

Congressional Closeup by William Jones

Savings League chief critical of Bush plan

In testimony before the Senate Banking Committee on March 7, Barney R. Beeksma, chairman of the U.S. League of Savings Institutions, criticized the administration's plan for re-vamping savings and loan institutions.

The League is calling for a full merger of the Federal Deposit Insurance Corp. and Federal Savings and Loan Insurance Corp., with the surviving S&Ls being given the right to use the logotypes of the FDIC, the insurance agency of the commercial banks. This, they argue, would ensure the depositor that his deposit is backed by the full weight of the U.S. government.

Under the Bush plan, the FDIC would oversee two insurance funds, one for the S&Ls and one for the banks—but the money in the two would not be commingled.

Beeksma also wants to set a target date, after which thrifts and commercial banks would pay the same insurance premiums. Under the Bush plan, the costs of closing insolvent S&Ls would be carried by the solvent S&Ls, through higher insurance premiums. This, Beeksma claims, would unduly penalize S&Ls relative to commercial banks.

Beeksma blamed the problem of the S&Ls on the "badly timed and poorly managed deregulation process" of the early 1980s. "The vast new powers provided to thrifts by some states," said Beeksma, "the removal of a variety of barriers to purchase of a thrift by a single individual, and the desire of regulators to accommodate the acquisitions of thrifts attracted many new players into the industry."

The League opposes the proposal to place the Federal Home Loan Bank

Board and the Federal Home Loan Mortgage Corporation under the U.S. Treasury. Since both the Treasury and the FHLBB are competing for funds on the financial markets, the move "could lead to policy decisions which limit the access of these two important housing agencies to the nation's capital markets." While lauding the increased role of the Justice Department in apprehending and prosecuting the "high fliers," Beeksma warned "that the lynch-mob mentality is rampant today, unjustly threatening the innocent majority along with the handful of scoundrels who so outrageously abused the public's trust and the thrift charter."

He urged that this campaign be brought to an end "before our nation's mortgage credit delivery system is destroyed through misdirected vengeance."

Beeksma was heavily attacked by Senate committee members, ignorant of all but their need for a scapegoat. Committee members assailed the League for playing down the scale of thrift insolvencies two years ago. "If anyone on Earth has been responsible, it's the League," fumed economic whiz kid Sen. Phil Gramm (R-Texas).

Sen. Richard Shelby (R-Ala.) pointed out that the League lobbied for many of the regulatory policies and federal legislation that allowed the industry to diversify into commercial real estate, helping to aggravate the situation for the S&Ls.

Both the League and another trade group, the National Council of Savings Institutions, questioned whether the industry could meet the tougher capital requirements of banks in two years, as called for under the Bush plan. The new requirements should be phased in over five years rather than two, said John Koch, council chair-

man, or the plan "could kill the industry in the process."

Humphrey to leave the Senate in 1990

One of the more outspoken conservative Republican senators, Gordon Humphrey of New Hampshire, has announced that he will not seek a third term next year. "Serving in Congress should not be a career," said Humphrey, who describes himself as the most conservative voice in the Senate.

Humphrey is the second conservative Republican to announce that he will not run again. Recently, Sen. William Armstrong (R-Colo.) said that he would not seek reelection.

Humphrey said he is confident that he will be succeeded by another conservative. "There's a wealth of talent in this conservative state," he said. "I'm optimistic we'll field another conservative Republican."

The retirements could, however, cause significant problems for the GOP in its battle to gain control of the Senate in 1990. Sen. Jesse Helms (R-N.C.) will be facing a tough race when his seat is up next year, and there has been speculation that Sen. Nancy Kassebaum (R-Kan.) will not be running for a third term.

Republicans sharpen axes to go after Wright

In retaliation for the Democratic sabotage of John Tower's defense nomination, congressional Republicans are targeting Speaker of the House Jim Wright for a counterattack. Wright, who has been under investigation by the House Ethics Committee as a re-

sult of Republican allegations of financial misdoings, will be bitterly attacked in what the *Washington Post* has called the "poisonous atmosphere" created by the Tower debate.

"There will be a concentrated assault on the Speaker and Democrats by Republicans," predicted Rep. Pat Williams (D-Mont.). The protracted struggle over the Tower nomination "makes Republicans want to get even."

"The Tower stuff hurts him," one Republican is quoted in the *Post*. "It will make it tougher on the Speaker. House Democrats will now have to be as tough on him as Senate Democrats have been on Tower."

Wright's counsel, William Oldaker, will get his chance to defend the Speaker against the 450-page report by the committee's special counsel, Richard Phelan. The report is expected to be devastating for Wright, and according to GOP sources, Phelan "did his homework . . . and presented solid evidence."

Rockefeller attacks jet fighter deal with Japan

In remarks on the Senate floor on March 7, John D. "Jay" Rockefeller IV (R-W.Va.) attacked the planned U.S.-Japanese agreement to build an FSX fighter aircraft. The agreement, signed on Jan. 12, involves a \$1.2 billion development and production project. General Dynamics would be the main American company involved, but at a later date, a memorandum of understanding would be negotiated about sharing production work with the Japanese.

Rockefeller wants to set up an interagency review of the agreement to see if it would involve any transfer of advanced military technology which

might give the Japanese a competitive edge. "I am very disturbed," said Rockefeller, "that the Department of Commerce, the U.S. Trade Representative, and the White House Science Adviser were not fully consulted during the bilateral negotiations."

The agreement was signed in spite of the protectionist fervor now being whipped up on Capitol Hill by Rockefeller and his colleagues.

Senate debate wilder than Mort Downey show

The customary senatorial pomposity during floor debate was suddenly transformed into what one observer called a Capitol Hill version of the Mort Downey show. The cause of the ruckus was the nomination of Sen. John Tower as Secretary of Defense—practically the only subject of debate on the Senate floor for 10 days.

The sudden decision of Sen. Sam Nunn (D-Ga.) to vote against the nomination in the Senate Armed Services Committee, turned it into a hot partisan issue.

Sen. Ernest Hollings (D-S.C.), an opponent of the Tower nomination, in an exchange with Sen. Malcolm Wallop (R-Wyo.), got a bit hot under the collar. "The entire discipline of our armed services depends upon this," said Hollings. "And here we dare to quibble. 'Was he on duty?' 'Did you see him on the floor?' And all of these things. . . . It is not a problem for me. I said it is a problem for the Senator. You want him drunk and criminal. All I have to do is find him drunk."

When Sen. Robert Dole (R-Kan.) complained about the "outbursts" of Senator Hollings, Hollings became even more upset. "Don't talk about outburst and vicious attacks and we

are assassinating Tower. Tower and that crowd is assassinating the Senate, demeaning this body with this kind of stretch out and characterization and innuendo and rumor when we know it is fact in that record."

With the Tower nomination defeated—a very bitter pill for the Bush administration—the rancor and the irritation will become more and more acute in the coming months on the Senate floor.

Pickering confirmed as U.N. ambassador

Thomas Pickering was confirmed in a 99-0 vote as U.S. ambassador to the U.N. The former envoy to Israel and El Salvador will succeed Vernon Walters in the post.

No opposition was voiced on the floor and there was no discussion of Pickering's contact, outside normal State Department channels, with former White House aide Oliver North in connection with aid to the Nicaraguan Contras.

Pickering is one of the handful of Bush appointees who have been confirmed by the Senate. Some 150 appointees are in one phase or another of the clearance system. One senior administration official described the Bush administration as "a canoe standing still in a pond. . . . Every little ripple can knock you over. Reagan was a boat moving forward so the little ripples caused little trouble, but you had this momentum."

The still-unscheduled hearings of State Department Undersecretary-designate Lawrence Eagleburger are expected to create as much debate as the Tower nomination, with possible conflict-of-interest questions being raised in a variety of areas.