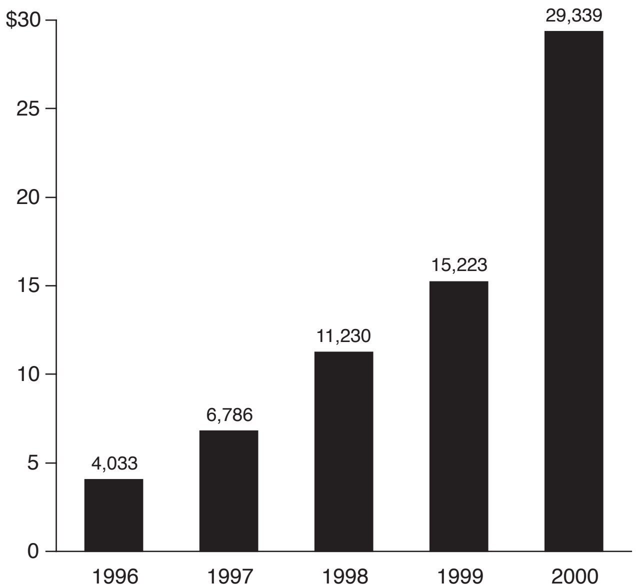
FIGURE 1
Reliant Energy Revenues
(Billions $)



Source: Reliant Energy.

board, and the role of his family law firm, Baker & Botts, as Reliant's attorneys. Reliant and its subsidiaries paid Baker & Botts, where Baker is a senior partner, $15 million in legal fees in 1999. Baker & Botts gave $113,621 to the Bush campaign during 1999-2000.

Both Reliant's current chairman, Steve Letbetter, and previous chairman Don Jordan, were members of President George W. Bush's "Pioneers Club" of major campaign contributors, and Letbetter gave $100,000 to the Bush-Cheney Inaugural Committee. During the 1999-2000 political season, Reliant donated $825 million to political candidates and parties, with $635 million of that going to Republicans.

Baker & Botts has also been the main law firm of two companies founded by the first President Bush, who was one of the founders of Zapata, which became Pennzoil, and later headed Pennzoil spin-off Zapata Offshore. Lazard Frères, the French-British-American investment bank, was an early investor in these Bush companies. Another Baker & Botts client is Schlumberger (whose board has included Baker & Botts attorneys), also a business partner with Pennzoil.

Reliant is not the only Morgan-connected company active in the California energy market. El Paso Corp., the natural gas company accused of manipulating the natural gas supply in the state, thereby creating the pretext for the sharp rise in electricity prices, is a spin-off of Burlington Northern Santa Fe, a part of the old Morgan railroad empire. And, Atlanta's Southern Company and its Mirant Corp. spin-off are part of the old Morgan electricity cartel.

Soros Smiling About Bush's Drug Policy?

by Jeffrey Steinberg and Art Ticknor

In a May 18 *Los Angeles Times* commentary by Ethan Nadelman, the director of George Soros's pro-drug legalization Lindesmith Center/Drug Policy Foundation, the dope lobby's top gun suggested that President George Bush could surprise the world and push through a major overhaul of America's drug policy—in synch with Soros's agenda. "Is there any chance that President Bush could pull a 'Nixon goes to China' on drug policy?" Nadelman asked. "Don't laugh, it's possible," he replied to his own question.

Nadelman's piece cited a growing number of Republican elected officials, including Connecticut Gov. John Rowland, New York Gov. George Pataki, and former Wisconsin Governor—now, Secretary of Health and Human Services—Tommy Thompson, who have recently abandoned their pro-drug enforcement stances and entertained various ideas of drug decriminalization. Among these, Nadelman heaped the most praise on New Mexico's Gov. Gary Johnson, who is a Soros/Cato Institute poster boy for dope legalization, and who will keynote the Lindesmith Center/Drug Policy Foundation annual conference in Albuquerque in June.

Nadelman also cited former Secretary of State George Shultz, who headed George W. Bush's Presidential exploratory committee policy team, as another "free market" Republican, who, like Milton Friedman and William F. Buckley, peddle full drug legalization. "The fact is," Nadelman wrote, "there's a libertarian streak that runs deep in the Republican Party that understands the futility of trying to prohibit what are essentially global commodity markets. Many of these libertarians recoil—just as do many Democrats—at the drug war's assault on personal freedoms. Look for some of them to speak their minds."

A week before the Nadelman hype of "Bush the drug reformer," the London *Economist,* a fervent propaganda organ for the legalization of drugs, editorialized, "*The Economist* has long argued that drugs should be decriminalized. Few politicians will go that far, but many have edged in that direction. Back in January, George Bush, who was once busted for drunk driving and has always danced around the question of whether he took drugs in his misspent youth, seemed to be one of them."

Actions Louder than Words

While President Bush's appointment of John Walters, a former head of supply interdiction in the White House drug czar's office under President Sir George Bush, has generated some protests among the drug legalizers. President Bush has taken at least one dramatic initiative that directly undercuts one of the pillars of any successful anti-drug policy. On May 11, the *Washington Post* reported that the Bush Administration has withdrawn its support for the Organization for Economic Cooperation and Development (OECD) initiative against offshore tax havens, claiming, preposterously, that the OECD has been secretly plotting to set up a single global tax code.

In fact, the OECD initiative had been an outgrowth of Clinton Administration Treasury Secretary Robert Rubin's efforts to establish a Western Hemispheric cooperative framework for combatting money laundering, tax evasion, and flight capital. In October 1995, President Clinton had signed a series of Executive Orders, defining drug-money laundering as a grave national security threat, and had authorized the Treasury Department, the National Security Agency, and a wide range of other Federal departments, to upgrade their efforts to stop the flow of criminal cash. Last year, the Senate Banking Committee's ranking Democrat, Carl Levin (Mich.), had issued a detailed report, exposing the role of Citibank and a string of offshore "correspondent banks" in laundering billions of dollars in illegal drug proceeds, flight capital, and other illicit funds.

A Bush White House official, asked to comment on the U.S. pullout from the OECD effort, bluntly admitted that the money-laundering crackdown did not sit well with Wall Street. "Basically," he said, "the U.S. has very little to gain, and it's a burden on our financial industry." Secretary of the Treasury Paul O'Neill was even more blunt: "In its current form, the project is too broad, and it is not in line with this administration's tax and economic priorities."

A Little Help for Bush's Friends

The *Washington Post* highlighted the role of White House economic policy adviser Lawrence Lindsey, in the Bush Administration's wrecking of one of the few international protocols against offshore tax and criminal money havens. But *EIR* has learned from several well-placed Washington sources, that the action came as the result of intensive lobbying by two Texas allies of President Bush, Sen. Phil Gramm and House Majority Leader Dick Armey. While both Gramm and Armey are among the leading Congressional proponents of radical free trade and deregulation—frequently citing Milton Friedman and Friedrich von Hayek as their ideological gurus—the two Texas Republicans were motivated, in this case, by more than ideology, according to sources.

Behind the President's move to sink the anti-money-laundering effort, was one of Bush's and the Republican Party's financial angels, R. Allen Stanford, head of a Houston-based $7 billion financial services conglomerate, the Stanford Financial Group. Stanford contributed to Bush's Presidential campaign, and helped finance the inauguration and the Republican National Committee.

While Stanford Financial Group maintains a posh Houston address, the bulk of its banking activities takes place offshore, particularly in Antigua, where Stanford is a top policy adviser and re-election campaign financier of Prime Minister Lester Bird, and owns the island's largest newspaper, its largest bank, and a large amount of high-end real estate.

Two years ago, the *Wall Street Journal* had reported that Stanford was at the center of a policy brawl between the United States and Antigua, over recent laws that the Bird government had enacted—at the recommendation of a special commission headed by Stanford—overhauling the island's banking laws. The U.S. Treasury Department had protested then that Stanford's new Antigua law made it a felony to provide foreign law enforcement agencies with information about confidential bank accounts. On April 7, 1999, Treasury's Financial Crimes Enforcement Network ("Fincen") took the highly unusual step of issuing an alert that all banking transactions involving Stanford's Bank of Antigua Ltd. should be carefully scrutinized. A year earlier, U.S. Drug Enforcement Administration investigators had found that $3 million in proceeds from Mexico's Amado Carillo Fuentes drug cartel had been laundered through the Stanford International Bank. In a followup letter to Prime Minister Bird, a senior Treasury Department official had complained that the Antiguan actions had "weakened its anti-money-laundering laws to the point they are now significantly below international standards, making Antigua more vulnerable to money laundering."

The Walters Nomination

In the context of the Bush Administration's take-down of one of the vital components of any effective anti-drug strategy—the crackdown on money laundering—the appointment of John Walters poses no contradiction. Despite Walters' stint as an assistant to William Bennett in the drug czar's office under Sir George Bush, he is no career "drug warrior," but, rather, a cog in the Conservative Revolution think-tank apparatus, who is perfectly at home with Milton Friedman and even George Soros. For years, Walters headed the Philanthropic Roundtable, a clearinghouse for the flow of tax-exempt funds into the Gingrich revolution. The latest bimonthly issue of the Roundtable's magazine prominently featured an article by the director of George Soros's Open Society Institute "Project on Death in America," which advocates legalized euthanasia.

Several years ago, Walters co-authored a book with White House "faith-based initiative" chief John DiIulio and Bennett, advocating a "lock 'em up and throw away the key" approach to street-level drug traffickers. But Nadelman claimed in his commentary that DiIulio has now joined the ranks of those who have defected from the law enforcement camp.