

## **Congressional Closeup** by Barbara Dreyfuss and Susan Kokinda

### **Tenn-Tom narrowly passes Senate**

By the narrowest margin yet, 48 to 46, the Senate rejected a proposal on Nov. 4 by Charles Percy (R-Ill.) and Charles Mathias (R-Md.) to kill the Tennessee-Tombigbee Waterway. The 232-mile-long water project, which is more than three-quarters completed, would connect a large part of the Southeast to the Gulf of Mexico and provide the impetus for industrializing this rural area of America.

Opposition to the project was led by the environmentalist movement and its congressional allies. The opposition to Tenn-Tom and many other such important waterway projects is not in fact based on environmental concerns but rather that such projects will help industrialize regions and foster population growth. Not surprisingly, Mathias and Percy are the Senate leaders of the population-control lobby.

"It is a problem of looking at growth," declared a spokesman for the Population Crisis Committee, the leading population-lobbying group, on its opposition to water projects. "If we build a sewer system it encourages growth but that would be beyond the level we can sustain it. If we divert the Colorado River, for example, it just also encourages growth, but it may be undesirable as there is only so much water around."

The foremost environmental group opposing Tenn-Tom is the League of Conservation Voters, headed by Marion Edey, a member of the Malthusian Club of Rome.

Efforts to cripple Tenn-Tom in

the Senate are still active, despite the Senate vote. Patrick Moynihan (D-N.Y.) has a bill pending to make future Tenn-Tom funding contingent on 50-50 financing by the states that will be served by the waterway, although these are some of the poorest states in the nation.

### **House hears murderer on labor-racketeering bill**

Convicted murderer, forger, perjurer, and arsonist Jimmy "the Weasel" Fratiano, a paid FBI informer under the Federal Witness Protection Program, was brought before a House Committee Nov. 4 to lend his support to the union-busting "racketeering" legislation currently being pushed by Sen. Sam Nunn (D-Ga.), Secretary of Labor Ray Donovan, and AFL-CIO President Lane Kirkland. Fratiano told members of the House Select Committee on Aging, chaired by Claude Pepper (D-Fla.) that union pension and health funds all over the country are controlled by organized crime, and "the only way you can stop it is have the government control the money."

Fratiano's testimony was then seconded by testimony from Nunn himself, Teamster dissidents Ted Katsaros, John Kuebler and Robert McGuinness, and State Crime Commissioners of New York, New Jersey, and Pennsylvania.

Aides to Pepper on the Committee say that the Congressman plans to delay action for two to three months to gather evidence, and then hold new hearings and introduce a House companion bill

to Nunn's. Interestingly, many of Pepper's aides say they don't believe any of what Fratiano said, but find his allegations useful.

### **Senate approves oil emergency bill**

New legislation to deal with an oil emergency passed the Senate Oct. 29, by a vote of 85 to 7. The new bill, introduced by the Senate Energy Committee Chairman, James McClure (R-Ida.), would replace the Emergency Petroleum Allocation Act of 1973 which expired on Sept. 30.

McClure's bill, S. 1503, titled the Standby Petroleum Allocation Act of 1981, gives the President the authority to control oil prices and allocate supplies from one refinery to another in the event of a severe oil shortage. McClure had wanted the President to have such authority to avoid a crisis and major chaos especially for small industries and farmers.

Liberal Democrat Bill Bradley (D-N.J.) led a fight against McClure's proposal, saying the free market should handle an oil crisis. Bradley, a former Rhodes Scholar, had proposed alternative legislation that would have prohibited government action in an oil crisis unless "national security" were threatened.

According to Bradley's plan, the marketplace would raise oil prices in a shortage period, thus limiting consumption. Bradley said that this would increase the windfall profits-tax revenue which could then be funneled into state governments and individuals to help peo-

ple meet the higher oil prices. Bradley's proposals were soundly defeated on the Senate floor, but he hopes to bring them up again. Hearings are in the works for later this month in the Finance Committee on the Bradley proposal, and he expects to again bring his plan to the Senate floor for a vote. Aides to the Senator say they also want the President to veto the McClure bill in favor of Bradley's free-market plan.

On Nov. 5 the House Subcommittee on Fossil and Synthetic Fuels began marking up the legislation passed by the Senate.

## **H**ouse passes Deposit Insurance Flexibility Act

The House passed the Deposit Insurance Flexibility Act, H.R. 4603, by an overwhelming vote of 371 to 46 on Oct. 28, which gives the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation the power to offer financial assistance to depository institutions and the power to arrange mergers of failing financial institutions jeopardized by the problems of high interest rates. The objections of the opponents of interstate and inter-industry banking institution mergers allowed by the bill were largely overcome as numerous amendments mandating that every effort must first be made to seek intrastate mergers of like institutions were accepted by the bill's chief sponsors, including Fernand St. Germain (D-R.I.), Chalmers Wylie (R-Oh.), and William Stanton (R-Oh.).

Frank Annunzio (D-Ill.), a leader of the fight against the bill in the Banking, Finance and Urban Affairs Committee, switched to support the bill on the assurances of Committee Chairman St. Germain that a major restructuring of the U.S. banking industry or any amendments in that direction, would not be added to the bill in conference with the Senate, which is already considering proposals for massive restructuring. Annunzio said, "However, I do plan to vote for the legislation, but I want to make certain that this bill will not be the vehicle that the Senate will use . . . to change virtually every financial law."

Other opponents of interstate and inter-industry mergers remained firmly opposed to the bill. Byron Dorgan (D-N.D.) charged that Chase Manhattan and other banking executives in New York were "drooling over the deposits they could get from our region of the country if only they could figure out a way to tear down the prohibition against branch banking that has been established by our state legislature. . . . What those financial institutions have not been able to get through our state legislature, they now want to get through the U.S. Congress masquerading it as a solution to some failing thrift institutions."

Dorgan noted that the interstate and inter-industry mergers might not be what "this bill intends," but "the largest financial institutions of this country will make short work of the intentions of this legislation if they have any opportunity at all."

Dorgan instead urged his col-

leagues to take up the problem of the Federal Reserve Board and high interest rates. "That," he said, "is the most important step we can take to restore health to the thrift institutions." He also noted that in questioning before the Banking Committee, Paul Volcker had admitted that a drop in the interest rate to about 11 percent would restore the thrift institutions to profitability.

## **S**enate Subcommittee tails Anti-Drug Coalition

Shortly after the conclusion of the second of three in-depth and highly successful Capitol Hill seminars on international narcotics trafficking and money laundering, sponsored by the National Anti-Drug Coalition, the Senate Permanent Investigations Subcommittee announced extensive hearings commencing on Nov. 10 on the same topic. Scheduled to testify at the initial hearing are several convicted narcotics traffickers who will reveal money-laundering operations from countries such as Colombia into the United States. Former U.S. ambassadors to Colombia and Peru, as well as a representative from the Colombian embassy and spokesmen from all relevant federal agencies.

The same committee, which two years ago carried out three days of hearings on narcotics money, never followed up on those hearings with any serious legislative effort, pointed out *Dope Inc.* co-author David Goldman to the second NADC seminar, attended by 10 Senate staffers and 50 others.