

Congressional Closeup by Kathleen Klenetsky

The defense budget gets the axe

Congressional action thus far on the FY1986 Pentagon budget portends ominous developments for U.S. national security. During the first week in April, the pivotal Senate Armed Services Committee, considered to be the panel most in favor of a strong defense, started hacking away at the administration's original \$307 billion request.

In closed session April 2, the panel endorsed deep cuts in the MX missile program. By a party-line vote of 10-9, the committee voted up a proposal by Sen. John Warner of Virginia—a reputedly pro-defense Republican—to produce 21 new MX missiles next year. The administration had requested funds for 48. Adding insult to injury, the Warner proposal also limited the total number of MXs to be deployed in current silos to 50—half the amount sought by President Reagan.

Arguing that “50 is the maximum that should be deployed in vulnerable silos,” Warner, chairman of the strategic and theater nuclear forces subcommittee, said that the second 50 “will be in a basing mode other than present silos.”

The Democrats on the panel voted unanimously against the Warner measure. Edward Kennedy (D-Mass.) and Carl Levin (D-Mich.) attempted to kill the MX outright, while Sam Nunn (D-Ga.) and John Stennis (D-Miss.) advocated 12 MXs in FY1986, limiting deployment to 40.

The Armed Services Committee also put the axe to the Strategic Defense Initiative budget, approving a subcommittee proposal for three levels of reductions ranging between a high of \$750 million in cuts, and a low of \$150 million. The levels would be

based on how much the committee decides to gouge from the overall defense budget.

The Senate Budget Committee, meanwhile, is pressing to keep Pentagon spending at under 3% real growth for FY1986. President Reagan had originally requested an increase of 5.9%. According to reliable sources, the key senators involved, Majority Leader Bob Dole (R-Kan.), Budget Committee chairman Pete Domenici (R-N.M.), et al., are getting a lot of behind-the-scenes help from White House Chief of Staff Don Regan, who reportedly is working nonstop on the President to convince him that 3% is the best he can hope for under current circumstances.

Congress starts hearings on Bank of Boston scandal

Ferdinand St Germain's House Financial Institutions subcommittee opened hearings on the scandal surrounding the prestigious Bank of Boston April 3, hauling bank chairman William Brown and other officers before the panel.

In his opening statement, the Rhode Island Democrat charged that the Bank of Boston had a “cavalier attitude” toward the Bank Secrecy Act and had made noncompliance with its provisions “an art form.”

“The Bank of Boston placed firms controlled by reputed organized crime figures [the dope-dealing Angiulo family of Boston] on its exempt list,” stated St Germain, “thus shielding much of their operations from law enforcement agencies.” St Germain also hit federal enforcement agencies, including the Justice Department and the Office of the Comptroller of the Cur-

rency, for “not caring” about banking's connections to organized crime.

Despite massive evidence linking the bank to the Angiulo family, Brown insisted, “We have never knowingly laundered money,” adding that the bank had been fined \$500,000 in February for violating reporting requirements, “not laundering money.”

At one particularly tense point, Frank Annunzio (D-Ill.) yelled at Brown: “Let's start handing out tough prison sentences to bankers, and let's see if the confession business starts dropping off at the Justice Department.” Annunzio was referencing the recent spate of voluntary disclosures by major banks (presumably precipitated by the Bank of Boston affair) that they too had failed to report large cash transactions as required by law.

Despite the fireworks, however, it is still unclear why St Germain is holding the hearings. There is some speculation that he is exploiting the Bank of Boston situation to further the deregulation of American banking—long one of his major interests. Observers noted how peculiar it was that neither St Germain nor any other member of his subcommittee thought it necessary to introduce William Weld, the U.S. Attorney in Boston who engaged in a cover-up for the Bank of Boston.

Heinz bill would extend Medicare hospice benefits

Sen. John Heinz (R-Penn.) unveiled legislation March 28 to extend Medicare hospice benefits a full three years beyond the current termination date of Oct. 1, 1986.

Chairman of the Committee on Aging, Heinz was one of the prime authors of the original legislation sev-

eral years ago which first permitted hospices to qualify for Medicare reimbursement. Hospices were reintroduced by British euthanasia advocates in the late 1960s to slash health-care costs and increase the death rate by substituting heavy doses of pain-killing drugs (including heroin) for high-technology medical care. The current Medicare hospice law provides for an average \$50 per patient per day reimbursement payment, compared to the \$500 per day cost incurred by terminal patients in regular hospitals.

Heinz, scion of the ketchup-magnate family of Pittsburgh who married into a prominent German-Portuguese oligarchical family, makes no bones about the fact that his effort is designed to reduce drastically the amount of money expended on medical care for the elderly—especially those totally dependent on Medicare.

In a *Congressional Record* statement on his new bill (S. 777), Heinz states: "A third and timely reason to support this legislation is that the hospice benefit can actually save money for Medicare. Preliminary results of the national demonstration project conducted by the Health Care Financing administration documents convincingly the fact that the hospice is a cost-effective alternative to traditionally covered Medicare services for terminally ill beneficiaries. Moreover, the Congressional Budget Office estimates show that substitution of hospice care for acute medical care services typically used during the last six months by a terminally ill patient, will save more than \$100 million for Medicare during the first three years alone."

Nor does Heinz shy away from employing the standard arguments of the Nazi right-to-die crowd: "The new Medicare benefit alleviates pain and suffering and allows the terminally ill

patient to die with dignity. At the same time, it represents a significant potential savings to the Medicare Program."

Heinz also asserted that these "savings will increase as the benefit becomes more accessible to more people," and pledged that as Aging Committee chairman, "I am particularly committed to programs that can brake Medicare's skyrocketing costs without deflecting additional expenses on beneficiaries."

An Aging Committee aide explained to *EIR* that being in a hospice allows the individual to "die a very humane death." The aide disclosed that the committee plans to take up the "wider ethical issues" of the "whole right-to-die argument," including whether suicide should be legalized. A number of congressmen sympathize with that view, she said, "but they're afraid of coming out publicly, because of all the flack that Governor Lamm got."

Kissinger's 'Private State Department' scored

Rep. Henry Gonzalez, a maverick Texas Democrat who has previously called for Paul Volcker's impeachment, took a few swipes at Henry Kissinger's private consulting firm, Kissinger Associates.

In a speech on the floor of the House April 1 in which he compared Kissinger to Volcker, Gonzalez noted that while Kissinger "had left being secretary, he is still a special consultant to Chase Manhattan—got a good fat income. On top of that, he has organized a private-enterprise State Department. Why, there are more foreign diplomats making a beeline for Henry Kissinger's consultant's office

than there are to old George Shultz as Secretary of State."

Gonzalez had demanded an investigation into whether Kissinger's appointment in late 1983 to head the Reagan administration's Commission on Central America constituted conflict-of-interest, given that Kissinger Associates gave business advice to a number of large firms with big operations in Ibero-America.

Gonzalez charged that Kissinger and Volcker "have been unaccountable" and have been "given power, yes, in the case of Mr. Kissinger by a President [Nixon] who delegated presidential power and authority. In fact, I think we had the first prime minister in the history of our country, the way we were operating there for a while."

Capitol Crimes

Rep. Pat Schroeder (D-Colo.), one of the ultraliberals on the House Armed Services Committee, introduced a bill March 28 for a "Simultaneous Comprehensive Nuclear Test Ban. . . . Rep. Trent Lott (R-Miss.) introduced the Reagan administration's proposal for a subminimum wage for youth March 28. . . . The "National Defense Enhancement Act of 1985," unveiled in late March, would pare \$7.1 billion from the administration's FY1986 defense budget, including \$2 billion (more than half) from the SDI request. Sen. Dale Bumpers (D-Ala.), chief sponsor of the bill, claims that "programs like star wars are robbing more urgent [military] programs of the funds they need." Bumpers's wife, Betty, is the founder of "Peace Links," a KGB front which organizes housewives against U.S. defense.