

the reports required by law. And, not a single name had been inscribed on the wave.

According to the Inspector General's audit, Coelho may have been prepared to renege on this personal loan, and let the U.S. government pay: "A Portuguese bank made a 'personal' loan, of \$300,000, to the commissioner general to support a project of a private organization. This amount was recorded on the U.S. pavilion's 'cuff records' as a liability. The U.S. Information Agency may be responsible for the repay of this loan if the organization does not raise sufficient funds to pay it back. We did not include other expenses (salaries, operations, etc.) of the organization that were shown on the U.S. pavilion's forecast summary." However, after the Center for Public Integrity raised the issue of the personal loan, which received widespread media attention, Coelho, while serving as campaign chairman for Gore, stated that he had repaid all but \$109,000 of the loan.

Does this mean that Coelho will, for once, not stiff American taxpayers? Or, does he plan to let the matter rest with partial payment of his personal obligation? Unfortunately, he has refused to talk with the Center for Public Integrity, or to make the loan papers available. He has also turned down requests for interviews with journalists associated with *EIR*. However, there may be fertile grounds in the IG audit report to institute a criminal referral on these and other matters to the U.S. Department of Justice.

GOP budget strategy runs into reality

by Carl Osgood

On Oct. 18, President Clinton invited the top Congressional leaders of both parties to the White House for a meeting to discuss ways of solving the budget impasse that has been developing over the last few months. Clinton issued the invitation after he vetoed the Foreign Operations Appropriations bill, because it was almost \$2 billion below his budget request and it failed to include any funds for implementing the Wye River Middle East peace agreement, an agreement he played a strong personal role in forging. The foreign aid bill is the second of the 13 annual spending bills that Clinton has vetoed.

Until recently, GOP leaders have shown little interest in negotiating with Clinton on the spending bills. However, as of Oct. 20, only five of those bills have been signed into law; besides the two already vetoed, several others also face veto threats. Another source of pressure on Republicans is the fact that most of the government has been operating since Oct. 1, the beginning of fiscal year 2000, on a continuing resolution. The original continuing resolution, which was to expire on Oct. 21, has already been extended to Oct. 29, which is also the GOP's targetted adjournment date. With these pressures facing them, GOP leaders decided to accept Clinton's invitation, and a meeting took place late on Oct. 19.

Leaders of both parties emerged from the 90-minute meeting in an upbeat mood. House Speaker Dennis Hastert (R-Ill.) told reporters, "I think we made good progress today. It was a very positive meeting, and we look forward to working through this process." House Majority Leader Dick Armey (R-Tex.) characterized the meeting as "energetic." And Senate Majority Leader Trent Lott (R-Miss.) declared, "I think we are pretty close to achieving the goal that we have set out."

Congressional Democrats and the White House echoed those sentiments. House Minority Leader Richard Gephardt (D-Mo.) said, "I think there's a sense of urgency about getting this done." White House Chief of Staff John Podesta said that the administration shares the GOP's goal of not touching funds earmarked for Social Security. "We're willing to sit down in good faith and see where all these pieces add up," he said. Podesta was set to begin negotiations on Capitol Hill on Oct. 20.

However, the road to this point has not been an easy one, nor does it promise to get easier, especially with the GOP caucus deeply split between those who just want to finish the appropriations process and those who refuse to let go of their ideological agenda.

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The GOP backs itself into a corner

This year, the GOP put itself in the position of trying to avoid both a repeat of the government shutdowns of 1995-96, and negotiating an omnibus spending bill with the White House in which the President would end up getting \$20-30 billion more in spending than the Republicans wished to give him. So, the Republicans pledged early on to complete all 13 spending bills individually — something they have not yet accomplished since they took over the Congress in 1995 — and to do it without spending the Social Security surplus. In the process, they not only continued to impose their Conservative Revolution agenda on government spending, but they began to run into a monster of their own creation, the 1997 balanced budget agreement and the caps it imposed on spending for fiscal year 2000.

To get around the problem imposed by the caps, the Republicans began resorting to all kinds of gimmicks, including moving some spending into fiscal year 2001, designating certain routine items, such as the year 2000 census, as “emergency” spending, to exempt the items from the caps. They even considered an across-the-board sequester in order to bring total discretionary spending under the mandated limit of \$592 billion.

At the same time, some of the top GOP leadership, such as Arney, have repeatedly proclaimed their commitment to “saving” the Social Security surplus, and accuse President

Clinton and the Democrats of wanting only to “tax and spend.” This, in spite of the fact that the Congressional Budget Office has reported a number of times over the last two months that the GOP’s spending plans have already gone anywhere from \$12 billion to \$24 billion into the Social Security surplus, on top of having already spent the \$14 billion projected surplus in the non-Social Security budget. The willingness of the GOP leadership to meet with President Clinton was taken as a signal that they have decided that their strategy has failed, and that they need to negotiate.

However, this new-found cordiality was not in evidence during debate on the House floor the day of the White House meeting. The House leadership allowed a bill sponsored by freshman Republicans, designed to do nothing but embarrass the President, to come to the floor. The bill consisted of all of the tax and revenue measures proposed by President Clinton to offset the spending increases that he has been supporting. This included increased fees for poultry and meat inspections, animal and plant health inspection, grain inspection and stockyard administration licensing, forest services, an increase in the cigarette tax of 55¢ per pack, and increases in numerous other fees. Lee Terry (R-Neb.) said that the purpose of the bill was “so members would have the formal opportunity to express their views on the President’s new taxes and fees and so instruct our leadership.”

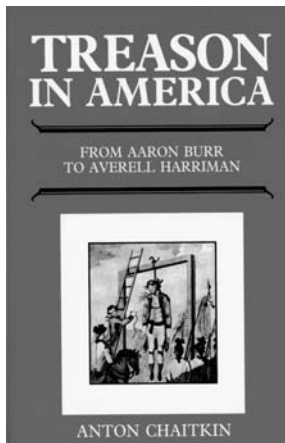
Democrats were livid, and did not confine their responses to the particulars at hand. John Spratt (D-S.C.), the ranking member on the Budget Committee, said that the bill “is nothing but a distraction from Congress’s real work.” Instead of doing its work enacting appropriations bills, he said, “The House is wasting its time taking up this pointless bill which has no opportunity of passage.” He pointed out that the President has offered the offsets for the purpose of doing certain things, such as hiring more teachers to reduce class sizes, and putting more cops on the streets, neither of which has been supported by the GOP. Minority Leader Gephardt told the House that a serious bill would have gone through the committee process and have been part of a larger budget plan.

Republicans are not just refusing to deal with President Clinton’s agenda, however. There are other issues to be addressed, such as disaster relief for the U.S. agricultural sector, which Democrats have attempted to take up (with some success), and the global financial crisis, which both parties refuse to face. As Democratic Presidential pre-candidate Lyndon LaRouche commented recently, with the economy collapsing and the global financial system disintegrating, how can anyone be discussing a “balanced budget” on Capitol Hill? Where is the tax-revenue base? They should be talking about going back to a Kennedy-type tax policy — and taxing the hell out of capital gains, he said.

This refusal to address the global financial crisis has often given the debate on the budget, which is based on certain economic assumptions, an air of unreality for which there is, so far, no end in sight.

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