

Congressional Closeup by William Jones

Debt-for-equity swaps mooted with Panama

Assistant Secretary of State Bernard Aronson told a hearing of the House Foreign Operations Subcommittee on March 22, in response to a question from Rep. John Porter (R-Ill.), that debt-for-equity swaps with Panama was a good idea since Panama had to come up with new resources to solve its economic problems.

Aronson also made clear that these ideas are presently being discussed by private groups and others in the U.S. and Panama.

Thrift 'industry' worse than anybody dreamed

A report released on March 26 on the 1989 performance of the thrift industry indicated that the nation's savings and loan associations had lost a record \$19.2 billion, prompting new predictions that the White House and Congress will have to intervene in the crisis again.

By the end of 1989, the thrift industry was losing money at the rate of \$3 million an hour—24 hours a day—and the losses were continuing to grow in spite of the biggest bailout in the nation's history. "The losses for 1989 are up almost \$6 billion from a year ago," commented Rep. Henry Gonzalez (D-Tex.), chairman of the House Banking Committee, "and the rate cannot be sustained without the Treasury facing another onslaught."

The publication of the report led to renewed calls by congressmen to abolish the newly created Office of Thrift Supervision and to turn its duties over to the bank regulatory agencies. About two-thirds of the losses stem from bad loans, and the rest are operating losses from the thrifts' paying out more in interest and other ex-

penses than they are earning on loans and investments.

In testimony to Congress, L. William Seidman, chairman of the Federal Deposit Insurance Corp. and director of the Resolution Trust Corp., said that more thrifts will need government help than was estimated earlier. Seidman noted that the situation was aggravated by rising interest rates and falling real estate prices. "Those two factors are not good for the industry or the RTC," said Seidman.

LaRouche dem blasts DoJ over persecution

In testimony before the House Appropriations Subcommittee on Commerce, Justice, State, and the Judiciary on March 28, Texas Democratic congressional candidate Bruce Director attacked the Department of Justice (DoJ) for its role as an agency for Executive Branch tyranny.

Quoting from the writings of Czech President Vaclav Havel on how in a totalitarian state "the legal code wraps the base exercise of power in the noble apparel of the letter of the law," Director briefly traced the history of the judicial persecution of Lyndon LaRouche and his associates instigated by Henry Kissinger, then a member of the President's Foreign Intelligence Advisory Board.

Rep. Hal Rogers (R-Ky.) asked Director what he meant by his charge that the DoJ was caught "red-handed working with the Soviet government." Director then outlined the DoJ-Soviet collaboration to blame the assassination of Swedish Prime Minister Olof Palme on LaRouche. Director said the Justice Department was out of control and it was the Congress's duty to rein it in. "Congress must immediately initiate a thorough

investigation of the DoJ and take measures to bring it back in line with the Constitution," he said.

Dems divided in clean air debate

Senate leaders won approval on March 27 to limit debate on clean air legislation and scheduled voting on this massive piece of bureaucratic red tape to begin on April 3. The bill, which will place exorbitant costs on an already devastated U.S. industrial structure as it imposes pollution controls on industry, automobiles, and electric power plants on the pretext of bringing air quality within federal standards in most urban areas by the turn of the century, has provoked heated fights and splits in party groupings.

Both industry and labor have expressed concern over the significant increase in production costs and in loss of employment which this bill will cause. Sen. Robert Byrd (D-W. Va.), chairman of the Senate Appropriations Committee, has demanded assistance for coal miners who would be put out of work as a result of provisions contained in the bill. The Byrd amendment, which was opposed by the White House as being too expensive, was defeated on March 29 in a close 49-50 vote.

House resolution urges recognition of Lithuania

A resolution voted out of the House Foreign Affairs Committee on March 29 called on President Bush to "plan for and take those steps, at the earliest possible time, that would normalize diplomatic relations between the United States and the new government of Lithuania." It also declared that "the

use of force by the Soviet Union to suppress the democratic aspirations of the people of Lithuania and their desire for national sovereignty would be a gross violation of Lithuanian human rights and political freedom and a serious and tragic setback in U.S.-Soviet relations."

The resolution, based on a proposal submitted by Rep. Richard Durbin (D-Ill.), is scheduled to come up on the floor on April 2. Although there has been significant opposition to the pro-Gorbachov policy of the administration in the face of the courageous stand of the Lithuanians, President Bush successfully muscled some Republican congressional leaders at a White House session on March 29, where he argued that any support for Lithuania would play into the hands of the Soviet military.

Cabinet status of EPA is targeted

The House voted 371-55 on March 28 to make the Environmental Protection Agency a cabinet-level department in accordance with the wishes of the administration.

But in an effort to "out-green" the Bush administration, Democratic legislators have added a few provisos to the legislation which they hope will lead to a presidential veto.

In an attempt to supposedly "depoliticize the department," the Democrats have introduced the creation of a bureau of environmental statistics, which would be empowered to collect and disseminate to the public environmental data without the approval of the department secretary! It also creates several new bureaus in the department, including an office of international environmental affairs, an office of enforcement, and an office of pollu-

tion prevention and recycling.

The most sweeping change, however, is that it would apply the Resource Conservation and Recovery Act regulations governing solid and hazardous waste to federal facilities, including plants which produce nuclear weapons. "It's time we put everyone under the same rules," said Rep. Thomas Bliley (R-Va.).

Nunn pushes for greater defense cuts

In a speech on the Senate floor on March 29, Sen. Sam Nunn (D-Ga.), chairman of the Senate Armed Services Committee, sharply criticized Defense Secretary Richard Cheney for failing to take full account of a diminished Soviet military threat in submitting his budget requests. Nunn claimed the alleged reduced Soviet threat requires new cuts in U.S. defense spending and force deployments overseas.

Nunn also challenged Cheney's assessment that the Soviet Union could potentially reverse course in a short period of time.

Nunn's call comes as defense experts are still debating whether there has been any Soviet reduction at all. Nunn referred to the previous testimony of CIA head William Webster, attesting to such a diminished Soviet threat, saying that this was "closer to the mark" than the statements of Cheney. Nunn also criticized the recent Pentagon assessment of the international military threat, which he said "did not include as part of . . . [its] calculations the recent disintegration" of the Warsaw Pact.

Nunn also affirmed his commitment to a withdrawal of U.S. troops from Western Europe. "Even if one deems it necessary to hedge against

the possibility, however remote, of a reestablishment of a Soviet invasion threat against Western Europe, it does not necessarily follow that the appropriate precaution is to maintain huge standing armies on guard in Western Europe," Nunn said. He was backed up by ranking committee Republican Sen. John Warner (Va.), who said that Nunn had given "a reasonably accurate and fair presentation of the facts."

Fighting rages in Democratic camp

Although some Democrats are backing the proposal of Sen. Daniel Moynihan (D-N.Y.) to remove the Social Security trust fund from calculations used to determine the federal budget deficit, many leading Democrats such as Sen. Lloyd Bentsen (D-Tex.), chairman of the Senate Finance Committee, disagree with Moynihan's proposal for fear of what it will do to the carefully manipulated budget calculations.

A more draconian proposal for cutting the budget was put forward by Rep. Dan Rostenkowski (D-Ill.), which called for freezing federal spending programs, including cost-of-living adjustments for Social Security recipients, cutting defense outlays by \$150 billion over five years, and increased excise taxes on gasoline, tobacco, and alcohol. Other Democrats are nervous about this proposal which so blatantly targets their working class constituencies, but Rostenkowski has support in Bush administration among Republicans like Sen. David Durenberger (Minn.).

After meeting with President Bush on March 20, House Speaker Thomas Foley (D-Wash.) Rostenkowski plan was not dead.