

## Congressional Closeup by Ronald Kokinda and Susan Kokinda

### Senate committee passes IMF bailout

Without objection or comment, the Senate Foreign Relations Committee passed an amendment to the International Monetary Fund bailout bill (S.695) on March 15 which will set in motion a process whose ultimate aim is the subjugation of the U.S. economy to international private banking interests centered in the Basel, Switzerland Bank for International Settlements (BIS). The amendment, offered by Senate Foreign Relations Committee Chairman Charles Percy (R-Ill.), mandates the chairman of the Federal Reserve Board and the secretaries of State and Treasury to report back to the Congress on the feasibility of the United States joining the BIS.

The IMF quota increase of \$8 billion is a step toward forcing the United States to cede its national sovereignty to a world central bank or supranational banking institution, controlled by the *fondi*—the international financial oligarchy. The BIS is just such an institution. The United States is currently represented there by Citibank, although the Federal Reserve acts as a member.

Percy motivated his amendment by noting that U.S. objections to joining the BIS "seem to be historical rather than contemporary." Those "historical objections," as elaborated by Louis McFadden (R-Pa.), the Chairman of the House Banking Committee in 1930, rested on the charge that Morgan Guaranty Trust and other British-allied institutions were trying to destroy U.S. economic sovereignty. The other most recent call for U.S. re-entry into the BIS came from Morgan Guaranty official Rimmer de Vries, who testified to that effect before Percy several weeks ago.

At the hearings, Percy described the BIS as a "Swiss bank, privately owned," and then tried to revise that all-too-accurate statement a bit with the reformulation, "a Swiss-based institution."

Percy's co-sponsor on the amendment, which garnered no comment from the assembled Sens. Charles Mathias (R-Md.), Paul Sarbanes (D-Md.), and Thomas Dodd (D-Conn.), was Sen. Claiborne Pell (D-R.I.), a member of the Club of Rome.

In a related development, Sen. Jake Garn (R-Utah), chairman of the Senate Banking Committee, stated on March 16 that he will support the IMF quota increase. Garn said that, while he did not like increasing the quota, he nonetheless felt that the measure was "necessary" because of the "repercussions in terms of jobs and exports if we do not respond."

Garn went on to say that he views his role in the IMF legislative battle as one of moderating the efforts to substantially amend the quota increase. There will be attempts by Congress to legislate specific country lending quotas and other stringent banking regulations, Garn said, but such measures would only be "overreaction."

### Abscam bill misses the boat

Senator Charles Mathias (R-Md.), former chairman of the now-defunct Senate Committee on Abscam, and six of the seven other committee members introduced the Undercover Operation Act of 1983 (S.804) on March 14. The bill seeks to reform federal criminal laws by establishing certain standards and limits for conducting federal undercover operations to the stated end of preventing abuses of undercover activities.

According to Mathias, the legislation will do the following: 1) expressly authorize Justice Department agencies to engage in undercover operations and permanently remove some of the legal restrictions which have impeded the use of this technique; 2) require agencies to promulgate guidelines for undercover operations; 3) prohibit undercover operations which cannot meet certain standards of justification; and 4) create an affirmative criminal defense of entrapment.

Yet, under broad constitutional guarantees, an individual is already protected against entrapment. To enact such a statutory provision actually limits the defense available to an individual.

Second, the Mathias legislation, as the Abscam committee did, ignores the role of corrupted sections of the Justice Department which carried out Abscam as a political witchhunt against targeted individuals. The issue before Congress is not so much the promulgation of guidelines, but investigating the executive branch officials who carried out these operations. As long as the Justice Department and FBI contain tainted elements, as was the case with prosecutor Thomas Puccio and his protectors in the Abscam operations, statutory guarantees are to no avail.

Not only did the Senate Abscam committee whitewash these elements, but the House Judiciary Subcommittee on Constitutional Rights, which has conducted much more extensive and probing hearings on Abscam abuses, is also under political pressure to water down its final report.

Under Abscam, individuals who had committed no crime or impropriety whatever—most notably Sen. Harrison Williams (D-N.J.)—were hounded out of office.

## **Administration faces opposition on El Salvador aid**

The Reagan administration's plan to request new military assistance for El Salvador was dealt a blow on March 14 when Sen. Daniel Inouye (D-Hawaii), the only Senate Democrat to actively support the President's Caribbean Basin initiative, announced that he "must oppose and vote against the President's request for increased military assistance to El Salvador."

Inouye, who said he had always "supported the President" in foreign policy throughout his career whenever "there was a measure of doubt," said he has concluded that "there is no military solution . . . the solution to the conflict in El Salvador lies within El Salvador." Inouye recalled U.S. support for the Batista regime in Cuba in the late 1950s, which made its money from "gambling and prostitution," and paved the way for the takeover by Fidel Castro.

In the House, Rep. Henry Gonzalez (D-Tex.) laid the blame for the situation in El Salvador to the past activities of the Dope, Inc.-connected United Fruit Company (now United Brands). "The genesis of the tragedy in El Salvador goes back a long way," Gonzalez stated. "In fact, exactly 51 years ago, you had another 30,000 Salvadorans killed in the same way, the same reasons, except that at that time United Fruit Company took care of the situation with those selected 12 powerful oligarchic families even if it meant the death of over 30,000 Salvadorans."

The House Appropriations Foreign Operations Subcommittee, chaired by Rep. Clarence Long (D-Md.), Social Democrats and the Christian Democrats be included in the negoti-

ations as a condition for any more aid to El Salvador. This is believed to be the position favored by the State Department and Thomas Enders and Secretary George Shultz.

## **Banking Committee announces dereg plan**

Senator Jake Garn (R-Utah), chairman of the Senate Banking Committee, told a gathering of foreign bankers in Washington on March 15 that he is about to begin extensive oversight hearings in his committee on the body of law which now regulates the U.S. banking sector and prohibits interstate and interindustry mergers. Garn said that the hearings will review the Glass-Steagel Act, the McFadden Act, the Douglas Act, and the Banking Holding Company Act.

Garn said that whenever he mentions the McFadden Act, which prevents interstate bank mergers and has protected the state-based local banking structure from takeover by major New York banks, he gets angry mail from independent bankers in Utah and throughout the nation. Nonetheless, Garn insisted, change would have to come. "In the real world, boundaries have broken down. The market place is changing the situation and I think interstate banking is on its way, whether I like it or not."

Garn stated that he did not intend to move legislation during the course of 1983, but this year would be used to explore the issue. He likened this to the process he began in 1981 with House Banking Committee chairman Fernand St. Germain. After two years that process produced legislation which made major inroads in deregulating the U.S. savings and loan institutions. Garn added that, while he did not expect legislative action during the

course of 1983, some unexpected financial development might move the situation forward at a faster pace.

## **Pressler: Soviets ahead in space, U.S. should quit**

The darling of Britain's Oxford University, Sen. Larry Pressler (R-S.D.), argued in a speech on the Senate floor March 11 that, since the Soviets are ahead of the United States in the area of space-based directed-energy weapons, and therefore "pose a serious threat to the U.S. security interests," the United States should seek to "halt and reverse this high level of investment in space-based and space-directed warfare." Pressler urged passage of his resolution opposing space-based technology.

To make his case, Pressler gave a quite straightforward assessment of the U.S.-Soviet situation: "We should take a look at the future of exotic beam weapons, an area in which the Soviets are investing heavily—some say three to five times as much as the United States. One path that the Soviets are following is that of high-energy lasers. . . . The Soviets are believed to be five or more years ahead of the United States in developing these weapons. Projections on the deployment date for an operational system vary from as early as 1985 to the late 1980s or early 1990s. . . . Particle beams, which have less of a problem in dealing with atmosphere conditions, are also under development in the Soviet Union, according to several publications. One author claims that particle beam tests are currently being conducted at a facility in Kazakhstan, in Soviet Central Asia."

Pressler is planning hearings in April on his resolution.