# Eye on Washington by Nicholas F. Benton

## Inter-American group plugs drug legalization

It is getting to be an old theme with former U.S. Ambassador Sol Linowitz and his banker friends on the so-called Inter-American Council, but their annual report again this year calls for considering the legalization of the multibillion-dollar drug trade.

Former U.S. Secretary of State and Attorney General Elliot Richardson, speaking at an April 28 press conference, said it is simply a matter of "cost benefit analysis." He said, "You have to be willing to face the facts if the cost of the effort to cut off supply becomes excessive."

This, he said, is one of the central points of the Dialogue's 1988 report. The other, he added, is that the United States must work to limit the power of the militaries of Ibero-America, because they—and not Soviet-run narco-terrorism—are the biggest threat to democracy in the Western Hemisphere!

In its totality, the report is an apology for the Medellín drug cartel and the New York banks which run it. Ignoring such things as the Colombian military's 70-plus raids against the cocaine czars' bunkers and plantations so far this year, the report says that all efforts at interdiction "have failed," and calls for a shift of emphasis from law enforcement efforts against the pushers to "educational efforts" aimed at decreasing the demand among users in the United States.

Former Colombian Attorney General Rodrigo Botero, at the press conference with Richardson and Linowitz, said, "There is no Al Capone figure you can point to in trying to stop the drug problem."

When this reporter pressed him on how he explained the testimony on the Medellín Cartel's activities recently presented to Congress, Botero refused to answer, to the shock of the press.

## Sprinkel-mania gets dampened

The White House's infamous "Good News Elf," Beryl Sprinkel, bounded onto the press briefing room podium April 26 to announce that the modest 2.3% growth rate in the economy for the first quarter of 1988 was more proof that the 65 months of unbroken economic recovery of the Reagan administration was going to continue.

However, Sprinkel, the head of the President's Council of Economics Advisers, ran into some difficultly when this reporter compared his optimism to that of economists in the first months after the crash of 1929 (see "1930, 1988: a first time as tragedy, a second time as cataclysm," by Webster Tarpley, *EIR*, April 29, 1988, page 6).

After Sprinkel rattled off all his statistics to prove his case for a continued strong economy, I asked:

"Within the last couple of weeks, the *Wall Street Journal, Business Week* magazine, and most recently, Louis Rukheyser have displayed what they've called 'nail biting similarities' between the behavior of the stock market since Oct. 19 last year and the behavior of the market in 1929-30. They point out that at precisely this stage in 1930, for example, economists were saying exactly what you're saying here today. What's your reaction to what they consider to be a very ominous trend?"

Sprinkel resorted to the usual evasion, namely, asserting that the response to the 1929 crash was to tighten money, whereas this time the money supply was loosened. This answer is simply false, as the cited *EIR* article documented. In reality, interest rates came down and money flooded the market in reaction to the 1929 crash, just as they did this last fall. Secondly, he cited the role of the Smoot-Hawley tariff of June 1930 in deepening the crisis then. There is no comparison to that now, he argued.

But then I asked him whether the current Omnibus Trade Bill, which has passed both Houses and the President promised to veto, "will have an adverse effect on Japanese participation in the next Treasury bond and Treasury bill auction on May 10."

To this, he conceded, "Well, the worst part with respect to that [the so-called Bryant amendment] was removed. . . . That would have had a very serious cooling effect, in my opinion, on the willingness of foreigners to invest in the U.S. But . . . there are some remaining aspects that we would like to see changed."

So, in admitting to the existence of "remaining aspects" in the bill that may dampen foreign investment, Sprinkel conceded that the trade bill, irrespective of the domestic plant-closings provision, contains elements which could have the same impact on the U.S. economy that the Smoot-Hawley bill did in 1930!

Finally, Sprinkel admitted that there will inevitably be a recession, sooner or later, but that his job was only "to see to it that it doesn't happen on our watch." He wouldn't comment on whether he thought this was important to George Bush's presidential aspirations.