

Congressional Calendar by Barbara Dreyfuss and Susan Kokinda

Proxmire proposes federal reserve oversight on commodity trading

Sen. William Proxmire (D-Wisc.) introduced legislation into the Senate Committee on Banking, Housing, and Urban Affairs May 14 to regulate the trading of the futures market. The legislation, S.2704, would give the Federal Reserve Board authority over futures trading. The Federal Reserve Board would be empowered to establish margin requirements against loans to be used for financing purchase of a financial instrument, including futures contracts. Under the Proxmire bill, the Federal Reserve Board could also prescribe the amount of the deposit to be furnished and maintained by investors in futures contracts involving financial instruments.

The latest legislation proposed by the chairman of the Senate Banking committee adds to the Fed's already expanded powers of control over the economy. It was Sen. Proxmire, along with his House counterpart Rep. Henry Reuss (D-Wisc.), who worked hard for the passage this year of the Omnibus Banking Bill. That bill gave the Federal Reserve Board control over nearly all U.S. banking.

Sen. Proxmire is hoping that the fears generated by the silver market crisis of several weeks ago involving Herbert and Bunker Hunt will create a climate that will allow for speedy passage of the bill. The Senate Banking Committee, which has been holding hearings on the silver market transactions, will hold hear-

ings on Proxmire's regulatory proposals on May 29 and 30. Among those testifying May 29 will be Federal Reserve Board chairman Paul Volcker, Comptroller of the Currency John Heimann, and the head of the Securities and Exchange Commission. On May 30 a number of banking executives will testify, as well as the executives of the Chicago and Kansas City Boards of Trade.

Budget tilted to defense passes conference

Congressional budget conferees agreed on May 21 to a \$613 billion balanced budget tilted heavily to the Senate's demands for a major boost in defense spending. On May 27 President Carter announced that he would oppose the compromise. "We cannot afford to slash those (domestic programs) too deeply and add money to a budget for defense, which is more than we actually need," the President said.

Carter's announcement will only serve to deepen the problems the compromise faces in the House of Representatives. Five liberal and moderate Democrats from the House Budget Committee had voted against the compromise in the budget conference, although conference votes are usually unanimous. Rough going was expected in the House on the basis of the conference vote, even before Carter made his announcement.

The major point of controversy is the conference committee's decision to allot \$154 billion for defense

spending, an increase of \$3.2 billion over Carter's March request. All other nondefense spending was cut by \$4.8 billion.

A House vote is expected during the last week of May. If the House defeats the defense-oriented compromise, problems are ahead for the conference committee. It would then be called to try to reach another agreement. The Senate is not expected to budge from its position.

Truck dereg passes house committee

"This bill passed the conference committee and was signed by the President before it even got out of the subcommittee," one congressional aide declared about the trucking deregulation legislation that sped through the transportation subcommittee and the public works committee just before Memorial Day. The bill's mark-up in subcommittee and full committee was proforma, since the American Trucking Association, which had made efforts to oppose deregulation, the House and Senate Committee staffs, and the White House had worked out a "compromise" agreeable to all in the days and weeks before the mark-up took place.

The "compromise" was reached, however, under blackmail by the White House and the Interstate Commerce Commission. The White House had threatened to veto any bill that did not deregulate extensively and thereby leave the

industry to the mercy of the Interstate Commerce Commission, which is for deregulation.

The fundamental issues, whether entry into trucking would continue to be open or regulated, was never in doubt, and the House committee rubber-stamped the Senate decision to open up entry. The ATA bargained for a few concessions, and is now trying to sell the results as a "victory" to its shocked membership.

The International Brotherhood of Teamsters has settled for even less. They received a pledge from the Secretary of Labor to study the effects of deregulation on employment of unionized workers. As this magazine has detailed in a special report on deregulation, union jobs would decline severely.

The legislation is expected to go to the House floor the first week in June. Easy passage on the floor and in conference is almost a certainty.

House armed services committee to review all-volunteer army

Sometime during the week of June 9 the House Armed Services Committee intends to kick off a probe into the all-volunteer army. The hearings were prompted by congressional concerns that U.S. Army recruitment is in severe trouble, concerns raised last week at House Armed Services Committee hearings on whether or not to channel more money into Army recruiting programs. During those hearings Congressman Beard (R-Tenn.)

declared that "one of the most critical problems we still have is a Secretary of the Army running around saying we have the best quality Army ever, totally misrepresenting the facts to the American people. Yet all the statistics indicate a critical situation at this time."

Army recruiting figures now show that only 37.3 percent of those admitted from Oct. 1, 1979 through May 19, 1980 were high school graduates. This is down from 52 percent last year.

Secretary of the Army Clifford Alexander has been asked to testify at the hearings. "I want to find out what it's all about," declared Alexander in reference to the congressional inquiry. Then in a fit of anger, he said, "The genesis of all this came from some strange ramblings of Robin Beard. When he opens his mouth you never know what is going to come out." Congressman Beard has been charging for several months that both Alexander and Defense Secretary Harold Brown are trying to cover up the disastrous state of the U.S. military.

Administration's food bank likely to pass

On June 4 the House Agriculture Committee will try to complete markup of the Food Security Act of 1980, creating a 4 million ton wheat reserve in the government's hands to "back-stop" the PL-480 "Food for Peace" aid programs. A similar bill was reported out of the Senate Agriculture Committee on May 1, and awaits the resolution of various

budget issues to be acted upon.

Establishment of the food reserve will likely become law by this fall. In the first place, it's the Administration's baby. The budget austerity club used to knock down proposals to aid the hard-hit farm sector has been quietly laid aside—room has already been made in the budget for the food bank. Second, the government is already in control of the grain as a result of the embargo. Agriculture Secretary Bergland was so sure of the legislation's passage that he signed the International Food Aid Agreement in late April committing the U.S. to 4 million tons of food aid.

The legislation, written by the Administration for Committee Chairman Foley (D-Wash.) to sponsor, has been stuck in the House Agriculture Committee where it is under attack from free market advocates and from representatives of farm states demanding a serious response to the economic crisis there. But House observers say that the legislation will be stripped of any obstructive trimmings and passed smoothly on the House floor at the hands of the "urban consumer" majority.

Aside from miserly increases in the target rate and crop loan rates for 1980-81, it appears that no serious measures to aid the farm sector will be implemented. A bill sponsored by the American Agriculture Movement calling for support loan rates to be set at 65 percent of parity—simply to restore pre-embargo grain price levels—has been slapped with a \$4 billion price tag and branded extravagant.