

National News

U.S. unfreezes assets of El Shifa firm owner

The Clinton administration released \$24 million in assets from a frozen bank account of the Saudi businessman whose El Shifa pharmaceutical firm in Sudan was bombed on Aug. 20, 1998, on orders of the U.S. National Security Council. The decision, revealed in papers filed with the U.S. District Court on May 3, are a major victory for the owner, Saleh Idris, who sued when his accounts were blocked immediately after the attack, because the administration fraudulently claimed that the plant was making biological and chemical warfare components. In lifting the freeze, the Treasury Department chose not to contest Idris's lawsuit.

The Clinton administration, however, has yet to compensate him for destroying the plant, one of Africa's largest makers of pharmaceuticals. In order to prove his innocence, Idris had hired a leading U.S. chemist, who reported finding no nerve gas precursors in extensive samples from the site. He also hired former CIA agents, now employed at Kroll Associates, to investigate him. They also found no links to terrorist organizations, or to the semi-mythical terrorist master-mind Osama bin Laden.

Study calls for 'pause' in gambling expansion

The nine-member National Gambling Impact Study Commission voted 5-4 to "call for a pause" in the expansion of gambling, while its effects are studied further, the *Wall Street Journal* reported on April 29. The commission released a new study, dated April 1, 1999, which found that "patterns of adult gambling have changed substantially" since the last national survey in 1975. Among the findings:

- Since 1975, gambling expenditures have increased from 0.30% of personal income to 0.74%.
- Within the past year, about half of all adults have played a lottery, and more than 29% have gambled in a casino.
- An estimated 2.5 million adults are "pathological gamblers," 3 million are

"problem gamblers," and 15 million adults are "at risk for problem gambling." There are some 148 million low-risk gamblers (which apparently includes 29 million who have never gambled).

- There is a wide perception among community leaders that, in communities with new casinos, there is an increase in indebtedness, youth crime, forgery and credit card theft, domestic violence, child neglect, problem gambling, and alcohol and drug offenses.

Legislators say states drowning in depression

State legislators from around the country have confirmed to *EIR* how deeply the economic depression has struck their states. In many of these states, proposals to tax securities transactions, which, even at very low rates, would produce budget surpluses, have been defeated.

The chairman of the Tennessee legislature's State and Local Government Committee reported that the budget deficit is \$365 million. Tennessee is one of nine states with no income tax. It is planning to lay off 2,000 state employees, cut the education budget for K-12 by \$40 million, and increase the regressive sales taxes.

Alabama is now facing a \$100 million deficit, and is planning 10% across-the-board budget cuts. According to the Chair of the Agriculture Committee, the Federal courts have ruled that the franchise tax (a higher tax on out-of-state companies doing business in the state) is unconstitutional. If the court rules that the state must reimburse companies that were taxed, the deficit could soar to \$500 million. The legislator who spoke to *EIR*, had unsuccessfully introduced the securities transfer tax last year, which would have provided ample funds for any deficit. Now the money has to be cut from the General Fund, which funds Alabama's contribution to Medicaid and its Department of Human Resources.

In New Hampshire, which also has no income tax, the state's method of funding schools through property taxes was ruled unconstitutional last year by the state Supreme Court. As a result of this "Clarendon decision," school districts have no budgets, and

cannot legally negotiate teachers' contracts without it. Manchester has already sent out pink slips to all schoolteachers. The court gave the legislature a one-month extension—until May 15—to come up with a "constitutional" way to finance the schools. The former legislator who briefed *EIR* on the situation had introduced a security transfers tax after the Clarendon decision. The bill, which met the constitutional criterion for funding and would have more than covered the school budget, was defeated.

Washington Post covers up for Scaife networks

The *Washington Post* published a two-part series on Richard Mellon Scaife on May 2-3, titled "The Right's Funding Father," which purposefully obscured some of the most important dirty operations funded by Scaife. The *Post* presented a personality profile of the Pittsburgh billionaire, portraying him (accurately) as a man who has never been known to have had an original idea in his life, but is vindictive and capable of nursing grudges for years.

The most glaring omissions in the series are the following: While the *Post* mentions that Scaife was a member of the Advisory Committee on Public Diplomacy in the 1980s, it does not cover Scaife's well-documented role in the Iran-Contra "Public Diplomacy" operations run by George Bush's office and the National Security Council, involving Walter Raymond, Oliver North, etc. These operations included targeting Lyndon LaRouche and coordinating the defamation campaign run against LaRouche through the news media. The article omits the most important aspect of Scaife's "Arkansas Project" to overthrow Clinton: that it was organized and run by Kenneth Starr's former law partner Theodore Olson, who was deeply involved in orchestrating Whitewater and other Arkansas scandals before Starr was appointed as the Whitewater independent counsel.

The series opened by quoting Scaife telling luncheon partners in Nantucket in August 1994: "We're going to get Clinton," adding, for the Democrats' benefit, "you'll be much happier, because Al Gore will be President."