

It does not raise anyone's taxes, but it does provide a mechanism or a "vessel" through which the local jurisdictions could coordinate and commit future revenues to finance the construction of specific transportation projects that otherwise will not get built or built anytime soon.

The "Metropolitan Washington Regional Transportation Act" gives us a choice and helps start a debate on how we should take control and improve our future transportation system and improve our quality of life. Our failure to act and meet our transportation needs will have a much higher cost. The Board of Trade places the cumulative regional economic losses from the failure to meet our transportation needs in the year 2020 at between \$70.2 billion to \$182 billion.

That economic loss includes: a 350 percent or \$345 million increase in shipping costs; \$1.3 billion to \$2.6 billion in higher warehousing and inventory costs; \$1,365 per household per year higher consumer costs; and more than \$1,000 per household per year in higher personal travel costs.

Mr. Speaker, this region has a choice. I am optimistic that when given the facts and the various options our citizens and elected officials will take control of our emerging transportation crisis and make the right choice.

I am including with my statement a copy of a letter supporting this legislation that was received from the county chairs and mayors of all eight Northern Virginia jurisdictions. This letter reflects a commitment local leaders have made to let this debate go forward and make some tough decisions. I applaud their leadership.

I would also like to express my appreciation to Fairfax City Mayor John Mason and the Metropolitan Washington Council of Government for generating critical local support and thoughtful counsel on crafting this proposal.

Hon. CHARLES C. ROBB,  
*U.S. Senate, Washington, DC.*

Hon. JAMES P. MORAN,  
*U.S. House of Representatives, Washington, DC.*

DEAR SENATOR ROBB AND MR. MORAN: We, the mayors and chairs of the Northern Virginia cities and counties, appreciate and support legislation you are preparing to introduce that is designed to help meet this region's critical transportation needs through improved coordination, cooperation and additional funding. We believe the approach outlined in the *Metropolitan Washington Regional Transportation Act* will provide a mechanism to address the serious shortfall in funding for transportation infrastructure needs in the metropolitan Washington region.

The Washington region is unique. We are the only metropolitan area in which multiple states and a Federal district are engaged in addressing transportation issues. As noted in your discussion draft for the proposed Act, it is in the Nation's interest that the region have a transportation system that is supportive of the Federal interest in having an efficient and effective regional transportation system, as well as our role in being an international tourist attraction (some 20,000,000 visitors today; anticipated to be 40,000,000 in 20 years).

Your proposed legislation touches on the two key elements that are needed to stimulate additional funding in the Washington region—a "mechanism" that can receive and distribute funds as well as upfront funding from the Congress that will "prime the pump." We are clear that the proposed "mechanism" does not have independent taxing authority.

We, the elected leaders of Northern Virginia's cities and counties, appreciate your efforts on the region's behalf. We encourage and strongly support your initiative.

With warm personal regards,

Yours sincerely,

Mayor, City of Alexandria, Mayor, City of Fairfax, Mayor, City of Falls Church, Mayor, City of Manassas, Chairman, Arlington County Board, Chairman, Fairfax County Board of Supervisors, Chairman, Loudoun County Board of Supervisors, Chairman, Prince William Board of County Supervisors.

#### U.S. SHOULD INVESTIGATE GEN. PINOCHET'S ROLE IN U.S. ASSASSINATION

#### HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, May 22, 1998*

Mr. MILLER of California. Mr. Speaker, I commend to my colleagues the attached op-ed printed in the Los Angeles Times on May 17, 1998, concerning U.S.-Chile relations.

One of the worst acts of state sponsored terrorism took place right here in Washington, D.C. on September 21, 1976. A bomb was placed under the car of Orlando Letelier, a Chilean exile and former Chilean chancellor under the democratically elected government of Salvador Allende. While driving to work that morning, the bomb was detonated as the car wound around Sheridan Circle, killing Letelier and his American assistant, Ronnie Karpen Moffitt and seriously wounding her husband, Michael Moffitt.

With the help of the FBI, several people were brought to trial for the crime, but it was always believed that Gen. Augusto Pinochet, who seized power in Chile in a bloody coup in 1973 and is—incredulously—now a sitting member of the Chilean Senate, had directed the assassination. There was not enough evidence at the time, however, to directly link him to the crime.

More evidence has come to light since then, and other nations have launched investigations of state-sponsored killings directed by the Chilean secret police. Argentina, Spain and Italy for example are investigating past crimes, and Spain in particular is looking into whether Pinochet was directly involved in the Letelier assassination and other killings.

Spain has asked the United States for cooperation in this investigation, and regrettably that assistance has not always been forthcoming. Along with my colleague Mr. CONYERS of Michigan, I have written the Administration urging their complete and total cooperation with the Spanish investigation.

As the following article points out, there is mounting evidence that Pinochet was directly involved in the killing of Orlando Letelier and Ronnie Karpen Moffitt.

I urge the Administration to strongly consider reopening its own investigation of those murders as well as fully cooperate with the Spanish investigation.

Neither Congress nor the Administration should forego the opportunity to send a strong and clear message that we will not tolerate terrorism on our soil. And our developing relationship with the new government of Chile should not shield Pinochet from responsibility

if it is proven that he was responsible for the assassination of innocent civilians.

#### IS A TERRORIST HIDING IN CHILE'S SENATE?

(By Scott Armstrong and Saul Landau)

When Bill Clinton addressed the Chilean legislature last month, he did not see the face of Augusto Pinochet. Nor did he mention the name of the recently retired army commander and former president-dictator of Chile. But the unresolved issue of Pinochet's involvement in the worst act of international terrorism in Washington in the past 50 years still hangs over U.S.-Chilean relations.

Pinochet figures in problems Chile has with Spain, Italy and Argentina. In each of these countries, official investigations are underway that could link Pinochet directly to overseas assassinations and unsuccessful plots to silence his critics during his 17-year military reign.

An Argentine judge is investigating Pinochet on charges brought by the daughter of Gen. Carlos Prats, a former Chilean chief of staff, and his wife. The two were living as exiles in Buenos Aires in September 1974, when a car bomb blew them nine stories high. Argentine authorities arrested a former officer of DINA, the Chilean secret police, who has implicated other senior Chilean secret-police officials.

An Italian court is probing Pinochet's responsibility in the September 1975 shooting in Rome, of an exiled Chilean Christian Democrat legislator, Bernardo Leighton, and his wife. A gunman put bullets in the backs of their heads, but both survived. One month later, Pinochet met an Italian fascist leader in Madrid, who was subsequently charged with the shooting.

One piece of evidence caught the attention of the Italian magistrate: A Sept. 16, 1975, memo to Pinochet from Col. Manuel Contreras, chief of DINA, Chile's intelligence and secret-police agency. In it, Contreras requests for DINA an additional \$600,000 for "reasons that I consider indispensable," one of which is "the neutralization of the [Chilean] government junta's principle adversaries abroad, especially in Mexico, Argentina, Costa Rica, the U.S.A. and Italy." These countries were all hosts to DINA assassination attempts or to aborted DINA assassination plots.

Spanish judges have studied this document, too. In July 1996, the Union of Progressive Spanish prosecutors and lawyers, representing the families of victims of Pinochet's reign of terror, accused Pinochet of international terrorism, genocide and crimes against humanity. In 1978, Pinochet granted an amnesty for himself and his military subordinates who, according to the 1997 official Chilean government record, killed more than 3,190 people and tortured thousands more. Later, Pinochet arranged to retire from the military as a "senator for life," a status that, when combined with the amnesty, amounted to impunity from prosecution in Chile. Recently, a Chilean judge accepted the complaint of Gladys Marin, a Chilean communist, who has accused Pinochet of kidnapping her husband and other leaders, torturing them and making them "disappear." But few hold out hope of an investigation, a prosecution and conviction in Chile.

Spanish Judge Garcia Castellon certified Spanish jurisdiction in a similar case. More than a dozen Spanish citizens, including priests, fell victim to the excesses of Chile's military dictatorship. The judge also cast his investigative net for evidence to Washington, where DINA had struck on Sept. 21, 1976.

On that day, Orlando Letelier, former Chilean chancellor under President Salvador

Allende, and Ronni Karpen Moffitt, a U.S. citizen and colleague of his at the Institute for Policy Studies, were killed by a bomb planted under the seat of their car. FBI agents tracked the murders back to DINA's Contreras. A 1978 Washington grand jury indicted him and eight other named conspirators and several unindicted co-conspirators. Two former U.S. prosecutors and two of the FBI agents who worked the Letelier-Moffitt case have declared they believe Pinochet was responsible for the murders.

The U.S. government also learned some details about Chile's overseas terrorism from Michael Townley, a U.S. citizen working for the Chilean secret police, who confessed to organizing the Letelier assassination. In 1980, Townley told a U.S. court that he had received orders from Contreras to assassinate Letelier. Townley flew to the United States under a false name, recruited a gang of anti-Castro Cubans to help him do the job, then made the bomb and detonator and placed the explosives under Letelier's car seat. Two Cuban exiles, who later pleaded guilty, detonated the bomb.

After plea-bargaining for a reduced sentence and testifying against his fellow conspirators, Townley gradually disclosed to the FBI other information about DINA. After the September 1973 Pinochet-led coup that overthrew the Allende government, Townley had ingratiated himself to DINA by demonstrating his electronic expertise. He also showed an aptitude for more exotic tasks and, by 1974, he had received an assignment to kill abroad.

Townley, according to bureau agents, began to think of himself as DINA's jackal, referring to the 1960s French killer who almost assassinated President Charles DeGaulle. FBI Special Agent Robert Scherrer slowly developed a father-confessor relationship with Townley, who told him how he and other elite Chilean agents organized the killing of Gen. Prats. The FBI learned of "Operation Condor," an agreement among six Latin American secret-police agencies to spy on their enemies abroad and even eliminate them. In the Prats case, for example, Townley recruited Argentine agents to detonate the bomb he had built.

Scherrer also extracted from Townley details about the Leighton hit in Rome, in which an Italian fascist leader pulled the trigger and a Cuban exile group in Miami took the public credit. In 1997, the Italian court condemned (in absentia) Contreras and Townley for attempted murder of the Leightons in Rome.

Townley's stores have been reinforced by other evidence to the point that the Letelier case may be reopened. All nine conspirators listed in the 1978 indictment have been tried. The unindicted co-conspirators could include Pinochet himself. Yet, prosecutors lacked direct evidence that would warrant an indictment of the former Chilean president.

Then, last December 23, Contreras, now serving a seven-year sentence in Chile for his role in the Letelier-Moffitt murders, declared that he was following Pinochet's orders in every action that he undertook. Since his statement was offered as part of an effort to get his sentence reduced, it's self-serving. But it appears to corroborate the conclusions of the U.S. officials involved in the case.

Pinochet has escaped prosecution in Chile because of the amnesty he granted himself and his cronies. But there is one exception: U.S. pressure could compel his prosecution in the Letelier-Moffitt case in Chile. But there is little likelihood justice will be done there unless it is pursued here in the United States.

Although he failed to confront Pinochet while visiting Chile, Clinton still can ask

Atty. Gen. Janet Reno to reopen the Letelier-Moffitt investigation into Pinochet's role as its alleged author. Such a request would signal a formal end of official impunity under which Pinochet has hidden for more than two decades. It would send a message to state terrorists everywhere.

## THE INDONESIA CRISIS

**HON. RON PAUL**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, May 22, 1998

Mr. PAUL. Mr. Speaker, the Soviet system, along with the Berlin Wall, came crashing down in 1989, the same year the new, never-to-end, era came to a screeching halt in Japan. The Japanese economic miracle of the 1970's and the 1980's, with its "guaranteed" safeguards, turned out to be a lot more vulnerable than any investor wanted to believe. Today the Nikkei (Tokyo) stock average is still down 57% from 1989, and the Japanese banking system remains vulnerable to its debt burden, a weakening domestic economy and a growing East Asian crisis spreading like a wild fire. That which started in 1989 in Japan—and possibly was hinted at even in the 1987 stock market "crash" here—is now sweeping the Asian markets. The possibility of what is happening in Asia spreading next to Europe, and then to America, should not be summarily dismissed.

### ECONOMIC FALLACY

Belief that an artificial boom, brought about by Central Bank credit creation, can last forever is equivalent to finding the philosopher's stone. Wealth cannot be created out of thin air. New money and credit, although it can on the short-term give an illusion of wealth creation, is destructive of wealth on the long run. This is what we are witnessing in Indonesia—the long run—and it's a much more destructive scenario than the currently collapsing financial system in Japan. All monetary inflation, something nearly all countries of the world are now participating in, must by their very nature lead to an economic slump.

The crisis in Indonesia is the predictable consequence of decades of monetary inflation. Timing, severity, and duration of a correction, is unpredictable. These depend on political perceptions, realities, subsequent economic policies, and the citizen's subjective reaction to the ongoing events. The issue of trust in the future and concerns for personal liberties greatly influence the outcome. Even a false trust, or an ill-founded sense of security from an authoritarian leader, can alter the immediate consequences of the economic corrections, but it cannot prevent the inevitable contraction of wealth as is occurring slowly in the more peaceful Japan and rapidly and violently in Indonesia.

The illusion of prosperity created by inflation, and artificially high currency values, encourage over-expansion, excessive borrowing and delusions that prosperity will last forever. This attitude was certainly present in Indonesia prior to the onset of the economic crisis in mid 1997. Even military spending by the Indonesian government was enjoying hefty increases during the 1990's. All that has quickly ended as the country now struggles for survival.

But what we cannot lose sight of is that the Indonesia economic bubble was caused by a flawed monetary policy which led to all the other problems. Monetary inflation is the mother of all "crony capitalism."

### CHARACTERISTICS OF THE CORRECTION

One important characteristic of an economic correction, after a period of inflation (credit expansion), is its unpredictable nature because subjective reactions of all individuals concerned influence both political and economic events. Therefore, it's virtually impossible to predict when and how the bubble will burst. Its duration likewise is not scientifically ascertainable.

A correction can be either deflationary or inflationary or have characteristics of both. Today, in Indonesia, the financial instruments and real estate are deflating in price, while consumer prices are escalating at the most rapid rate in 30 years due to the depreciation of the rupiah. Indonesia is in the early stages of an inflationary depression—a not unheard of result of sustained Central Bank inflationary policy. Many believe price inflation only occurs with rapid growth. This is not so.

Blame is misplace. Rarely is the Central Bank and irredeemable paper money blamed—unless a currency value goes toward zero. In Indonesia the most vulnerable scapegoat has been the Chinese businessmen who are now in threat of their lives and fleeing the country.

A much more justifiable "scapegoat" is the International Monetary Fund (IMF) and the American influence on the stringent reforms demanded in order to receive the \$43 billion IMF-led bailout. IMF policy only aggravates and prolongs the agony while helping the special interest rich at the expense of the poor. The IMF involvement should not be a distraction from the fundamental cause of the financial problem, monetary inflation, even if it did allow three decades of sustained growth.

"Crony capitalism" was not the cause of Indonesia's trouble. Inflationism and political corruption allow crony capitalism to exist. It would be better to call it economic interventionism for the benefit of special interests—a mild form of fascism—than to abuse the free market term of capitalism.

Any serious economic crisis eventually generates political turmoil, especially if political dissent has been held in check by force for any significant period of time. There should be no surprise to see the discontent, with blood in the streets of Jakarta, soon spread and build. Political events serve to aggravate and magnify the logical but subjectively-sensitive declining currency values and the faltering economy. The snowballing effect makes the political crisis much more serious than the economic crisis since it distracts from the sound reforms that could restore economic growth. These circumstances, instead of leading to more freedom, invite marshal law for the purpose of restoring stability and the dangers that go with marshal law.

Errors in economic thinking prompt demands from the masses for more government programs to take care of the rapidly growing number of poor. Demands for more socialism and price controls result whether it's in education, medical care, unemployment benefits or whatever—all programs that Indonesia cannot afford even if they tried to appease the rioting populous.