the trial, prosecutors not only hope to prove the defendants' guilt, but also will outline what they claim is a pattern of chemical company knowledge of the fraudulent research taking place at IBT and in some cases, promotion of those practices by chemical company executives in order to secure the kind of results they knew would pass registration standards at FDA and EPA. Said one Justice Department investigator, "IBT became the largest testing lab in the country because

companies knew this was the place to get the results they wanted."

A primary example, the prosecutors allege, is the case of defendant Paul Wright. Before he joined IBT in March 1971, Wright was employed as a toxicologist by Monsanto Corp. in St. Louis. FDA investigators say Wright went to IBT to manage Monsanto's contract with IBT to test the safety of the company's antibacterial agent TCC, which is widely used in popular deodorant soaps.

TCC was under investigation by the FDA for causing lesions in laboratory rats fed the compound. At that time, Monsanto was counting on TCC as a major product to replace hexachlorophene, another antibacterial that had just been withdrawn from the American market. Monsanto needed a "clean" IBT study to convince the FDA that TCC was safe so the agency would allow increases in the levels of TCC in some deodorant soaps. Wright stayed on IBT's payroll for 18 months, long enough to supervise most of the TCC research. He then returned to Monsanto where he was named manager of toxicology for the department of medicine and environmental health.

While at Monsanto, according to prosecutors and witnesses, Wright wrote

several critical sections of the final TCC summary report and pressured a key IBT scientist into reversing his finding that TCC did, in fact, cause lesions in laboratory rats. The sections Wright authored were included in the IBT summary report mailed to the FDA in 1976. The agency eventually approved raising the levels of TCC in some soaps.

IBT's test of TCC was only one of 22,000 toxicology studies the lab performed in the quarter century it operated. It has been estimated that between 35 to 40 percent of all toxicology tests in the country were conducted by IBT.

Until recently, the details of the joint investigation were untouchable as prosecuting attorneys, defendants and witnesses declined to comment pending the outcome of the case. In December, however, as part of a motion to dismiss the case made by Calandra's attorneys, almost 1,000 pages of secret grand jury testimony and related documents were made public in U.S. District Court. These documents, reinforced by the first days of trial testimony, reveal a disturbing pattern of scientific ethics giving way to business greed. The pages of grand jury testimony are filled with descriptions of employees working in cramped and filthy facilities while massive rodent

nally, enough to attract the attention of the officers of Nalco Chemical Co. (1981 revenues: \$666.5 million), a specialty chemicals manufacturer based in Oak Brook. In 1966 Nalco bought IBT from Calandra for a reported \$4.5 million. Calandra remained as president. Backed by Nalco's millions, Calandra began a program of expansion to turn his pioneering lab into America's largest chemical testing firm. Two smaller labs were built. In 1968, construction began on a \$2 million, four-story research building.

During the same period, events in Washington turned a river of business IBT's way. By the end of the '60s, the environmental movement was a powerful force, compelling President Richard Nixon to establish the EPA in 1970. With the agency came publication of dramatically more stringent regulations for pesticide registration and use, requiring a broad range of scientific studies.

IBT thought it was ready for the new business, welcoming its new clients with open arms. But it soon found itself in the position of having much more work than it could handle. Things started to get out of hand.

Take the "mouse hunts." According to Manny Reyna, an animal technician at IBT, the first time he was ordered out on a mouse hunt he thought it was a joke. But it wasn't. Armed with a plastic squeeze bottle filled with chloroform and outfitted in thick gloves and a white lab coat, Reyna found himself joining a squad of technicians in a search-and-destroy mission for rats and mice run-

deaths went unreported and summary tables were filled with phony numbers.

The Justice Department prosecution covers the period between 1970-76 and involves fraudulent research alleged to have been conducted on four compounds: the insecticide Nemacur and the herbicide Sencor produced by Chemagro Corp, now owned by Mobay Chemical Co.; the drug Naprosyn, manufactured by Syntex Corp., to treat arthritis swelling; and Monsanto Corp.'s antibacterial agent TCC.

The government charges:

- Chemagro paid for two 18-month mice studies that IBT actually conducted for only 14 months. Throughout the study, large numbers of mice died and were replaced without being properly documented. The final mortality summary tables for the Nemacur and Sencor reports were faked. Moreover, IBT never fed a known animal carcinogen to a control group of mice in order to make comparisons with the study group. So the results from this study were also faked.

- Syntex Corp. contracted with IBT

*Continued on page 6*

## The rise and fall of IBT

When Joseph Calandra founded IBT in 1953, the 35-year-old graduate of the Northwestern University School of Medicine was a man of high scientific standards who also knew how to make a dollar, according to his colleagues. He knew that a toxicology lab that contracted its services was a growth business for the future since the federal government was gradually increasing the standards required for registration. Manufacturers, pressed to account for the safety of their products, needed firms to prepare the scientific research.

From the start, Calandra had a prize client: the Pentagon. Between 1953 and 1977, in an effort to discover better ways to preserve food for troops during the war, the Pentagon paid IBT more than \$8 million to carry out a long-term study in which irradiated beef was fed to mice and rats.

Throughout the '50s and early '60s, IBT's growth lagged far behind the demand for its services. The lab's reputation circulated quickly through the science and development areas of corporate America: IBT's work was good. It was moderately priced. Most important, it passed examination in Washington.

While its finances were closely guarded, several estimates put IBT's revenues in the mid-'60s at close to \$2 million an-

ning wild at IBT.

Soon after he was hired at IBT in May 1971, Reyna realized that not all the rodents he tended finished their lives in cages. Every week dozens of research mice and rats squeezed through the bent wires of IBT's mangled cages, raced across the long wooden racks and dropped to the grimy floor to breed with rodents living behind tall stacks of animal bedding piled in the corners of the lab's feeding rooms. During the night mice climbed back up on the racks to feed on spilled food and feces, and they persisted in poking their snouts through the bottoms of cages. "For some reason they would cannibalize the toes of animals that were standing on the wire," Reyna testified in his grand jury appearance. "In the morning we would see that the toes had been chewed off. We were at a loss as to what to do. ...It was a never-ending battle."

So the temporary solution was a mouse hunt. For hours the armed squadron would flush rodents from cover and douse them with chloroform as they skittered past.

Reyna had other stories for federal investigators. For example, he said, more than once rats on two-year feeding studies were fed the wrong compound, something IBT never reported to its sponsors.

"We did a large volume of studies," Reyna told the grand jury. "No sooner would one study end than another would start. It seemed that the conditions were just so stressed—doing studies and finishing studies and starting new studies."

—K.S.