

Congressional Closeup by William Jones

Senate gives nod to Moynihan's welfare scheme

On June 17, the Senate voted 93 to 3 in favor of Sen. Daniel P. Moynihan's (D-N.Y.) bill to restructure the nation's welfare program. As the vote indicates, the bill has met with very little opposition. An amendment was added by Republican Senators William Armstrong (R-Colo.) and Robert Dole (R-Kan.) which would make workfare mandatory. This amendment was the result of negotiations with the White House, after President Reagan indicated that he would veto the bill if workfare were only made optional. The amendment was adopted with the support of 54 senators. The workfare mandate is opposed by the National Governors Association, since they feel that it wastes the participants' time in meaningless "make-work" jobs and removes state flexibility in crafting job programs.

The measure, which would be the first major change in the welfare program since its enactment in 1935, would apply to people in the Aid to Families With Dependent Children program. The overall cost of the Senate bill was estimated at \$2.8 billion over five years, compared with \$7 billion for the House version. The two bills will now be resolved in a conference committee between the two houses. It is estimated that one out of every six American children is a ward of the Senate Finance Committee—dependent upon either the Survivors Insurance or AFDC programs.

Byrd warns of investment contraction, huge deficit

Senate Majority Leader Robert Byrd (D-W.Va.), in remarks on the Senate floor on June 14, pointed to the fact

that the much-hailed drop in the April trade deficit involved a real fall in both exports and imports, i.e., a contraction in production (see page 4). The export figure included \$600 million in gold purchases by Taiwan, indicating that the decrease in real exports was even greater than the figures let on. "Much of the drop," said Byrd, "is in a wide variety of capital equipment. It may simply mean that American business is slowing the pace of investments in America's future." Byrd also pointed out that the United States is about \$420 billion in debt to the rest of the world.

"At the current pace," Byrd commented on the trade deficit, "we are on our way to reaching the \$600 billion level by the end of next year."

Wright calls corruption charges 'flimsy'

The House Ethics Committee voted June 9 to launch a preliminary investigation into charges against Speaker Jim Wright (D-Texas). The panel will examine six counts involving Wright, including three that were not mentioned in the original complaint filed by Rep. Newt Gingrich (R-Ga.). Wright encouraged the committee to examine the charges "carefully and exhaustively," although he referred to them as "flimsy." "I have done nothing unethical, I have done nothing illegal, I have done nothing violative of the rules of the House and the committee. I am absolutely confident we'll come to that conclusion after it's looked at all the facts," said Wright.

The Wright investigation has, however, become something of a problem for the Democrats. The Democratic Congressional Campaign Committee sent out letters to every

member of the House warning them not to be "duped by Newt." Granted, Gingrich is something of a maverick, who doesn't hesitate to get into a scrap if he finds it useful, although he often is right on target with some of his more outspoken comments. For instance, when Gingrich gave Wright the epithet "Mussolini of the House," because of Wright's high-handed methods of manipulating House procedures to pass legislation which he supports, the depiction was undoubtedly deemed appropriate by many a House Republican, who, however, wouldn't be caught saying something like that. Gingrich did succeed in getting the support of 71 of his House Republican colleagues to demand that the accusations against Wright be investigated.

The issue will be subject to thorough investigation, with the possibility that an independent counsel may be called in.

Outlook for more Contra aid is dim

Leaders of the Contras say that they need more weapons and ammunition from the United States in order to strengthen their position in negotiations with the Sandinista government. Elliott Abrams, as gung-ho as ever, favored requesting more aid of Congress, but Howard Baker, the departing White House chief of staff, seeing that there would be no possibility of getting more aid from Congress, saw no point in even raising the issue.

The peace negotiations between the Contras and the Sandinistas are in the process of breaking down because of intransigence on the part of the Sandinistas. The latest round of peace talks in Managua, which ended during the

first week of June, failed to reach an agreement to end the seven-year conflict between the rebels and the government. No date was set for resumption of the talks, but both sides agreed to extend the truce until next March.

Proxmire warns of huge S&L bailout needs

In comments on the Senate floor on June 13 and 14, Sen. William Proxmire (D-Wisc.), chairman of the Senate Banking Committee, said that experts have told his committee that a bailout of the savings and loan industry could cost from \$20 to \$70 billion.

Proxmire explained how the situation developed: "In 1984, the industry netted a profit of about \$1.5 billion. In 1985, that rose to \$4.4 billion. In 1986, it declined to about \$1 billion. But in 1987, the industry suffered some catastrophic individual losses and overall aggregate losses of \$6.3 billion. At the end of 1987, 507 thrifts constituting 16% of the industry and 11% of the assets of the industry were insolvent. The capital deficit of these technically insolvent institutions has increased every year since 1984 and their net operating losses have gone up each year."

"The shaky S&Ls that are in trouble can only stay in business and compete by offering substantially higher interest rates to depositors than healthy S&Ls. . . . In order to earn enough to cover the high interest rates paid to depositors, the troubled S&Ls move away from home lending and into speculative real estate and other ventures."

Proxmire then went on to talk about the coming recession: "We are due and overdue for recession. Recession is the price we pay for free economy. In past

recessions, since the advent of deposit insurance from the 1930s up until six or seven years ago, S&Ls had done well. But with the many S&Ls that have recently engaged in speculative excesses, a recession in the next year or two would put the S&L industry through the kind of grim experience the industry has suffered in Texas, with a potential national bailout in the hundreds of billions of dollars."

Conrad demands aid for South Dakota farmers

In an effort to get the senators from non-farming areas to understand the effects of the drought now afflicting the northwestern states, Sen. Kent Conrad (D-N.D.) addressed the issue on the floor of the Senate. "My farmers are suffering through the worst drought in decades. When they plant, the seeds will not sprout. If they sprout, the seedlings will not grow. The pastures are bare, and many producers are running out of feed for their livestock. Even if the rain came today, many farmers would be unable to recover from the damage already caused. The story is the same for farmers from North Dakota to Texas. . . . In short, we have an agricultural disaster on our hands, and we need help."

Conrad has requested of Agricultural Secretary Richard Lyng that three measures be taken which would alleviate the situation somewhat: 1) that the acres reserved under the Conservation Reserve Program be opened to haying and grazing; 2) that the farmers be allowed to retain their farmer-held grain reserves to allow them to be the recipients of the price improvements the drought has brought; and 3) to see that farmers will not have to pay back advance deficiency payments, if their

counties are declared disaster areas. The latter measure would require a change in existing law.

NDPCC testifies on African locust plague

In testimony before the Foreign Operations Subcommittee of the Senate Appropriations Committee, representatives of the National Democratic Policy Committee outlined the magnitude of the locust plague now afflicting Africa, and demanded measures for immediate widespread spraying with large DC-7s in order to eliminate the locusts.

Emphasis was placed on the use of dieldrin, a very powerful insecticide which is much longer lasting than other insecticides generally used against locusts, but is forbidden for use in the United States by the Environmental Protection Agency, and forbidden for use in countries receiving U.S. aid.

The NDPC testimony also emphasized the need for developing electromagnetic pulsed waves as a technology for destroying locusts. The significance of the electromagnetic wave technology in destroying locusts has already been proven, but has not been developed for broad-scale locust extermination.

Senator Daniel Inouye (D-Ha.) said afterwards that he realized that the situation was extremely serious, but claimed that they had been informed of the magnitude of the problem at a late date, thus delaying the implementation of measures to combat the locusts. As a result, said Inouye, thousands may die because of the delay. He said that they would investigate the possibility of using electromagnetic pulsed waves in destroying the locust plague.