

Congressional Closeup by Carl Osgood

Meeting sought on juvenile crime bill

On March 15, the House narrowly supported, by a vote of 218-205, a motion by Zoe Lofgren (D-Calif.) to instruct the conference committee on the juvenile crime bill to meet within the next two weeks. The bill was passed by both Houses last summer, but the conference committee hasn't met since last August because of disagreements between the House and the Senate on gun control.

The GOP, with a handful of Democrats joining them, tried to shift the debate to gun control. Asa Hutchinson (R-Ark.) said that establishing artificial time lines is "not helpful" in the negotiating process, and that substantive work has been done on the bill, despite Democratic assertions to the contrary. Bob Barr (R-Ga.) said, "Every time there is a tragedy in our community, [the Democrats] do not look to those who are responsible for enforcing our gun laws," including the administration. Matthew Martinez (D-Calif.), suggesting that the debate was going in the wrong direction, said, "I think we ought to be concentrating more on the deviant behavior" of someone who will kill, whether the weapon they use is a gun, a car, a knife, or poison.

Democrats accused the GOP of trying to kill the bill by not having the conference committee meet. Minority Leader Richard Gephardt (D-Mo.) said that the Republican leadership has "abandoned any effort to work out a bipartisan solution."

Democrats also disputed charges that the Clinton administration has not been enforcing existing gun laws. David Anthony Wiener (D-N.Y.) said that in the last year there has been a 25% increase in Federal enforcement and a 7% reduction in violent crime, and that there are 22% more people in

prison for gun offenses now than in 1992. Wiener called on the GOP not to listen to what he termed "the big lie" of the National Rifle Association, that gun laws are not being enforced.

Hedge fund disclosure bill clears House panel

On March 16, the House Banking Committee Subcommittee on Capital Markets, Securities and Government Sponsored Enterprises passed by voice vote the Hedge Fund Disclosure Act, introduced by subcommittee chairman Richard Baker (R-La.) and ranking member Paul Kanjorski (D-Pa.). The bill would require hedge funds to file quarterly reports on their assets, asset-to-liability ratios, derivatives positions, and market-risk assessments with the Federal Reserve.

The legislation would apply only to the top 25 hedge funds (out of 300 total), or hedge funds with capital of \$1 billion or more and \$3 billion in total assets. The Fed would then make the information available to the Treasury, the Securities and Exchange Commission, and the Commodity Futures Trading Commission unless it contained "proprietary information" (inside information about trading strategies).

Assistant Treasury Secretary Lee Sachs, testifying in support of the bill, assured the subcommittee that it would not lead down the "slippery slope" to full regulation of hedge funds. He added that the President's working group on financial markets supports the bill, and that it strikes "an appropriate balance" between the need for transparency and protection of proprietary information.

Subcommittee Chairman Baker stated that his interest is not whether

the hedge funds made money or went offshore, but the public trust, that is, to avoid another collapse like that of Long Term Capital Management in 1998, whose consequences would have affected innocent third parties, as did the savings and loan crisis. Carolyn Maloney (D-N.Y.) called LTCM a bailout. Sachs disagreed, expressing concern that by involving the Fed, the wrong message will be sent to the markets, i.e., that these hedge funds are too big to fail.

The bill's prospects are murky, however. In the House, the Commerce and Agriculture committees also have jurisdiction, and neither have acted on the bill, and there is no companion bill in the Senate.

China trade vote can be set, says House GOP

On March 21, House Majority Leader Dick Armey (R-Tex.) told reporters that he expects that a "date certain" will be set for the House vote on permanent normal trade relations for China. Republicans have so far refused to set a date until they are satisfied that the Clinton administration has rounded up the Democratic votes needed to assure passage. "If setting a date certain helps us close that gap and get those votes," Armey said, "then I'm certainly willing to do it."

Armey's comments followed forecasts that the trade agreement negotiated last fall, would be approved by the House. On March 13, Speaker Dennis Hastert (R-Ill.) told the Electronic Industries Alliance that, "with the President's help, we will deliver an important victory for the American people." Three days later, Reuters reported that its poll showed a bare majority of 20 of the 39 members of the House Ways

and Means Committee are committed to supporting the trade agreement.

On March 16, Minority Leader Richard Gephardt (D-Mo.) indicated that he is seeking a compromise that all members of the Democratic caucus could live with. "I continue to believe," he said, "that there has to be a way to have an alternative to simply taking away the process of looking at China's performance on human rights in the Congress." He said that House Democrats have been talking with the White House, seeking some means by which regular reviews could be conducted, without the annual vote on China's trade status.

GOP budget resolution marked up by House panel

On March 15, the House Budget Committee approved by a vote of 23-18 the fiscal year 2001 budget resolution, which largely ignores the Clinton administration's February budget submission. The discretionary portion of the \$1.82 trillion package includes \$307 billion in Defense spending, about \$1 billion more than President Clinton requested, and \$290 billion for domestic programs, about \$30 billion less than the administration wants. The resolution includes \$150 billion in tax cuts over five years; another \$60 billion is to be set aside for either further tax cuts or debt reduction.

Hours before the committee vote, GOP leaders appeared before reporters to tout their "fiscal restraint." Not only do they claim to be protecting Social Security and Medicare, but they also expect to pay down \$1 trillion of the publicly held national debt. All of this is made possible, they say, by the fact that the FY 2001 budget will only increase 2.2%, as opposed to the 8-

10% or more when the Democrats ran the House.

However, the response of the Clinton administration and House Democrats foreshadows another appropriations train-wreck at the end of the year. The day after the Budget Committee's action, Minority Leader Richard Gephardt (D-Mo.) said, "This is really the same budget they had last year that I think was a failure in the end because of the way the appropriations policy turned out." President Clinton called the budget plan "risky," because it threatens the very fiscal discipline the GOP claims it is maintaining.

In a related development, a \$9 billion supplemental emergency spending measure that includes funds for military operations in Kosovo and aid funds to fight drug trafficking in Colombia, was abruptly pulled from the House floor on March 16 after conservatives complained that the bill was laced with "pork." Senate Majority leader Trent Lott (R-Miss.) had warned that he would oppose the bill if it was not scaled back. Besides placating Lott, the House leadership also wants to avoid alienating the conservatives in order to keep their support for the GOP budget resolution.

Admiral Blair again defends China policy

In appearances on Capitol Hill, U.S. Pacific Command Commander Adm. Dennis Blair again defended his approach to China against those in Congress who are confrontational. He defended the recently resumed military-to-military contacts with China before the House Armed Services Committee on March 15, and reiterated his opposition to the Taiwan Security Enhancement Act.

The tone of the hearing for Republicans was set by committee chairman Floyd Spence (R-S.C.), who accused China of acting "anything but like a strategic partner of the United States," and said that the only way the United States can face the kind of challenge that China represents is from a position of strength. Joel Hefley (R-Colo.) called China "our enemy," because it allegedly represents a threat to the U.S. West Coast and Taiwan (because of missile tests), and so forth.

Blair described how the military-to-military relationship works. He said that the program "enables us to have [discussions with regard to Taiwan] in a very real way with real live human beings." He emphasized that he has been telling the Chinese that a peaceful resolution of the Taiwan issue "is the only way we're going to solve this thing in a way that will not hurt large numbers of Chinese in the future." This applies not only to Taiwan, but also to the Korean Peninsula and other areas of the world in which China has an interest. "The point of the military cooperation and support of our overall cooperation" he said, "is to try to work toward the peaceful solution, which is the best way for us both."

Roscoe Bartlett (R-Md.) tried to provoke Blair by painting a scenario in which China exploded an inter-continental ballistic missile 300 miles above Nebraska, not close enough to cause physical damage but generating an electromagnetic pulse that would greatly damage electrical and electronics systems. Blair replied, "You have to take it back a step further and look at what advice the Chinese leader who would be contemplating such would seek from his military advisers." Blair estimated that the advice of the military adviser would be, "You're running an awfully big risk with popping an ICBM at the United States."