

Congressional Closeup by Carl Osgood

Gingrich backs down on campaign finance reform

House Speaker Newt Gingrich (R-Ga.) reversed himself on campaign finance reform on April 22, just as a Democratic discharge petition was gaining significant Republican support. The petition would have forced out a half-dozen different bills languishing in committee. Twelve Republicans, led by Christopher Shays (Conn.), had signed the petition, putting backers of a debate close to the required 218 signatures. Rather than letting the reformers gain control, Gingrich agreed to bring up legislation before the end of May, on condition that the 12 Republicans removed their names from the petition, which they promptly did.

The agreement is to allow full debate, with amendments, of at least two proposals: a House version of the McCain-Feingold bill in the Senate, co-sponsored by Shays and Marty Meehan (D-Mass.), and a bill co-sponsored by Asa Hutchinson (R-Ark.) and Thomas Allen (D-Me.), which has 71 co-sponsors, including 21 Republicans. Shays explained that "it was a strong consensus in our party that, however we felt on particular votes, we did think, one, it should be open, and that there should be many alternatives."

Democrats remain skeptical about the commitment of the GOP leadership to an open debate. Minority Leader Richard Gephardt (D-Mo.) called the GOP leadership's turnaround "a retreat, not a conversion." He added that Gingrich's getting the Republican signers off the discharge petition "doesn't give me a lot of confidence that we're actually going to wind up with an open procedure," because the "basic obstinance and negativity" to campaign reform within the Republican leadership has not

changed.

Earlier in the week, Senate Majority Leader Trent Lott (R-Miss.) nonchalantly said that "nothing" would happen in the Senate if a reform bill were passed in the House. However, Shays told reporters, "if you don't think the Senate is concerned . . . then speak to some members who got calls from senators asking them not to sign the petition."

Burton creates uproar with 'scumbag' remark

Dan Burton (R-Ind.), the chairman of the House Government Oversight and Reform Committee, took partisan politics to new lows, in a meeting with the editorial board of the *Indianapolis Star*. Referring to President Bill Clinton, he said, "if I could prove 10% of what I believe happened, he would be gone. This guy is a scumbag. That is why I am after him." This comment created an uproar among Democrats, and fed into a conflict over subpoenas in the investigation of campaign finances Burton is running.

The ranking Democrat on the committee, Henry Waxman (Calif.), said on April 22 that he is considering any number of actions against Burton, not only for the "scumbag" remark, but also for his handling of tapes of conversations between former Department of Justice official Webster Hubbell and his wife, while Hubbell was in prison. Burton obtained the tapes from the Department of Justice and was warned not to release them publicly, which he did anyway, including to *American Spectator* magazine. The actions Waxman is considering range from bringing a privileged resolution to the House floor censuring Burton and calling for his removal from the

committee chairmanship, to the filing of a formal ethics complaint with the House ethics panel.

Meanwhile, the House GOP leadership is considering maneuvering some parts of the investigation away from Burton and giving it to House Oversight Committee Chairman Bill Thomas (R-Calif.). One reason that is given for this is that Democrats on Burton's committee are blocking the issuance of more subpoenas, and that Thomas's committee has the necessary two-thirds majority to approve the subpoenas. Another alleged reason, is to get the investigation away from Waxman, who is considered much more dangerous to the GOP than Sam Gejdenson (Conn.), the ranking Democrat on the Oversight Committee.

Education savings account bill passes the Senate

After weeks of maneuvering around filibusters and other legislative roadblocks, the Senate passed the Coverdell education savings account bill on April 23 by a vote of 56-43. The bill would expand current educational IRAs from a \$500 yearly contribution, to \$2,000, and allow withdrawals for primary and secondary school expenses (now limited to expenses for higher education). The debate revolved around giving tax breaks to families for education expenses versus making substantial improvements in public education.

Democrats characterized the bill as "tax support for private education" that would do little for the vast majority of children attending public schools. The GOP defeated three Democratic amendments that would have changed the thrust of the bill away from tax breaks and toward more

support for public education. The first, sponsored by Edward M. Kennedy (Mass.), proposed a loan forgiveness program that would steer teachers into areas of high need, including rural and poor districts. Kennedy claimed this would add 100,000 new teachers a year for ten years. The second, sponsored by John Glenn (Ohio) would have deleted the provision allowing withdrawals for primary and secondary education, but would have retained the increased contributions limit. The third, sponsored by Carol Moseley-Braun (Ill.), would have provided incentives for construction and renovation of public schools.

At the end of the debate, Minority Leader Tom Daschle (D-S.D.) decried the process by which the bill was debated and passed. He said that, because the Democratic amendments were not passed, "we have gone from doing little to doing damage to our public educational system. . . . We would abolish the national role in public education." President Clinton has vowed to veto the bill when it reaches his desk.

Citicorp/Travelers merger should wait for drug probe

At a press conference on April 9, Maxine Waters (D-Calif.), a member of the House Banking Committee, said that she opposes the merger of Citicorp and the Travelers Group until allegations that Citicorp laundered drug money for Raúl Salinas de Gortari, brother of former Mexican President Carlos Salinas de Gortari, are thoroughly investigated. She said that the illegal drug trade would come to a "screeching halt" tomorrow, if it had no ability to launder drug profits through financial institutions worldwide.

"A disturbing pattern is emerg-

ing," she said, "of drug traffickers and dope dealers using the highly secretive and protective private banking system of Citibank to conduct their business with the utmost efficiency. Citibank's private banking system appears to be favored by these global criminals, because of their 'don't ask, don't tell' policy toward their wealthiest, and sometimes dirtiest, clients."

Waters reported that she has sent letters to President Clinton, Federal Reserve Chairman Alan Greenspan, Attorney General Janet Reno, and Banking Committee Chairman Jim Leach (R-Iowa), "in an effort to put the brakes on this merger until this matter is completely resolved." She also announced that she'll be introducing legislation "to prevent the review of merger applications involving institutions under investigation of, or convicted for, money laundering." She vowed that she "will not rest until the truth is brought to light and the criminal drug-trafficking and money-laundering is brought to justice." What remains to be seen is whether she will point the finger at the Salinas brothers' friends, such as former President George Bush.

Social Security reform takes center stage

Proposals for reforming Social Security are getting increasing attention, after several weeks of sniping among Congressional Republicans and other GOP leaders over whether to apply the supposed budget surplus to the Social Security trust funds. All the proposals include investing some or all of the trust funds in the financial markets.

Sen. Phil Gramm (R-Tex.) offered a proposal on April 22 which would create a new system, in which workers would voluntarily put three percentage points of their Social Security tax into

individual retirement accounts, to be managed by Social Security individual retirement funds regulated by a Social Security investment board. Gramm said that the advantage of this proposal over the current payments system is that workers would benefit from "the power of compound interest."

However, at a hearing of the Senate Special Committee on Aging later the same day, there was less enthusiasm for investing Social Security trust funds in private financial markets. In his opening statement, committee Chairman Charles Grassley (R-Iowa) said that this is not a "panacea" for Social Security's problems, because "the demographic factors will be with us for a long time."

Ranking Democrat John Breau (La.), pointing to the 77 million Baby Boomers who will hit retirement age beginning in 2010, said, "We must do better than simply reducing benefits, increasing taxes, and increasing borrowing" to maintain the solvency of the system.

The caution from members and witnesses, stems not from the casino-like nature of the financial markets, but rather, from fears of government involvement in corporate governance issues if it were to become a major stockholder, or, alternatively, the administrative obstacles to setting up 140 million individual investment accounts and the risks associated with people managing their own investments without knowing the ins and outs of the financial markets.

Meanwhile, House Ways and Means Committee Chairman Bill Archer (R-Tex.) has announced that his committee had favorably reported out a bill to create a bipartisan panel "designed to solve Social Security's long-range problems." This panel is modeled on a similar one already convened to look at Medicare.