Power and Betrayal in Washington

CounterPunch

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How Bush, then Clinton, Let Texaco Break Haiti Embargo

Largely overlooked in the excitement about "Operation Uphold Democracy" are new revelations about the U.S. government's three-year-long policy of propping up the military dictators who overthrew Jean-Bertrand Aristide. As outlined in Treasury Department documents disclosed by *AP* in an important story on Sept. 18, Texaco's Caribbean subsidiary illegally distributed oil in Haiti between late 1991, shortly after the Bush administration announced sanctions in response to the coup, and May of 1994. We have learned that the trade — which directly undermined the declared policy of relentlessly squeezing the junta – took place with the full complicity of not only the Bush but also the Clinton administration.

Texaco bought and distributed fuel from at least 26 tanker ships contracted by the Haitian regime, paying millions of dollars in revenues to the generals. Aware that it was breaking the law, Texaco in mid-1992 transferred its Haitian assets to a specially established Bermuda trust account, a move later deemed also illegal.

Fully aware of Texaco's activities, the Office of Foreign Assets Control (OFAC), the Treasury Department agency which enforces embargoes, sat on its hands. "[Then-Treasury Secretary Nicholas] Brady told me to go slow on Texaco," OFAC director Richard Newcomb explained to aides at a 1992 staff gathering, according to meeting minutes.

Newcomb's inertia angered his staff, which pleaded to shut down Texaco's Haitian facilities. "We have responded to repeated violations with silence," John Roth, OFAC's chief of policy, complained in a July 1992 memo. In another note a year later Roth wrote, "Perhaps the selective and political side to OFAC's 'strong enforcement' of the sanctions ... can be squared with some cosmic (but not widely known) foreign or domestic policy objectives vis-a-vis Haiti or Texaco."

Unmoved by such criticism, Newcomb continued to stall. His interest in the case suddenly flared anew last month, after his agency's senior criminal investigator, Robert Sheridan, filed a grievance with Treasury charging that the Texaco case had "been deliberately held in abeyance by Mr. Newcomb."

A career government executive, Newcomb is not normally so lax in enforcing regulations. Saul Landau recalls once trying to charter a plane to Cuba for 6:30 p.m., 90 minutes beyond an arbitrary deadline decreed by Newcomb's office. His petition to OFAC was rejected without explanation. More recently OFAC agents have ordered Customs agents at the Miami airport to conduct body searches on Cuban-Americans flying to Havana, to ensure they are not carrying dollars in violations of new rules established by Bill Clinton. Newcomb's rigor in conducting the embargo against Cuba has made him a hero to the zealots at the Cuban-American National Foundation, a group he has addressed on several occasions.

Treasury Secretary Lloyd Bentsen claims that Texaco's dealings with the junta were "left over from the previous administration." However, he has known of the case since at least last November, when he received a memo from Assistant Secretary Ronald Noble informing him that Texaco had "contacted the State Department in an effort to have State persuade OFAC to drop the matter."

Texaco tells **CounterPunch** that the government's posture was identical under Bush and Clinton. Spokesman Dave Dickson says Bentsen, like his predecessor Brady, could have halted Texaco's

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■

Say it ain't so!

"The disclosure [of CIA payments to FRAPH leaders in Haiti] could revive questions ... about the wisdom of forging secret intelligence ties with public figures implicated in activities that are anathema to U.S. interests, even if learning about those activities is considered crucial."

— R. Jeffrey Smith,
The Washington Post
Oct. 7, 1994

Plagues, Bugs and Poverty

The Passing of the Liberal Technocrats

"TB is a window. It reflects social conditions, crowding, prisons, homeless shelters."
— Tom Frieden, director, New York Bureau of TB Control

Health reform has gone and the form in which it will reappear in the next Congress won't be a pretty one. Clinton took one of the hottest issues the Democrats had going for them and handed it to a lawyer (his wife) and a business consultant (Ira Magaziner) who jointly managed the truly amazing feat of turning the country against reform. The voters won't even blame the Republicans for killing it off. Why mourn the ludicrous pantechnicon of gimcrack wonkery whose twisted remnants were finally hauled to the crusher in September?

It's time to regroup, stop talking about health exclusively in terms of vast bureaucratic structures – whether "single payer" or any of the other macro-models –and go back to basics. What are the fundamental health issues in this late twentieth-century industrial society?

The Census Bureau now reports that the number of Americans in poverty has increased to 39.3 million. The Eighties trend towards greater inequality continues. Deteriorating wages are dragging new groups down. Even Robert Reich, secretary of labor, concedes that "We have the most unequal distribution of income of any industrial nation in the world."

The New York City health department has just issued a breakdown of imbalances in the five boroughs. In Harlem, the Bronx, Bedford Stuyvesant and the poorer sections of Brooklyn the statistics for renal failures, adult bronchitis, asthma, hypertension and (for children) measles, bronchitis, gastroenteritis, volume depletion, convulsions and pneumonia are anywhere from 100 to 700 per cent above city-wide averages.

The real problems in public health are not infectious diseases, but smoking, guns and suicide

We talked to Tom Frieden, now in charge of New York's efforts to eradicate TB, about how we should think about health and economic decline. In an earlier incarnation Frieden ran *Links*, a periodical which offered prescient material about the "third worldization" of health in the lower tiers of American society.

First, said Frieden, there are specific epidemics: measles, whose incidence soared in 1990, clearly related to poor vaccination practices and to immigration. AIDS is now increasingly a disease of poor women, intravenous drug users, and a new generation of gay men who have come to maturity without the experience of seeing a cohort of friends die.

TB nearly tripled in New York between 1978 and 1992. The city has about three times as many cases as any other big center, and between four and five times the national average. The rate for central Harlem is 220 per 100,000 as opposed to 12 in Forest Hills (Queens), 50 city-wide and 10 per 100,000 across the country.

The most important factor in the epidemic was HIV, in areas where TB had never been eradicated (i.e. Harlem, not the West Village). Another major factor was immigration, particularly from Haiti, the Dominican Republic and China. TB remains what it has been for over a century, the leading infectious cause of death worldwide, narrowly ahead of malaria and measles.

Decline in the public health infrastructure was similarly complicit. In the mid-Sixties New York had over 1,000 beds for TB patients, today less than 100. Clinics fell from 24 to 10. Much of this unraveling can be traced to Nixon's switch from categorical federal funding ("use this money to buy TB beds") to block grants to states, where the lobby for TB-ridden indigents was not large. And of course TB flourished in the burgeoning homeless shelters, decrepit tenements, and crowded jails associated with post '72 and, more so, post '80 American cities.

With TB, treatment is prevention. Ensure a patient completes antibiotic therapy and there is one less carrier. Cure all the carriers and you wipe out the disease. So Frieden has concentrated on observed therapy and tracing of patient contacts. Between 1992 and 1993, after a jump in funding, the epidemic began to ebb, with cases dropping from 3,811 to 3,245.

From epidemics (asthma is now a huge problem, of mysterious cause) Frieden turned to a second major topic in the relationship between health and decline: access to health care, and the concomitant inverse care law, those who need it most get it least. As Frieden pointed out, many of the preoccupations of the health care industry are fairly useless. A good guide to what is worthwhile can be found in the "U.S. Guide to Preventive Health Care," which finally emerged from a deliberative federal task force not so long ago.

Frieden offers what he calls a "structural" category concerning illness and class, of which the prime example is smoking, number one cause of preventable disease and death in the U.S. – cancer, heart disease, emphysema – and closely correlated with socio-economic status. The poor smoke more and the tobacco companies target them, just as

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they target women and young people in the Third World (where, because of the preponderance of young populations, a tobacco-related holocaust looms in the early- to mid-twenty-first century).

Another structural factor is lead, a major mediator of social class in terms of inhibiting learning ability and overall mental function.

Frieden's final category of prime concern is drug resistance. We've been through the pre-antibiotic and antibiotic eras, and are now on the edge of post-antibiotic time. People are dying from infections that are incurable by antibiotics or only curable by antibiotics that are enormously expensive. Normal TB vaccines, isoniazid and risampin, cost from $400 to $2,500 for a course of effective treatment. Patients resistant to these medications need drug treatment costing from $50,000 to $500,000.

Pneumococcus, the leading cause of outpatient infection and once easy to treat with penicillin, is increasingly resistant. So is shigella diarrhea. So is malaria. So is enterococcus, the second most common cause of infections people pick up in hospitals.

Beyond this, Frieden reckons the real problems in public health are not infectious diseases, but smoking, guns and suicide. Frieden said he was becoming increasingly interested in a different way of calibrating fatality than the conventional index of life expectancy. This is "years of potential life loss." YPL-65 emphasizes causes of death among the young, to represent the burden of premature death. Take young people done in by homicide, suicide and injuries, and draw a graph weighted by the years they might have lived. What you have is a forced perspective on what is happening in the inner cities today.

Meanwhile, there was a "health" plan that moved through the last Congress. It was called the Crime Bill, which threatens to lock up every other Black male in America between the ages of 18 and 44. Tie this in with social disintegration and urban budget cutting (housing inspectors in New York currently being halved by Mayor Giuliani, ergo more fires, more rats, less reporting, more deaths) and you get a health/sickness menu that compels our most urgent attention. Even more so now that Clinton's liberal technocrats have fled from the field of battle. ■

Short Histories of Clinton Time:

The Fate of Michael Waldman

When Bill Clinton took office, a number of figures from the public interest sector briskly signed up with the new government. Insider status would give progressives access, they exulted, letting them drop polite suggestions in the president's ear. Accusations of "sell-out" made by those who argued against participation in Clinton's government were brushed aside as leftist cavils.

To those still enthralled by the advantages of access, we offer the fate of Michael Waldman. In the early Nineties, this rising star in the public interest community headed Public Citizen's Congress Watch. From this platform he attacked unrestricted free trade, writing in a *New Republic* article co-authored with Ralph Nader that agreements such as GATT and NAFTA would lead to "global commerce, but without global laws to hold [multinational corporations] accountable." A torrid critic of the banks, Waldman testified before Congress in favor of radical reform of the whole financial system. He promoted campaign finance reform and called for higher ethics in Washington.

Then Waldman joined the Clinton campaign, along with his Columbia University classmate George Stephanopoulos. He was duly rewarded with a White House office, the prestigious title of special assistant to the president for policy coordination and an $85,000 dollar per year salary. Soon Waldman's former colleagues detected a new demeanor. According to Nader, Waldman began to keep "his distance from many of his past associates, lest any close contact be interpreted as diluting his undivided loyalty."

Any doubts the administration might have had about Waldman's loyalty were put to rest last fall when he was assigned to the White House's NAFTA "War Room." A few members of the administration who had previously taken outspoken positions against the trade pact – like the EPA's Reid Wilson, formerly of the Sierra Club – refused to push NAFTA.

Such was not the case with Waldman. After a tiny spasm of soul-searching, Waldman threw himself into the effort with all the defiant relish of a turncoat. His previous criticism of the trade pact served him well in helping Al Gore prepare for his crucial debate with Ross Perot. "You can always swallow marginal things when you go to work for the government, but not something of this magnitude," says Nader of Waldman's conversion to the NAFTA cause. "That was quitting time."

Since then, Waldman's chief responsibility at the White House has been campaign finance reform. The original legislative proposal he crafted was not only far weaker than his previous position but further watered down in an attempt to get it through Congress. The end result was that the bill was defeated anyway, pitilessly crushed by opponents in late September before even reaching the floor for a vote.

Of course, passage of campaign finance reform would have required a firm effort on the part of Clinton – an effort which was not forthcoming. "Michael was left to fight for a very difficult issue without any high-level support," says Ellen Miller of the Center for Responsive Politics (CRP). "It came down to Michael Waldman vs. Tom Foley. It was no contest."

But Waldman, ever the loyal trooper, has covered for his boss's tepid posture. "This administration has challenged more powerful interests than any administration in decades," he told reporters before a recent fundraising dinner at a Washington hotel. "So I certainly don't think we have anything to apologize for." Waldman dismissed a group of Common Cause demonstrators – he had been among them two years earlier, hogging the megaphone during the protest of a similar event held by George Bush – saying, "While we're working to reform this campaign finance system, the Democratic Party is not going to unilaterally disarm." Then he went inside

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operations at will since the Bermuda trust's founding statute gives the Treasury Secretary the right to dissolve the operation immediately. "Under both administrations we consulted with the State Department, Treasury, the White House, the CIA, the National Security Council and congressional leaders," he informs us. "No objections were ever raised."

Lubricating this bipartisan spirit of business-government cooperation are Texaco's generous donations to both the Republican and Democratic Parties. In the case of the latter, the company made ample contributions to Clinton's campaign as well as donating 10,000 gallons of diesel fuel to his inaugural committee.

Such generosity was well rewarded. Last year the Overseas Private Investment Corp. granted Texaco a $28 million loan for a Siberian oil and gas venture. In another major deal, the administration is currently pushing Boris Yeltsin to conclude a $10 billion oil development project with the company.

Even as Texaco openly flouted the embargo, the Clinton administration pretended that sanctions were being strictly enforced. CIA Director James Woolsey told Congress last January that the Agency was making every effort to detect "attempts to circumvent the embargo," and predicted that Haiti would "be out of fuel and power very shortly."

In defending itself in the case, Texaco has been equally cynical. A press statement issued on Sept. 20 portrayed the firm as a courageous foe of Cedras & Co., saying Texaco had distributed its products only "under threat of military force, severe coercion and intimidation by the illegal regime." That assertion was investigated and rejected by OFAC staff. (Noam Chomsky reminds **CounterPunch** that the oil giant has a long history of aiding and abetting tyranny. In the 1930s, Texaco, then run by a declared Nazi sympathizer, undermined the Spanish Republic by illegally supplying oil to Franco's fascists.)

A probe of the Texaco affair announced by Bentsen will surely be less than rigorous. On Sept. 28, just a week after the investigation was declared, Texaco CEO Alfred DeCrane Jr. joined the Treasury Secretary and other top administration officials for a state dinner honoring Yeltsin. ■

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(Waldman, continued from page 3)
and joined Clinton and 2,000 well-heeled powerful interests for a pleasant meal of steak and salmon.

The dinner raised $3.5 million for the Democrats, part of the $40 million-plus raised by the Party since Clinton's 1992 nomination.As Miller of the CRP says of the president's commitment to reform, "It's not only been business as usual but all hands on deck. The administration has flagrantly disregarded its own rhetoric when raising money."

Waldman's other past passion was bank reform, a topic he addressed in his book, *Who Robbed America: A Citizen's Guide to the Savings & Loan Scandal.* Before joining the Clinton campaign, he prepared a memo urging the Democratic nominee to require banks to provide better service to the poor, advising that the banking crisis should be used to justify "reforms in practices and structure to benefit average citizens."

At the time of his appointment an article in *The American Banker* noted nervously that antipoverty organizations had "hailed the choice" of Waldman to the White House post. "I'm quite pleased," Deepak Bhargava, then the legislative director for the Association of Community Organizations for Reform Now, told the publication. "It means that consumer groups will have access, and friendly access at that."

Two years later, Bhargava, now at the Center for Community Change, has a somewhat different perspective. "We've had plenty of access; what's more dubious is whether we've been able to accomplish what we wanted," he says of the past two years. "In the area of banking, it's been pretty disastrous. If we had gone in from day one with a more oppositional posture we might have been better off."

Under Clinton, several measures long sought by the financial industry but defeated during the Reagan/Bush years – most importantly the removal of obstacles to banks' ability to expand across state lines – have sailed through Congress. The administration is also proposing looser regulations for "small banks" (roughly 70 percent of the nation's financial establishments), which will exempt them from rules on lending and outreach to poor communities. "Under Republican administrations the Democrats on the banking committees were united and defeated such steps," says Bhargava. "When this administration takes a pro-industry position it gives the Democrats a license to bolt, and they do."

As Bhargava's comments indicate, Waldman's sorry odyssey carries a moral. As with the environmentalists who invested in Clinton and now find themselves defending his sell-outs (discussed in our last issue), the loyal presence of Waldman and other public interest folk provides cover for the administration's posturing about "giving government back to the people" and "taking on special interests."

When told **CounterPunch** would be calling Waldman for comment, Nader made a request: "Ask him at what point would he leave his job. As a matter of conscience, is there some line he would draw, or is it simply a question of following orders?" **CounterPunch** never had the opportunity to ask that of Waldman because the special assistant declined to be interviewed for this article. ■