

ing money from a Greek investor, but the mood of the street, so much trained against the bureaucracy earlier, was on the side of the two wrestlers, while some members of Parliament were set to use the issue for their own political purposes. A physical fight ensued inside democratic Georgia's Parliament, too.)

"Ukrainian President Yushchenko's bad mood was noted by reporters who attended the summer party congress of his Our Ukraine movement. It appeared to originate with his loudest political promise, which has turned out to be the largest lie. Shortly after his inauguration, Ukraine's leader, encouraged by a personal meeting with George W. Bush, announced the fabulous 'energy independence of Ukraine' as his highest goal. He seemed to believe sincerely that the whole of Eurasia, with its kilometers of pipelines and billions of fuel consumers, revolves around Ukraine. As an alternative to the agreements, reached with Russia by his predecessors, he tried to arrange a chain of fuel extraction, transit and consumption without Russia in the picture.

"Even as the pipeline projects failed to fall into place so easily, Tymoshenko's tactics vis a vis Russian fuel suppliers threatened to backfire. She threatened the Russian owners of certain Ukrainian refineries with re-privatization, while simultaneously demanding that they reduce prices on the fuel they sell to Ukraine. During the first half of 2005, deliveries of Russian oil to Ukrainian refineries plunged by over 22%.

"The situation with natural gas is even worse. In May, Russia's gas traders charged that 7.8 billion cubic meters of gas, transported via Ukraine to European consumers, had disappeared in transit. The response from Kiev sounded strange: At first, the version was completely denied, then it was admitted that the gas existed, but could not be gotten out of its storage place. The romantic Ukrainian leadership was forced to seek mercy and understanding from the Russian side, with assistance from the veteran Chernomyrdin, and simultaneously, to guarantee the property rights for Russia's largest oil producer, Lukoil.

"Increasingly troubled by an annual inflation rate that the government acknowledges is 6.7% and Western financial institutions estimate as over 15%, Tymoshenko tried to introduce state regulation of retail prices, only to encounter a furious attack from Ukraine's Western patrons. U.S. Ambassador John Herbst and liberal economics guru Anders Aslund, in chorus, denounced the new Ukrainian leaders.

"While the government chased after 'energy independence,' the criminalized shadow sector of the economy, taking advantage of legal and political disorder, has increased its pressure on the population, while foreign players exploit every opportunity to acquire its industry, with its low-paid but skilled labor force, on the cheap. Now, almost on an instinctive level, a part of the Kiev elite is realizing that the Western community, at least in its present post-industrial shape, is able to guarantee neither Ukraine's economic prosperity nor the security of its statehood."

Myanmar and Afghanistan

Which Is Really The 'Failed State'?

by Mike Billington

Figures 1 and 2, both derived from the official U.S. Department of State International Narcotics Control Strategy Report of March 2005, demonstrate an ironic truth regarding the failure of U.S. foreign policy. The occupied nation of Afghanistan, client state of the Bush-Cheney Administration since 2002, has become the world's leading producer of opium, while Myanmar, denounced as a "failed state" and a "rogue nation" by that same Bush-Cheney team, has gone from being the world's largest producer, to the virtual elimination of opium production altogether, for the first time since the British turned their colony of Burma, as it was then called, into a drug plantation in the 19th Century.

Although some sensible minds within the U.S. institutional leadership would like to improve U.S. relations with Myanmar, acknowledging the significant progress of the past 15 years, official U.S. policy continues to treat Myanmar as a pariah, with brutal sanctions and constant (if largely unsuccessful) efforts to isolate Myanmar diplomatically.

In Afghanistan, it was "convenient" for the Bush-Cheney Administration to support the regional drug-lords, whose private armies could be bribed to retain at least the appearance of allegiance to the puppet government in Kabul, in exchange for a free hand in expanding their drug operations. Although the Taliban and al-Qaeda financed themselves to a great extent through taxing the Afghan drug trade, they had nonetheless cracked down on opium production dramatically in the year preceding the U.S. invasion in 2002 (see graphs). From 73% of world production in 2000, the Afghan opium crop fell to only 6% in 2001.

Now, however, under U.S. direction, opium production in Afghanistan has skyrocketed, surpassing even the previous record crops from the 1990s. A full 92% of world production now comes from "liberated" Afghanistan. And yet, while most of the country is openly governed by drug-lords, the country is heralded as a model of "democracy," with barely a mention of the millions of lives ruined by the deadly poppy which accounts for nearly one-half of the Afghan economy.

Myanmar's Drug Wars

The story in Myanmar is exactly the opposite. Beginning in the late 1980s, after a young officer corps replaced the moribund, 26-year regime of Ne Win, Myanmar moved to

FIGURE 1

Opium Production, Myanmar and Afghanistan

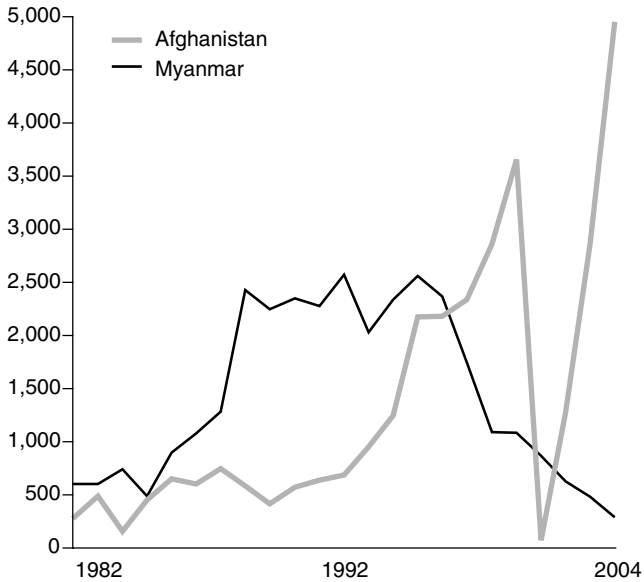
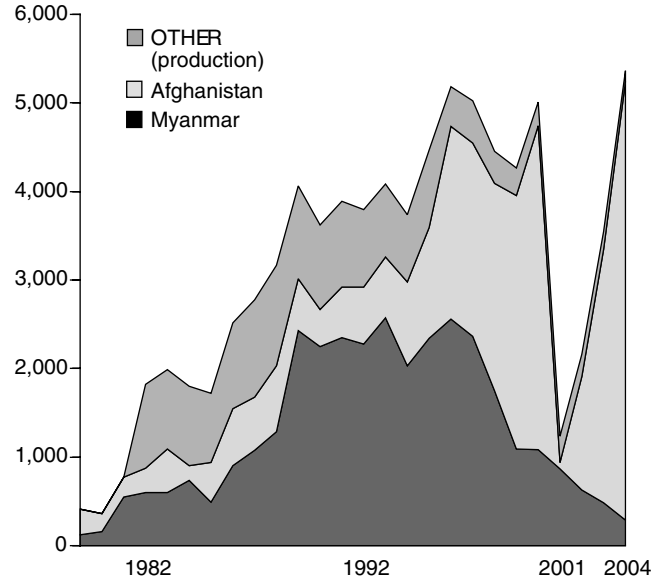


FIGURE 2

Opium Production, World Total

(Tons)



re-open relations with its neighbors (after the self-imposed isolation of the Ne Win era), and to defeat or pacify the many ethnic war-lords who controlled the mountainous border regions of Myanmar, the heart of the “Golden Triangle.”

As the armed conflicts between the national army and the ethnic drug armies have been almost entirely successfully eliminated, establishing peace and national unity for the first time since the British invasions of the 19th Century, the opportunity arose, also for the first time, to end the scourge of drugs—another British legacy. The British-orchestrated Constitution which was forced upon the nation in exchange for independence in 1948, included the right of each ethnic entity to declare independence from the central government in Yangon—an intentional prescription for disunity and continual conflict. As independence negotiations were proceeding in London under nationalist leader Aung San, the British Conservative Party’s wartime governor of Burma, Reginald Dorman-Smith, set up an organization called “Friends of the Burma Hill People,” to foster such perpetual conflict—and assure the continued “free trade” in opium through the regions not under the control of the central government.

There are several modern-day “Reginald Dorman-Smiths” who have obstructed every effort by the Myanmar government to defeat or pacify the ethnic drug-lords. These include especially George Shultz and George Soros, who are not coincidentally two of the leading promoters of legalizing drugs internationally, including even the heroin extracted from opium. George Shultz, who personally put together the first George W. Bush Administration from his neo-conserva-

tive network, was a leading light in the International Republican Institute (IRI), a U.S. government-funded institution which conducts political subversion against Myanmar (among other nations) under the guise of promoting “democracy.” As to mega-speculator George Soros, who finances Burmanet, The Burma Project, and numerous other organizations promoting regime change in Myanmar, he is the primary financial sponsor of every state referendum in the United States to legalize drugs. The fact that this Wall Street “drug lobby” is leading the campaign to overthrow the Myanmar regime is not accidental.

In 1995, the Yangon government negotiated the surrender of Khun Sa, and the pacification of his Shan United Army, the largest insurgent army and drug operation in Myanmar. Government troops moved into Shan State in force, breaking the back of the drug structure. Khun Sa revealed several of his foreign contacts, including U.S. intelligence operatives Theodore Shackley (the deputy director of CIA covert operations under then-CIA director George H.W. Bush) and Richard Armitage, a former Defense Department official.

As numerous other drug-lords were defeated, or surrendered to the central government, serious anti-drug forces in the West took notice, and called upon the United States to change its policy and support Myanmar’s anti-drug campaign. The National Narcotics Intelligence Consumer’s Committee (NNICC), an interagency committee in the United States representing the Drug Enforcement Administration (DEA) and other law enforcement agencies, released its report for 1996 praising the pacification of Khun Sa’s drug army and the



dramatic increase in drug seizures within Myanmar, identifying the combined efforts of the United States, Thailand, and Myanmar against the drug traffickers. Gen. Barry McCaffrey (ret.), appointed by President Bill Clinton as the U.S. “drug czar,” endorsed the report.

In June 1997, Myanmar was inducted into the Association of Southeast Asian Nations (ASEAN), a critical move in the anti-drug war, since it effectively denied the Soros-Shultz networks a free hand in running operations against Myanmar from across the Thai border. The drug lobby was furious. Soros, who financed several of the subversive organizations on the Thai side of the border, repeatedly warned the Thai government that Thailand would be held responsible for Myanmar’s entry into ASEAN. The following month, July 1997, the Thai currency, the baht, was broken by a speculative assault led by hedge funds under Soros’s control, and the devastating Asian financial crisis followed.

Nonetheless, Myanmar’s progress in the drug war contin-

ued. In February 1999, the International Criminal Police Organization (Interpol) held its International Heroin Conference in Yangon, despite howls of opposition from Washington and London, whose representatives boycotted the meeting. Interpol’s Secretary General Raymond Kendall, in his address to the conference, said: “It is high time the international community became acquainted with the excellent work that is being carried out in Myanmar against the illicit production and trafficking of heroin.”

Myanmar announced at the Interpol conference a 15-year plan for the total eradication of opium. It is now in the second five-year segment of that plan, and, as the graphs make clear, it is proceeding on schedule. Myanmar has established strong ties with China, India, and Thailand, its immediate neighbors, as well as Southeast Asia generally. All of these relationships include strong cooperation in combating drugs. Russia, which is the ungrateful recipient of most of the heroin coming out of the American client state of Afghanistan, is about to sign a new Myanmar-Russia Narcotic Drugs Control Agreement.

Change U.S. Policy

There are indications that some elements of the U.S. institutional leadership want to correct Washington’s distorted policy toward Myanmar. But this will not occur as long as the “perpetual warfare” policy promoted by Dick Cheney prevails. To the neo-conservatives, the drug money is essential to prop up the bankrupt international financial system; the drugs are contributing to subverting the social fabric of society within Russia and other nations viewed as potential enemies; and, geo-strategically, Myanmar represents a crossroads between India, China, and Southeast Asia, which is best kept in a state of chaos, to prevent cooperation for regional development that might threaten U.S. hegemony.

It is therefore not surprising that, despite the government’s official evidence as shown in Figures 1 and 2, the President’s annual report to Congress on major drug-producing countries singled out Myanmar as having “failed demonstrably during the previous 12 months, to adhere to their obligations under international counter-narcotics agreements to take the measures set forth in U.S. law.” Truth is not among the Administration’s criteria.

American foreign policy is increasingly identified with war, subversion, and drugs. In Myanmar, U.S. policy is defined solely by the relationship with one person, Aung San Suu Kyi, the British-educated and -trained daughter of Aung San, the leading figure in winning independence from the British Empire. Aung San Suu Kyi demands the elimination of the military role in government—the very institution which has very nearly, after years of conflict, freed the nation from the last vestiges of British imperial control and united the fragile nation. To remove the military now would immediately turn the nation back to the drug-lords, which would please George Shultz, George Soros, and Dick Cheney, but should be recognized as an abomination by any sane human being. A change in U.S. policy is long overdue.