

BNL indictment part of 'tech apartheid'

by Jeffrey Steinberg

On Feb. 28, 1991, Attorney General Richard Thornburgh announced that a federal grand jury in Atlanta had handed down an indictment of several hundred counts against officials of the local branch of the Italian Banca Nazionale del Lavoro (BNL) and several Iraqi government figures, on charges that they funneled several billion dollars in illegal loans to the Baghdad government. Although one cannot rule out the possibility that the Attorney General, operating under the Thornburgh Doctrine, will order American troops occupying Iraq to arrest and kidnap the named Iraqi officials, the real target of the Atlanta indictment is the Third World, particularly those countries seeking to emerge as modern industrial nation states.

Thornburgh has put himself forward as a leading executor of the widely stated British and Bush administration policy of shutting off the flow of modern advanced technologies to the Third World, what one French columnist approvingly called "technological apartheid." That policy was put forward in speeches by CIA director William Webster in September 1989 in Los Angeles and in March 1990 in Boston. Webster warned of the danger that "Third World tyrants" would obtain advanced technologies and use them to obtain weapons of mass destruction against their neighbors. In Boston, he admitted that the CIA had established a new directorate for conducting economic warfare against Third World nations such as Iraq and Brazil, which had developed a modern industrial infrastructure and skilled labor forces capable of absorbing advanced technologies.

On Aug. 4, 1989, a team of FBI agents, joined by officials of the local Federal Reserve Board, raided the Atlanta offices of the Banca Nazionale del Lavoro, seizing large volumes of bank records. The raid was ostensibly triggered by reports from bank employees that the branch manager and his assistant had been keeping a secret set of accounting ledgers detailing large loans to the Iraqi government which had gone unreported to both the main office of the bank in Rome (the bank is 75% owned by the Italian government) and to the Fed.

In reality, it appears that the several billion dollars in loans approved by the Atlanta branch of BNL had been fully known to the Bush administration and to U.S. intelligence services and had been sanctioned. In the summer of 1989, the administration decided to pull the plug on Saddam Hussein, and the first step was to shut down the most important pipeline of American credits to Baghdad. As one former intelligence officer familiar with the BNL affair put it: "Sad-

dam Hussein was given the Noriega treatment." On the floor of the House of Representatives on Feb. 4, Henry Gonzalez (D-Tex.), the chairman of the Banking Committee, stated that there was "no question" that the CIA, the National Security Agency, the National Security Council, and the Justice Department were all fully aware of the BNL credit flow to Iraq. "It makes them look very bad, but this was an out-and-out conspiracy based on the view that the BNL loans to Iraq were in the national interest."

Federal prosecutors in Atlanta have admitted that the case will be a difficult one to prosecute, since all the machinery sent off to Iraq through BNL financing received valid export licenses from the U.S. and Western European governments. If some of these technologies were "dual purpose," i.e. commercial and military, the relevant U.S. agencies were fully aware of that. In any case, most of the purchases were for U.S. grain and other foodstuffs.

Something to hide?

An undercurrent of the scandal is a running brawl between the Justice Department and the Federal Reserve Board on the one side, and Representative Gonzalez on the other. Last fall, Gonzalez and Thornburgh exchanged a series of acrimonious letters stemming from the Justice Department's refusal to provide documents to the House Banking Committee. Gonzalez charged that federal regulators had failed to monitor adequately the activities of BNL in the U.S. and that this was symptomatic of a broader problem of deregulation of international banks' U.S. operations. Gonzalez also charged that the White House and the CIA had been accomplices in providing the BNL funds to Baghdad and were trying to hide evidence of their role from Congress. Thornburgh refused to comply with the congressional requests and bluntly told Gonzalez to butt out of what he called an ongoing federal criminal probe.

Similarly, Federal Reserve Board chairman Alan Greenspan refused to provide Gonzalez with a BNL audit which had been provided to the Fed by senior bank officials in Rome. Greenspan claimed that to pass the document on to Congress would violate his confidentiality agreement with BNL's headquarters. Gonzalez fired back that he was "incredulous that you think the interests of the Bank of Italy are greater than the interests of the Congress and the people of the United States."

Gonzalez, who had filed an impeachment bill against President Bush for his stage-managing of the Gulf war on Jan. 15, has been at least partially sucked into the Bush administration's scheme to deny advanced technologies to the Third World. While raising serious questions about the administration's duplicity in covertly building up the Iraqi military through BNL and other channels, and then attempting to cover up the story by burying the bank, he has come out calling for much stricter controls over technology transfers to the developing sector. With Bush in the White House, that is a formula for genocide.