

A silver lining for Rumsfeld in the bird flu threat

Bill Van Auken
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In the midst of the Bush administration's belated response to the threat of a global bird flu pandemic, the Pentagon last week quietly issued a legal memorandum concerning Defense Secretary Donald Rumsfeld's participation in the government's plan to confront the danger.

This is not a small matter for the Bush administration, given the president's single-minded determination to exploit what is a very real public health danger to promote his own political agenda of eliminating constitutional restrictions on the use of the US military on American soil.

The government's 396-page response plan, posted on the Internet this week (<http://www.pandemicflu.gov>), speaks of using military forces to seal off towns and communities declared to be stricken with the disease, imposing what the document refers to as a *cordon sanitaire*, or sanitary barrier. Presumably this would mean armed troops manning roadblocks with orders to use deadly force to prevent people from either entering or leaving.

In a statement last month, Bush called for the use of the military in this fashion, and urged Congress to consider changing the law to give him greater latitude to deploy military forces domestically. The statement drew sharp criticism from public health officials, who suggested that Bush was proposing what amounted to martial law, a policy that has little efficacy in dealing with the threat of a pandemic.

Last week's Pentagon memo indicated that Rumsfeld could participate in the martial law component of the government's plan. He is recusing himself only from decisions regarding the use of drugs to prevent or treat bird flu.

The problem, it seems, is that the defense secretary is a major stockholder in Gilead Sciences, the company

that holds the patent on the prescription antiviral drug Tamiflu, which is said to be the most effective medicine to prevent influenza or ameliorate the symptoms among those already infected.

From 1997 until he came back to Washington in 2001 to head the Pentagon and prepare for the war against Iraq, Rumsfeld was Gilead's CEO. He separated with the corporation on very profitable terms and still holds Gilead stock worth up to \$25 million, according to his recent federal financial disclosures. The stock's price has soared from \$35 to over \$50 over the past six months as fears of the pandemic have grown.

As *Fortune* magazine put it on its web site, "The prospect of a bird flu outbreak may be panicking people around the globe, but it's proving to be very good news for Defense Secretary Donald Rumsfeld and other politically connected investors in the California biotech company that owns the rights to Tamiflu..."

According to the government's estimates, the pandemic could claim nearly 2 million lives in the US and 50-60 million worldwide. But for Rumsfeld and his friends, the danger has already produced windfall profits worth millions. According to *Fortune*, the spiraling stock price has "made the Pentagon chief, already one of the wealthiest members of the Bush cabinet, at least \$1 million richer."

He is not alone among prominent Republicans celebrating the good fortune that has accrued from the threat to the lives of millions. George Shultz, the former secretary of state, is also a Gilead board member and has sold more than \$7 million worth of the company's stock since the beginning of the year. Also on the board and a major stockholder is the wife of California's former Republican governor, Pete Wilson.

While Gilead holds the patent for Tamiflu, it has given marketing and manufacturing rights to the Swiss

pharmaceutical giant Roche Holding AG. In return, it receives a 10 percent royalty on all of the Swiss firm's sales.

Among the biggest US customers for the drug has been the Pentagon, which last July ordered \$58 million worth of Tamiflu for troops deployed overseas. Under Bush's proposed plan, some \$7.1 billion is to be spent on preparing to combat the potential pandemic, with much of it going to buy Tamiflu and other drugs. The Pentagon would again be one of the main consumers of the medicine, as the government's plan calls for protecting the troops it proposes to use in enforcing quarantines.

The silver lining that catastrophes hold for members of the Bush cabinet did not begin with Rumsfeld and bird flu. Since he was elected, Vice President Dick Cheney, like the Pentagon chief a multimillionaire, has received \$2 million from Halliburton Corp, which he previously headed.

Last July, the company announced a 284 percent increase in operating profits for its KBR division during the second quarter of this year. KBR is responsible for implementing billions of dollars worth of no-bid, cost-plus Pentagon contracts in Iraq. Halliburton's own stock prices have tripled over the past year. They soared once again in the wake of Hurricane Katrina's devastation of New Orleans in the expectation that the company would reap super-profits from government contracts for reconstruction.

This administration has provided the most powerful confirmation—and in the most personal terms—of the old adage that “it is an ill wind that blows no good.”

Rumsfeld has nothing to worry about in recusing himself from any decisions regarding Tamiflu. His interests will be well looked after. The source of the millions in profits that he and other well-connected Republicans are making off of the avian flu threat is the effective monopoly that Gilead and Roche hold over the production and supply of the antiviral drug.

Public health officials have warned that the drug companies exercising this monopoly cannot possibly produce enough of the medicine to meet the global demand, and have called for the government to abrogate the patent and allow the manufacture of generic equivalents of the drug.

Needless to say, such an obvious measure—which could save millions of lives—is not contemplated by the

Bush administration. On the contrary, it has used the pandemic threat as a means of boosting the power and profits of the big pharmaceutical corporations, among the most generous corporate contributors to both Republican and Democratic campaign funds. Bush called for the government to grant the drug companies “liability protection,” providing them with immunity from court actions over deaths and injuries caused by faulty drugs.



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