

## Congressional Closeup by Kathleen Klenetsky

### 'Military reform' measure wins unanimous approval

The U.S. Senate May 7 endorsed the most sweeping reorganization of the defense establishment since the end of World War II.

Sponsored chiefly by Senate Armed Services Committee chairman Barry Goldwater (R-Ariz.) and Sen. Sam Nunn (D-Ga.), the measure won by a vote of 95-0, despite harsh criticism from present and former military leaders.

Senate liberals  
selves with joy over the bill's passage. Senate Minority Leader Robert Byrd (D-W.Va.) referred to the bill as "landmark legislation."

Goldwater, who, for as-yet-unknown reasons, somehow got hooked into backing an unmitigated assault on the U.S. military, called the bill "The only . . . thing I've done in the Senate that's worth a damn."

Closely paralleling legislation which passed the House last year, and the recommendations of the President's Blue Ribbon Commission on Defense Management (the Packard Commission), the Nunn-Goldwater bill would do the following:

- Emasculate the Joint Chief of Staff. The bill designates the JCS chairman as the "principal military adviser to the President, the national security adviser and the secretary of defense." The chairman would no longer be required to have unanimous agreement among the heads of the four services who comprise the JCS before making a recommendation to the President, and would have the authority to state his position on any issue, whether or not the four service chiefs agree with him. The legislation also creates a position of vice-chairman, and designates him as the nation's second

highest ranking military officer.

- Establish a procurement czar with sweeping powers over Pentagon acquisition policy.

- Grant significantly enhanced authority to military theater commanders, by, among other things, giving them a voice, through the new vice-chairman, in draft budget recommendations and decisions on weapons procurement.

- Eliminate approximately 18,000 Defense Department employees.

Supporters claim the measure would, in Goldwater's words, remedy problems "that have plagued our national defense for decades."

But critics contend that it represents the same kind of "systems analysis" approach to warfighting advocated by former Defense Secretary Robert McNamara, a system which owes far more to cost-accounting methodology than to the science of strategic doctrine.

This point was hammered home by syndicated columnists Evans and Novak, who, in a March 7 column, excoriated Goldwater for making an alliance with "the heirs of his nemesis of over 20 years ago, Robert S. McNamara. . . . Although the reform debate is ostensibly about how the defense establishment should be run, it actually is an inquest on how the military have run it."

### Saudi sale rejected by both houses

For the first time in history, the Congress has rejected a weapons sale to a foreign country—in this case, to Saudi Arabia.

The administration's proposal to sell \$354 million of much-needed defensive weaponry to a staunch ally of the United States was vetoed in the Senate May 6 by a vote of 73-22. The House followed suit the next day, voting 356-62 against the package.

"By this action, the Congress has endangered our long-standing security ties to Saudi Arabia, called into question the validity of U.S. security commitments to its friends, and undermined U.S. interests and policy throughout the Middle East," the White House declared in a statement issued May 7.

President Reagan has already vowed to fight Congress's rejection of the sale. "The President will not allow this to happen," White House spokesman Larry Speakes told reporters May 7, confirming that Reagan would veto the disapproval resolution and work actively to sustain the veto.

In disapproving the sale—claiming that Saudi Arabia is a threat to Israel, and supports terrorism—Congress chose to turn a deaf ear to the urgent warnings emanating from the administration and other sources, that denying Saudi Arabia these defensive weapons would go a long way to destabilizing one of the few remaining moderate states in the Arab world.

In a *Washington Post* commentary May 7, National Security Adviser John Poindexter emphasized the necessity for the United States to provide Saudi Arabia with the support—military and political—it requires to continue its crucial, stabilizing, role in the region.

"Our interests require that we help the Saudis meet their legitimate security needs in the face of growing regional threats," wrote Poindexter. "Completion of the sale at this time . . . provides a clear and important

political demonstration of U.S. commitment to Saudi self-defense. It helps deter Iran from expanding the Gulf war, bolsters the resolve of other Arab moderates, and diminishes the possibility that U.S. troops may eventually have to be used to protect our interests in the Persian Gulf."

## House committee gouges \$35 billion from Pentagon

The House Budget Committee approved a \$994 billion budget for FY1987 on May 8 that would chop military spending by a whopping \$35 billion, and hike taxes by \$13 billion.

The budget passed the Democratic-dominated panel on a vote of 21-11, on straight party lines.

The proposal allocates \$285 billion to the Pentagon, \$35 billion less than the President's request, and \$16 billion less than the budget which the Senate passed the previous week. In effect, it would freeze military spending, with no allowance for inflation.

Pentagon spokesman Bob Sims told reporters that Secretary of Defense Caspar Weinberger believes the defense cuts contained in the Budget Committee proposal "would destroy the recent and impressive momentum we have made in rearming America by squandering part of the dollars invested in defense in the past five years."

During the final day before the vote, Democrats on the committee beat back Republican-sponsored amendments to increase the money for the military, one of which would have brought up the defense spending level to that approved by the Senate.

Although some of the cuts may be

restored in the House-Senate conference, one Congressional insider believes that the Pentagon "will be damn lucky if it escapes with only \$30 billion in reductions."

## Volcker promotes bank buy-up bill

Federal Reserve chairman Paul Volcker has thrown his considerable weight behind legislation that would permit big money-center banks to gobble up troubled financial institutions, particularly in the economically depressed oil-producing states.

Known as the "Regulators Bill," the measure expands the Omnibus Banking Act of 1982, which permits acquisitions across state lines of failed banks with assets of \$500 million or more, to allow for the buy-up of such banks with assets over \$250 million.

Testifying before a House Banking subcommittee May 7, Volcker came to the assistance of his cronies in the New York banking community, by urging that the legislation be passed intact.

The whole point of the bill, he said, is to make it easier for big banks to buy troubled banks in other states, and that adding restrictions, as some members of Congress and state banking supervisors have urged, would discourage big banks from doing so.

"Out-of-state purchasers of failed or very troubled institutions will simply not be available, or available only at very heavy cost to the Federal Deposit Insurance Corp., unless the acquired banks can be operated profitably in highly competitive markets," said Volcker.

In other words, don't make the big

boys pay more than 5¢ on the dollar—or they won't come in and "rescue" local banks!

A whole contingent of large money-center banks sent representatives to the hearings to bolster Volcker's blackmail.

For example, Hans Angermueller, vice chairman of Citicorp, told the panel that certain "disincentives" must be removed from the bill, namely, limitations on expansion rights in a new state and a built-in preference for bids from an in-state institution, in order to attract takeover bids from the large banks.

The proposed legislation, called the "Regulators Bill," get big banks to buy up smaller ones and keep them operating.

## Deaver hearings set before a House panel

Former Deputy White House Chief of Staff Michael Deaver, embroiled in a controversy for his lobbying activities for the Canadian government, has agreed to testify on the issue before a House panel, probably on May 16.

Deaver will appear before the House Energy and Commerce Subcommittee on Oversight and Investigation, which will take testimony on May 12 from General Accounting Office officials, who are expected to recommend a Justice Department criminal investigation of Deaver.

The subcommittee, headed by Rep. John Dingell (D-Mich.), is investigating allegations that Deaver may have violated federal ethics laws by representing the United States as a government official and Canada as a private lobbyist on the acid-rain issue.