

National News

Business executives attack Federal Reserve

At least two prominent businessmen have recently openly agreed with the position of Sen. Tom Harkin (D-Iowa), that the U.S. Federal Reserve has been unnecessarily stifling U.S. economic growth because it is too worried about inflation, the June 7 *New York Times* reported. Harkin has been holding up the renomination hearings of Federal Reserve Board Chairman Alan Greenspan in the Senate for the past three months in an attempt to force debate on Fed policy.

John F. Welch, Jr., chairman of General Electric Corp., said, "We don't see any connection between the numbers out there and what we feel in our business. There is absolutely no inflation. There's no pricing power at all." Dana G. Mead, chief executive of Tenneco Inc. and chairman of the National Association of Manufacturers, said, "I believe very strongly that the Fed should be leaning more forward toward growth, and not be so concerned about the threat of inflation."

On June 7, President Clinton urged the Fed not to raise interest rates. Unfortunately, rather than addressing the decades-long decline in living standards, he claimed that newly released employment figures, which showed an official increase in employment, vindicated his economic program.

DOJ admits Citibank is under investigation

Department of Justice public affairs spokesman Carl Stern acknowledged that the department has opened a criminal investigation into Raul Salinas's transactions, the June 5 *New York Times* reported. The investigation seeks to determine whether Citibank, or others, violated U.S. laws which prohibit banks from knowingly helping criminals hide illicit earnings. Salinas, the brother of the former President of Mexico, Carlos Salinas, is currently under indictment in Mexico on theft and murder-conspiracy charges.

EIR broke the story in its June 7 issue, in

an article entitled "Money-Laundering Scandal Could Rock Citibank, Fed." However, *EIR* raised two central features of the Salinas-Citibank story which the *New York Times* covers up: the role of the Federal Reserve, and the fact that drug money was a significant part of what could be a \$100 million money-laundering operation. Citibank has been under direct Federal Reserve control since late 1991; thus, the Fed had to have known of the Salinas scheme.

Citibank is undoubtedly a target in the probe. The *Times* article opens: "The instructions from Citibank's New York headquarters to clerks at the bank's Mexico City office were clear: Ask no questions. Every few weeks throughout 1993, a mysterious courier made his way to the 16th floor of Citibank's glass-walled headquarters in Mexico City, carrying a cashier's check in pesos with a value of \$3 million to \$5 million. The clerks accepted the checks, which were made out to a Citibank subsidiary, and converted the proceeds to dollars. Then, the money was wired to Citibank in New York, which sent it to accounts in Switzerland. No questions asked."

FBI analysis discredits D'Amato on Whitewater

An FBI fingerprint analysis of Rose Law Firm documents, found at the White House last year, has deflated blowhard Sen. Alfonse D'Amato (D-N.Y.) and his Republican cronies on the Senate Whitewater Committee.

The FBI report said that two of First Lady Hillary Rodham Clinton's fingerprints, and four from the late Vincent Foster, were among those found on copies of records of Mrs. Clinton's legal work for Madison Guaranty Savings and Loan. This was no surprise, because it was well known that Mrs. Clinton and Foster had examined the records in 1992, in response to newspaper inquiries.

The FBI reported that fingerprints on the documents included those of White House aide Carolyn Huber, who found the long-missing documents on a table in the White House residence last August; those of two

paralegals who had legitimately handled the documents; and those of a White House aide who had worked at the Rose Law Firm.

Noticeably absent were any fingerprints of Susan Thomases, a close friend and confidante of Hillary Clinton, or of Maggie Williams, a top aide to the First Lady. Both Thomases and Williams were grilled mercilessly by D'Amato's committee as to any knowledge they had of the records, and were virtually accused of having committed perjury before the committee. Williams was specifically accused of having snuck the records out of the office of Vincent Foster on the night of his death.

"There was all this super-heated speculation that these records were carried away in the middle of the night from Vince Foster's office by Maggie Williams," Senate minority counsel Richard Ben-Veniste declared June 3. "Well, if she did so, she didn't leave any fingerprints on it, and it would seem pretty odd. The same for Susan Thomases, who was questioned closely about her appearance at the White House at various meetings. And it also indicates that there is no evidence that would contradict her testimony that she did not handle those records."

Starr seeks ban again on evidence of his motives

Whitewater special prosecutor Kenneth Starr has submitted a motion *in limine* to exclude evidence of his own political motivation from the next Whitewater-related trial in Little Rock. Starr is notorious as a political appointee in the Justice Department under ex-President George Bush, and for his current conflict-of-interest representation of such clients as the Republican National Committee.

In the recently concluded trial of Gov. Jim Guy Tucker and James and Susan McDougal, Starr submitted a similar *in limine* motion. The court ruled that evidence of the political motivation of witnesses was allowed, but agreed to bar the introduction of any evidence of Starr's political motivation for bringing the prosecution—thus severely limiting the defendants' case.

Starr's latest motion, for the upcoming

trial of Herby Branscum and Robert Hill, charges that Branscum and Hill have stated that the prosecution is "politically motivated"; that the government intends to "put the President on trial"; and that the government is trying to "put on trial, vicariously, the 1990 campaign and the President himself."

Starr's office argues that such arguments are "highly prejudicial and inflammatory" and would "confuse the jury." Therefore, the defendants should be barred from making such allegations, or eliciting any evidence to this effect from witnesses.

In the 1988 federal prosecution of Lyndon LaRouche and his associates, a far more broad-ranging motion *in limine* was granted. That "Star Chamber" proceeding prevented LaRouche and his co-defendants from presenting evidence to the jury of their own innocence, and barred evidence of the government conspiracy which was responsible for the prosecution.

Hollinger rag applauds Lamm's Presidential bid

The London *Daily Telegraph*, the Hollinger Corp.'s propaganda conduit for British Intelligence, welcomed Colorado cannibal Richard Lamm June 10 as "a breath of fresh air" in the U.S. Presidential race. The paper's campaign to destroy President Clinton and the United States reached another low in touting the former Colorado governor. While in office, Lamm rammed through a state monument to celebrate the cannibalism committed by snow-bound survivors of a failed attempt to cross the Rockies in the 19th century.

The Hollinger Corp. is pleased by Lamm's recent suggestion that he might run for President on Ross Perot's Reform Party ticket. The *Daily Telegraph* quotes Lamm's statements that "the economy of the '90s cannot support the dreams of the '60s," and that the United States now has to "pay its own way."

In a June 9 interview on NBC-TV's "Meet the Press," Lamm raved that Medicare would have to be cut by ten times the amount proposed by President Clinton, in order to make the program "sustainable" for

the future. In an interview on ABC-TV, Lamm claimed that "in 16 years, by the year 2012, the current tax structure, applied to the revenue anticipated in 2012, will only fund entitlements and interest on the national debt. No Defense Department, no national parks, no Judiciary, no Executive branch of government."

Senate vote highlights threat to entitlements

The Senate on May 23 narrowly defeated a proposal that would have cut spending on Social Security, Medicare, Medicaid, and other entitlement programs by \$679 billion over seven years. The proposal, offered by John Breaux (D-La.) and John Chafee (R-R.I.), and cosponsored by a bipartisan group of 22 senators, was defeated by a vote of 53-46. However, Robert Kerrey (D-Neb.) told the May 29 *Omaha World Herald* that he was surprised at the level of support the plan received. Kerrey heads the Commission on Entitlement Reform and was a backer of the proposal.

At a news conference, Kerrey quoted Sen. Daniel Moynihan (D-N.Y.), who described the vote as "the most significant in the last 65 years" in demonstrating that entitlement programs no longer are considered politically untouchable. Twenty-two Republicans and 24 Democrats voted for the proposal. It is based on lowering the Consumer Price Index, which automatically increases payments made to recipients of Social Security, Medicare, and other programs, five-tenths of 1%. It also would have raised the eligibility age for Social Security from 65 to 70.

Kerrey introduced an amendment to allow a degree of Social Security privatization, by allowing individual private investments of up to 2% of the Social Security tax. This proposal got 36 votes. "The 36 votes moves us much closer, much faster to the very, very specific, very tough changes that will have to be made in entitlement programs." He derided the Presidential candidates for arguing over minimum wage, and other issues, which, "relative to this, are insignificant," he said.

Briefly

WILLIAM WELD (R), the Massachusetts governor whose Nazi-like policies would eliminate "useless eaters," had to navigate his way past a union picket line June 2, on arriving at the Boston Harbor Yacht Club. One hundred employees of the Massachusetts Bay Transit Authority were on hand to denounce Weld's plan to "privatize" the entire public transit system for the Boston metropolitan area. The blueblood privateer is campaigning against incumbent Democrat John Kerry for the U.S. Senate.

PRESIDENT CLINTON, during his weekly radio address June 8, described the burnings of African-American churches in the South as a "disturbing rash of crimes that harkens back to a dark era in our Nation's history." The latest burning, on June 6 in Charlotte, North Carolina, was "at least the 30th African-American church destroyed or damaged by suspicious fire in the South in the past 18 months."

THE LONGSHOREMEN'S and Warehousemen's Union distributed leaflets May 30 in communities all along the West Coast, to oppose port privatization. Such schemes "displace family- and community-supporting jobs with cut-rate, low-wage operations," ILWU President Brian McWilliams said. Public ports account for 15.3 million jobs.

THE SUPREME Court upheld on June 3 the right of banks to set credit-card terms for customers nationwide based on the rules of permissive states such as Delaware. The ruling came in *Smiley v. Citibank*, in which a woman had sued Citibank's credit card operation, claiming that the bank's late-charge fees violated California consumer protection laws.

WISCONSIN Democrats retook control of the state Senate, by winning a recall election in Racine, Wisconsin in early June. According to the AFL-CIO's *Work in Progress* weekly report, "labor's efforts played a big role" in the ouster of George Petak by Democrat Kim Palche.