

Up Close: An Interview with Henry Gonzalez

His congressional biography tells the story: elected as a Democrat to the Eighty-seventh Congress by special election to fill the vacancy caused by the resignation of United States Representative Paul J. Kilday and reelected to the eighteen succeeding Congresses (November 4, 1961-January 3, 1999); chairman, Select Committee on Assassinations (Ninety-fifth Congress), Committee on Banking, Finance and Urban Affairs (One Hundred First through One Hundred Third Congresses). For all of those 38 years, he taunted bankers, terrorized the Federal Reserve, and represented the interests of average Americans on a range of issues. EOH had the opportunity to sit down with Henry Gonzalez shortly before he passed away; here's the transcript:

EOH: Alright, let's talk about the role the money center banks play in facilitating criminal activities.

HG: There's no doubt that organizations like Citicorp are quite conscious of the role they play in facilitating a host of inter and intra state criminal activities. I mean, come on, all of the secrecy surrounding 'private banking' and such—the banks want you to believe that this is simply a rational market-driven response to the demands of the customers—which is true, of course, but they don't want to talk about the fact that many of the customers looking for this level of privacy are engaged in illegal activities. It's... I'll try to avoid specific policies and keep this to a big-picture structural view—now, the kind of conspiratorial disdain for the rule of law that we see today in the big banks, this is nothing new, it's been around since at least World War II, and even earlier, if you believe people like Pat Robertson...

EOH: Pat Robertson? (!)

HG: Pat Robertson is a renegade. Most people think he's this hard-right Christian preacher, that he's just another cracker—and I use that term only with affection, being descended from the Mexican-American equivalent of crackers myself—when in fact he's actually a blue-blood member of the American establishment. I mean, his father was Senator A. Willis Robertson, Pat attended Yale law school, and he's now running, what, a two billion dollar a year business? I mean, this isn't some backwaters fundamentalist preacher with a few radio stations—this guy's views are representative of a portion of the ruling class, and, more specifically, this guy is giving us a pretty good idea of the historical understanding that underlies the worldview of a sizable portion of the moneyed interests. You know, one of Pat's big points is the creation of the Federal Reserve was a carefully orchestrated move to see that the money printing abilities of the US government were transferred to private hands... now, I'm not saying that I completely agree with this line, but there's no doubt that an interesting paper trail does exist which suggests—certainly it suggests—just such a possibility. It's a strange thing, I've followed both Noam Chomsky's and Pat Robertson's work for years and, while I can't say that I agree complete-

ly with either of them on any particular subject, I've always been struck by the similarities between their approaches: a rigorous, even ruthless attention to primary documents, to the news coverage and official government papers and such, and then, they both work very hard at understanding and deploying these documents within a clearly delineated framework of understanding. They're both good rationalists, meaning they're both careful in their reasoning, that's all I'm trying to say, though, obviously, they come from very different sets of first principles...

EOH: OK. So, returning to your structural model of the banking system ...

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HG: Right, and I should probably note here that I'm singling out Citicorp simply because they're the most striking American example of a financial organization that's grown completely out of control, at least in terms of its refusal to adhere to any but the most basic, and, from a law enforcement standpoint, unhelpful, of

accounting standards and such, but I want to make clear that there are other players in this game, foreign banks that dwarf even CitiCorp or NationsBank, and they're just as important in the money laundering industry, if you can call it that, if not more so because of the close connections they share with their national governments. Which, as an aside, you need to understand that, while CitiCorp and the other big banks and corporations may seem to have an airtight hold on the American government, in reality there is still room for democratic maneuver and oversight, however small, though God knows it got a lot harder after a couple of the bills that were passed under Clinton. In other nations, even nations that are nominally democratic like Japan, even the appearance of democratic process has been pretty much abandoned. I remember the first time I visited the Diet, the Japanese legislature, while it was in session, and I was amazed to see that lobbyists, representatives from what you can pretty much characterize as Japan's Fortune 50, had desks right down on the floor of the chamber, and they kept permanent offices and staffs right there within the capitol building complex! I mean, here I was, you know, a representative from Texas, I know how politics works, all my career has been spent dancing with or around Big Oil in one way or another, but I'd never dreamed the corporations would grow this arrogant. And these were companies you've heard of: Sony, Toshiba, Mitsubishi—household names, and in Japanese political circles they joke about, "The Senator from Sony," and such. Of course, they don't call them senators, actually, but you get the picture.

EOH: Right.

HG: Anyway, so we've got these big money center banks, and they've ensured that the oversight of their activities is going to be minimal, and when anything actually does become public, when any of their more egre-

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gious activities somehow make it onto the news—and don't even get me started about the corrosive effects that media consolidation is having on democracy, at least from the perspective of maintaining public oversight over corporate behavior—they've got it set up so they can blame everything on a lone trader, or a few bad apples, it's never structural. Anyways, so the banks have set themselves up good, but they've found, over the years, that they've got to walk a careful line, just for their own protection, when it comes to things like money laundering. I mean, they're more than willing to provide these services, but they have to be careful that their own people don't get too involved in it, and that's difficult, because the profits to be made, for individuals and companies up and down the pipeline, are enormous, and the banks learned the hard way that, no matter how much you pay your private bankers and specialists, once they've gotten actively involved in this sort of thing they're going to go bad on you, there's no question about it, the greed factor, especially in the kind of people who get involved in banking in the first place, is just too great. And so the actually dirty work is now done by the big consulting firms—they've captured the knowledge, if you will, that's historically been trapped within the heads of the big financial crooks, and these firms—like PricewaterhouseCoopers, Andersen, whatever—now have the institutional structures in place that allow them to deliver these money laundering and related services to pretty much anyone, anywhere in the world, for the right price. And they've set it up beautifully: by enacting the appropriate institutional structures for it, they've minimized their reliance on any particular individual, which means that, normally, and we saw this time and again during the BCCI investigation, someone like Andersen can handle almost any money laundering transaction, no matter the size, without having to have more than one or two partners involved; they and their staffs are the only individuals with direct knowledge of what's happening—the rest of the process is simply handled institutionally, within the consulting firm, papers moving around, this project management report being filled out on such and such a day and that transfer being authorized by this time because Barb over in corporate division 7D—it will have some appropriately generic name like international banking specialists or something—sent over a form 1912 with the appropriate signatures already in place.

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So, you've got the big banks, they're happy to clean the money but can't allow their people to get dirty working with it, and you've got the consulting firms that are happy to issue the orders—which, here's something to watch for over the next few years, keep an eye out for the big consulting houses, especially the IT ones like EDS and maybe even IBM, to start making noise about wanting to get into the banking business. These guys are always looking to consolidate related services under one roof, and, while the banks have already learned there's no way you can keep the actual money and the know-how to clean it under one roof, the consultants

haven't accepted that logic yet, and they're thinking that, hey, they're smarter than the banks, they're technology specialists, they're gonna use technology to ensure that their people aren't getting too crazy. They're wrong, of course. Few people outside of banking appreciate just how many lessons, hard lessons, companies like CitiCorp have learned over the years, when it comes to things like money laundering. Even if somebody like EDS brought in a senior Citicorp VP and said, tell us exactly how to set up our own bank and money laundering operation, it wouldn't matter, because there would still be an institutional arrogance on the part of the consultants, they can't help it, it's part of the consultant personality to think they know better than the rest of us. And so, what I'm saying is, you should expect to see legislation allowing the big consulting firms to run their own banks within, like, 5 years. And if it passes, then, in not more than, say, maybe 8 or 9 years, you'll start to hear calls for a bailout of these new banks. It will be blamed on, I dunno, whatever the Middle Eastern equivalent of Brady Bonds is at the time, they'll probably argue that the US government applied inappropriate pressure on these young banks and forced them into purchasing risky foreign debt in order to prop up US foreign policy, or some similar nonsense, when in fact it will simply be a case of a couple of partners making off with, I'm not going to predict millions, I'm expecting billions, and just disappearing.

EOH: You're smiling as you say that...

HG: Well, you have to keep your sense of humor about this stuff. I mean, on some level, it is funny, or its going to be, at least, what makes it funny to me is that we can predict what's going to happen with a high degree of accuracy. We know how these people think, and we know what they've tried to do in the past, and there's no reason to believe they're going to suddenly start behaving otherwise. Now, of course, it's different people with every generation, but, come on, we all know we're talking about a mindset here, a particular worldview that's to blame. Hell, a hundred years ago most of the people with this worldview were simply naturals at it, or they picked it up from the family business. Now we've got, what, well over a hundred business schools in the United States stamping out thousands of MBAs each year, every one of them trained in the kind of rationalizing—both analytic and moral—that we're talking about here.

Alright, and I apologize for being so round about—I'm sure you'll clean it up, turn it into paragraphs and such before you print it [laughs], but, as you can see, this stuff fascinates me, and again, its because there's no mystery here, the sums of money are too large, and the effects of these sums as they pass through individual and corporate hands is too great to be hidden. When some \$80k a year banker suddenly buys a five million dollar home in central America, some Hofstra graduate whose parents are living in Queens, then you know something's not right.

EOH: Is that a true story?

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HG: Yeah, we saw that one back in, what, '93 or '94. We had a couple of investigators follow it up, and, it was a textbook case, the money just appeared in the guy's account one day, actually in a couple of accounts scattered around Europe.

EOH: What happened?

HG: Nothing. As soon as his employer found out about it they moved him offshore. We heard he was gone when our investigator showed up at the guy's apartment to serve him with a subpoena—the neighbors said he'd moved out in the middle of the night.

EOH: [incredulous] But couldn't you follow him? Maybe extradite?

HG: Look, the morning we tried to serve him I arrived at my office to find two senators, the company's vice-president for government services, and—remember, this was during the Clinton years—a white house deputy counsel waiting to see me. You can imagine how civil that conversation was! [laughs] It's, everybody understands that fishing trips like that aren't meant to do anything more than keep everybody on their toes. Sure, the company was pissed at the guy, because obviously he'd been working on the side, but they were more afraid of having us come through the door and start grabbing documents and reviewing their records. So they sent him to, I dunno, maybe it was Costa Rica, somewhere near his new home. They removed the immediate focus of our attention, and that was good enough, as far as everyone involved was concerned—well, except me, of course, but I'm just one representative. Of course, I wouldn't be surprised if, maybe a year or two later, the guy had an accident. You'd be surprised at how accident-prone bankers can be, especially when their colleagues know that they've been abusing their money printing privileges!

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EOH: You've mentioned Clinton a couple of times now, and never with any real fondness. Care to elaborate?

HG: I think... [pauses] I think that history will remember Bill Clinton for far worse things than anything we know about at the present time. And that's all I'm willing to say about him at the moment.

EOH: Fair enough. Now, we're almost out of time, so let's try and touch upon a related subject, maybe, what's driving all of this money laundering...

HG: While arms dealing and narcodollars are the most well known sources

of dirty money, few people realize just what an enormous sum is now transferred each year in payoffs and bribes. And we're not just talking North to South transfers meant to facilitate the reverse transfer of resources and raw materials. The evidence shows that the aggregate of these transfers just within the First World is now on the order of 50 billion a year or more...

EOH: What accounts for this growth?

HG: Well, the principal element is, of course, free trade. While agreements like NAFTA, the WTO and such provide a framework for trade, political necessity makes it all but impossible to include any sort of formalized structures within these agreements for handling the, uhh, informal practices that inevitably accompany trade. And then, besides the opening up of trade, of course, there's the pretty much worldwide cultural and ethical decline that's been taking place since at least the '50s.

EOH: Hmm?

HG: I mean the... there's a general consensus now in the policy community that we've arrived at the metastasizing stage of late industrial capitalism, with everything it implies for human cultural structures. All of the alternate critiques have collapsed, whether because of their internal contradictions or external military or economic pressure from the western democracies—led by the United States, of course. Capitalism has broken out of the box of geographic, cultural, and other factors that contained it for the last few hundred years, and now we're seeing this absolute explosion of activity as this particular set of social relationships—and that's what capitalism is, after all, a set of relationships and a way of viewing the world—radically transforms all existing human institutions and societies...

EOH: it doesn't sound as if you think it's a bad thing.

HG: Good or bad doesn't make much sense to me when we're talking about historical processes. Look, I'm not one to quote Marx, usually, but you've got to give the guy credit for recognizing that capitalism was the most revolutionary idea in human history, at least until the time he was writing.

EOH: Do you agree with Marx that capitalism contains the seeds of its own destruction, that there must be something that will inevitably replace capitalism?

HG: I'm not sure. You know, when I was younger I would have jumped right up and flashed my democratic socialist card but, maybe its just the cynicism of age, or maybe its wisdom, but over the past twenty years I've come to have a greater appreciation for just how, for just how beautifully perfectly elegant, for just how wonderfully capitalism seems to mesh with

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what seem to me to be some basic human instincts. Does this mean that I approve of its worst features, or that I support the elimination of all government regulatory functions and the imposition of an immediate worldwide global trade pact managed by the Fortune 10, as many members of the Bush administration appear to want? Of course not, don't be ridiculous. I'm still receptive to alternative models, I'm still listening, and hoping to see some other idea arise, something that combines the humanism of socialism with the productive capacities of capitalism, but for now I'm thinking we need to work with what we've got, which is capitalism. I know, call me a liberal incrementalist.

EOH: So you don't have any ideas as to where an alternate model might come from?

HG: Again, I dunno. I have to admit that I've gotten interested in some of the ideas of Michio Kaku, especially his model—well, I'm not sure it's actually his, but he's certainly one of the most vocal proponents—of human cultural evolution that says humanity is on the verge of a major transformation, that we're just stepping onto the exponential growth curve governing technological achievement, scientific understanding, that sort of thing, and that we're either gonna have destroyed ourselves within, like, 100 years, or we're going to have found a completely new organizing principle for ourselves and our resources. Maybe it is a question of, 'the future is always a choice between barbarism and socialism', we'll see. Then again, maybe the extraterrestrials will arrive first, and all of the things we've been talking about will suddenly seem pretty trivial.

EOH: Extraterrestrials? (!)

HG: [smiling] Oh, did I say that? Sorry, no comment.