

Bird Flu: A Corporate Bonanza for the Biotech Industry: Tamiflu, Vistide and the Pentagon Agenda

by F. William Engdahl

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On November 1, President George W. Bush went to the National Institutes of Health in Bethesda, Maryland to hold a high profile press conference, to announce a 381-page plan, officially called the *Pandemic Influenza Strategic Plan*.

It was no ordinary Bush photo opportunity. This one was meant to be a big splash event. The President was surrounded by almost half his cabinet, including Secretary of State Condi Rice, joined by the Secretaries of Homeland Security, Agriculture, Health & Human Services, Transportation and, interestingly enough, Veteran Affairs. And, just to underscore that this was a big deal, the White House invited the Director-General of the World Health Organization, who flew in from Geneva for the occasion.

The President began his remarks with the now-obligatory scare-story from 1918: *'At this moment, there is no pandemic influenza in the United States or the world. But if history is our guide, there is reason to be concerned. In the last century, our country and the world have been hit by three influenza pandemics -- and viruses from birds contributed to all of them. The first, which struck in 1918, killed over half-a-million Americans and more than 20 million people across the globe...'*

He was remarkably candid about the imminent danger to the American people: *'Scientists and doctors cannot tell us where or when the next pandemic will strike, or how severe it will be, but most agree: at some point, we are likely to face another pandemic. And the scientific community is increasingly concerned by a new influenza virus known as H5N1 -- or avian flu...'*

Mr. Bush went on to stress, *'At this point, we do not have evidence that a pandemic is imminent. Most of the people in Southeast Asia who got sick were handling infected birds. And while the avian flu virus has spread from Asia to Europe, there are no reports of infected birds, animals, or people in the United States. Even if the virus does eventually appear on our shores in birds, that does not mean people in our country will be infected. Avian flu is still primarily an animal disease. And as of now, unless people come into direct, sustained contact with infected birds, it is unlikely they will come down with avian flu.'*

Despite the admission of absence of a clear and present danger to the American public, the President called on Congress to immediately pass a new \$7.1 billion in emergency funding to prepare for that not-imminent, not-pandemic, possible-in-the-future danger. The speech was an exercise in the Administration's now-famous 'pre-emptive war,' this one against Avian Flu. As with the other pre-emptive wars, there is a multiple agenda—one might say, killing two birds with one stone, were it not so tasteless.

Prominent among the President's list of emergency measures was a call for Congress to appropriate another \$1 billion explicitly for Tamiflu.

Conflict of interest or insider trading?

The saga of Tamiflu is just the tip of a big iceberg. As we noted in an earlier article, the real point of interest is the company in California who developed Tamiflu, Gilead Sciences, listed on the NASDAQ as (GILD). As we also noted, US Secretary of Defense, Donald H. Rumsfeld, was Chairman of the Board of Gilead Sciences from 1997 until early 2001 when he became Defense Secretary. Rumsfeld had been on the board of Gilead since 1988, some thirteen years.

A as-yet-unconfirmed report is that Rumsfeld recently purchased additional stock in his former company, Gilead Sciences, worth \$18 million, making him one of its largest if not the largest stock owners today. Whether that is true or not, earlier this year, when the Bird Flu scare was just heating up, according to a report in the November 14 *Fortune* magazine, the Defense Secretary decided not to sell his many shares in Gilead so as to 'avoid being accused of insider trading.' If true, that means Mr. Rumsfeld, apparently not one to shy away from turning a fast buck, has bagged an eye-popping windfall, as demand for Tamiflu worldwide explodes. Today it is the hottest drug in the world market. On October 6, the Pentagon announced it had stockpiled quantities of Tamiflu for members of the military.

Since early 2001 when Rumsfeld left the board of Gilead Sciences to become Defense Secretary, Gilead's stock price has gone from around \$7 per share to just a hair above \$50 a share today. The future price direction? The stratosphere, especially since the President made it an explicit goal of the US 'flu defense pre-emptive war' on November 1. Gilead, which signed over the world marketing rights to Hoffmann-LaRoche, gets 10% of every dose of Tamiflu sold. Gilead is presently in a legal battle to retake 100% marketing control as well.

From \$7 to \$50 translates into a neat 720% profit for Mr. Rumsfeld's Gilead stock holdings since he went to Washington four-and-a-half years ago. Since the start of the carefully orchestrated current Bird Flu hysteria this March, Rummy's Gilead stocks have gained a neat 56% alone.

That might explain why, instead of dumping his shares as one might expect from an honest government official wanting to avoid a conflict of interest, he instead opted to buy another \$18 million worth. Curiously, the Secretary waited until October 26, 2005 before issuing an official Department of Defense press statement that he had 'recused' himself from involvement in any future Pentagon decisions involving Gilead Sciences. By then, of course, the horse had long burst out of the barn door and the price of Gideon was racing at full gallop as the Pentagon and the Administration had already decided to stockpile millions of doses of Tamiflu.

In March the reliable Washington friend, Britain's Tony Blair, ordered the UK Government to buy enough Tamiflu drugs to supply 25% of the 56 million British citizens. Mr Blair seems always ready to help his friends in Washington whether backing Washington's war against WMD in Iraq or Tamiflu. In Washington it's called the 'Anglo-American Special Relationship.'

The Secretary of Defense, the man who allegedly supported the use of contrived intelligence to justify the war on Iraq, who oversaw billions of dollars in Pentagon no-bid contracts to Bechtel and Halliburton corporations, is now poised to reap huge gains for a flu panic his Administration has done everything it can to promote.

It would be useful to know whether the Pentagon's successor to Douglas Feith's Office of Special Plans developed the strategy of bio-warfare that is evidently behind the current Avian Flu panic. An enterprising Congressional committee in ordinary times would already be looking into the entire subject of plausible conflicts of interest regarding Secretary Rumsfeld, except for the fact the

Congress is controlled by Mr Rumsfeld's own party.

Gilead Sciences is no small-time biotech startup, either. Helped by the propaganda from its friends in Washington and other high places, today Gilead has a total market capitalization of \$ 22 billion. Its board today includes Bechtel Corporation director and former Secretary of State, George P. Shultz. According to *Fortune*, Shultz turned a neat \$7 million profit earlier this year in insider selling of some of his Gilead stock.

Bechtel is right up there with Halliburton in grabbing the lion's share of Pentagon sweetheart contracts to rebuild Iraq. Most certainly it did not hurt Bechtel's business that Shultz and Rumsfeld knew each other from their common days on the board of Gilead. The Gilead Sciences board also includes Gordon Moore of Intel, and Viscount Etienne Davignon, the Belgian Count who seems to be involved in everything big and Atlanticist, whether it be Bilderberg meetings or Trilateral Commissions, and now, profiting from the Bird Flu panic.

The Gilead model also suggests a parallel to the Halliburton Corporation, whose former CEO is Vice President Dick Cheney. Cheney's company has so far gotten billions worth of US construction contracts in Iraq and elsewhere. Is it just a coincidence that Cheney's closest political friend is Defense Secretary and Avian Flu beneficiary, Donald Rumsfeld?

Vistide, Small Pox, Big Bucks

The Defense Secretary is an accomplished hand at getting the government to buy vaccines from companies in which he has a direct financial interest. Recall the scare just following the events of September 11, 2001. One of the terror scenarios discussed widely by the Administration was a possible release of a deadly smallpox attack that would devastate the American population.

In November 2001 the Administration reversed a two decade policy. On the advice of the Pentagon and others in the Administration, the President ordered that the US' remaining stock of smallpox microbes, stored at the Center for Disease Control in Atlanta, not be destroyed as he world community had been urging, but be kept until new vaccines were developed. The United States and Russian Governments at the time held the only known smallpox microbe stocks known. The disease had long since been eradicated.

The Administration announced at the time it was backing development of a new vaccine for smallpox that could be given the entire population. The major media from Judith Miller in the *New York Times*, to more widely read papers, carried horror stories. Typical was one from Knight-Ridder which began, 'When counterterrorism officials compare notes on what keeps them awake at night, the weapon they most fear is not a nuclear bomb or poison gas, but a disease that was wiped off the planet 20 years ago. They worry about smallpox, a lethal, super-contagious virus that, if unleashed, would spread quickly...'

The scare around smallpox and what to do was curiously similar then as it is today against Bird Flu pandemics. Defense Secretary Rumsfeld at that time ordered members of the Armed Forces to be inoculated against smallpox, an inoculation with horrendous side-effects. Rumsfeld's smallpox package also included ordering Pentagon stockpiling of a drug named Vistide, supposedly to minimize side-effects of smallpox infection should it occur.

The Bush Administration had made repeated attempts to convince the public and above all, the health and medical profession to go with mass inoculation against smallpox. In 2002 the CDC and certain high Administration officials were calling for pre-emptive smallpox inoculation of broad

sectors of the population against threat of terrorists unleashing the pox. The Government began stockpiling hundreds of millions of smallpox vaccine doses. It also stockpiled Vistide.

With every official statement by members of the Administration, population panic regarding smallpox threats grew. Fear was driving the debate. Yet the reality was that, contrary to what was being said, smallpox was not a highly contagious disease. As Dr. Kuritsky, MD, director of the National Immunization Program and Early Smallpox Response and Planning at the CDC put it, 'Smallpox has a slow transmission and is not highly contagious.'

Even were someone exposed to a known bio-terrorist attack with smallpox, it would not mean that he would contract smallpox, Kuritsky added. The signs and symptoms of the disease would not occur immediately, and there was time to plan.

Increasingly, experienced US health professionals began going public with the dangers of the side effects from the smallpox immunization itself. These included 'serious brain and heart diseases, autism, abnormal chromosomal changes, diabetes, various cancers and leukemias, plus demyelination of nerve tissue years after vaccination.' Many thought it better to run the risk of a bio-terror attack than take the 'cure.' The Administration mass vaccination campaign for smallpox was a flop. Yet in the meantime millions of doses of Vistide were produced and sold to the US government, to 'ease' the effects of smallpox should such an hypothetical attack materialize. The Pentagon was one of the major purchasers of Vistide at the time.

The smallpox terror scenario fear-mongering reached a peak in the run-up to the February 2003 war in Iraq, with scare stories speculating that Saddam Hussein may have been holding stolen Russian stocks of the smallpox virus ready to unleash an attack on the American public. In his January 2003 State of the Union Address, the President proposed creation of Project BioShield to develop vaccines and drugs against bio-terror attack including anthrax and smallpox.

On July 21, 2004 President Bush signed into law Project BioShield, to provide 'new tools to improve medical countermeasures protecting Americans against a chemical, biological, radiological, or nuclear (CBRN) attack.' The fiscal year 2004 appropriation for the Department of Homeland Security included \$5.6 billion over 10 years for the purchase of next generation countermeasures against anthrax and smallpox as well as other CBRN agents.

Mr Rumsfeld knew well what he was prescribing for his soldiers. Vistide was also a product of Gilead Sciences, Mr. Rumsfeld's former company. Rumsfeld was the person who signed off on the decision to give US Troops Vistide. That decision was obviously not made out of benevolence, or concern for the health of the troops on the part of the Defense Secretary, who had been personally involved with the side-effects of Vistide at Gilead since the company first developed it in the late 1990's as an AIDS treatment. As Rumsfeld well knew, Vistide had some pretty hefty side effects. According to Dr. Christopher J Hogan, MD, Professor at the Department of Emergency Medicine, Medical College of Virginia, complications of Vistide include renal toxicity, neutropenia, fever, anemia, headache, hair loss, uveitis and/or iritis, and abdominal pain.

Yet, despite the fact of who is making millions on the fears being stirred over smallpox or Avian Flu, it would be a dangerous diversion to think the end of the story is personal or corporate greed. The alarming aspect to this Tamiflu, Vistide and proposed new legal regimes for the 'vaccine industry,' is the fact that it all fits, evidently, into a far larger strategy that the Administration seems to have been developing for some time. During the smallpox scare three years ago, the Administration got Republican Congressmen to insert a paragraph into the Homeland Security bill that would give

immunity for liability to drug companies who manufacture smallpox vaccine.

Abolishing the Nuremburg Code on Human Rights in Experimentation

Now the Bush Administration is seeking to vastly expand that drug company immunity, using the climate of fear around Avian Flu.

The President, in his November 1 NIH pandemic speech, proposed completely exempting drug makers from being sued for their products. Explicitly he termed it 'liability protection for the makers of life-saving vaccines.' Stripped of its nice-sounding noble rhetoric, it means drug makers can produce and promote whatever they choose to foist on the public, whether it be Vistide, Tamiflu or Thalidomide, and fear no legal consequences.

One need only think for a minute about the consequences of removing the gains of more than a Century of bitter battles to establish even minimal controls over what drugs can be sold to the public.

During the 1960's in Germany, Dr. Heinrich Mueckter, an infamous Nazi doctor, wanted by the Polish government for hideous experiments using live Typhus on concentration camp inmates, founded a drug company in West Germany where he developed a drug he marketed as a harmless sleeping tablet. His product, Contergan, was advertised as so harmless that it could be sold over-the-counter and one million Germans used it daily to sleep. He specially marketed his drug for 'pregnant mothers' having sleep problems. The results were soon clear in the form of tens of thousands of grotesquely deformed births. The drug he developed contained Thalidomide. At that time, German law left regulation of such drugs to the industry, a kind of self-policing, or to local government.

Or consider the huge scandals surrounding the anti-arthritic drug, VIOXX, which was being used by more than two million people around the world when it was pulled from the market by Merck & Co. last September, after serious studies indicated VIOXX users had a 400% increased risk of heart attack or stroke. Threat of litigation was clearly a major factor leading Merck to pull VIOXX.

Merck & Co. began in Germany in the late 1800's by selling products including morphine, codeine, quinine and strychnine as 'medications.' There were no regulations on drug makers then. The German aspirin inventor, Bayer Company, in 1898 sold heroin labelled as a 'superior cough suppressant.' It probably was, but they also didn't speak of side effects in those days. This was before many such scandals and serious consequences on the public forced governments to begin regulating what was sold as drugs.

In 1962, in response to the Thalidomide scandals, Senator Estes Kefauver drafted and got passed the Kefauver-Harris Drug Amendments of 1962, tightening drug safety requirements and requiring pharmaceutical makers, or as George Bush prefers to call it, 'the vaccine industry,' to prove a given drug is effective before it can be sold to the public. Drugs were required to be registered with the US Food and Drug Administration, and the FDA was given 'explicit authority to require compliance with good manufacturing practices.' Safety and purity standards were defined. It also required drug makers explicitly state risks in their products.

In 1948 the member countries of the United Nations adopted the so-called Nuremburg Code following the military trial in Nuremburg Germany in 1946 of 23 Nazi doctors for crimes against humanity and experimentation with drugs and viruses on human subjects. It was recognized as international common law guiding medical research. With the grant of legal immunity from lawsuits for effects of their drugs, pharmaceutical companies would succeed in rolling back not only the

Nuremburg Code but also more than a Century of bitterly-fought gains in public safety in the regulation of drug manufacturing and promotion.

In promoting drug industry immunity from legal damage suits, the President claims he is ‘breaking down barriers to vaccine production.’ In reality he is taking steps to create an environment which not even the Nazi doctors and drug companies during the Third Reich enjoyed—they had to be secretive about their actions. This is a very alarming precedent should it become law. The real question to ask is what could be so important to compel the President of the United States to put his own population at risk in such an unfettered drug environment?

That there exists a virulent viral strain affecting birds especially in parts of Vietnam and China is not the issue at hand here. Rather it is the politicization of such a condition to introduce a wholly other agenda, one whose ultimate consequences on human life and well-being are potentially far more damaging than any conceived damage from H5N1 or other virus strains

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