

## Congressional Closeup by William Jones

### Hill negotiators slash SDI budget

House and Senate conferees voted to halt five years of growth in the SDI program by holding its budget increase to 3% next year. They are also demanding that much of the funding be transferred from weapons development to "long-term research."

The \$3.73 billion authorization for 1989 falls considerably short of the \$4.5 billion proposed by Secretary of Defense Carlucci in February, and way short of the \$6.3 billion budget envisioned by former Secretary of Defense Weinberger as the minimum necessary for a successful and speedy program.

The SDI has been a prime target for the "professional Pentagon bashers" as Caspar Weinberger calls them, who want to dismantle the defense institutions of this country. The SDI has also been under heavy criticism since its inception from the Soviet Union, which has been working full-time on their own program of laser defense. Their budget has not, however, been placed under any major constriction by the Supreme Soviet. Their only restriction is what their country (and their satellites) are capable of producing.

The congressional legislation made significant cuts in the administration's program to develop space-based rockets which can shoot down Soviet nuclear missiles as a first-phase missile defense deployment. The negotiators allocated \$85 million instead of the \$330 million requested for that purpose.

The conferees also rejected SDI program director Lt. Gen. James Abrahamson's proposal to make the cuts across the board, thereby spreading the effect proportionally over the

entirety of the program rather than entirely eliminating certain features of the program which may be vital.

The conferees ordered, however, that no cuts whatsoever be made in planned expenditures on ground-based weapons that could defend against a small, accidental attack. This would help further the proposals made by Sen. Sam Nunn (D-Ga.), who wants to transform the SDI program into a limited defense mode conformable to the terms of the 1972 ABM treaty with the Soviet Union.

The conferees also, in a somewhat unprecedented action, cut the Energy Department's spending for defensive weapons powered by nuclear explosions. This was aimed primarily at sabotaging the extremely promising x-ray laser program, which could become the backbone of a total beam defense system.

### Meteorologist warns of rising global temperatures

Speaking before the Energy and Natural Resources Committee on June 24, Dr. James Hansen, director of NASA's Institute for Space Studies in Manhattan, stated that it was 99% certain that the current warming trend is not a natural variation, but is caused by a build-up of carbon dioxide and other artificial gases in the atmosphere. Dr. Hansen said that projections of the climate change that is now apparently occurring mean that the Southeast and Midwest of the United States will be subject to frequent episodes of very high temperatures and drought in the next decade and beyond.

The thesis is that the burning of fossil fuels and other activities have altered the global climate, the so-called

"greenhouse effect."

Other scientists are arguing that warmer temperatures in recent years may be the result of natural fluctuations rather than human-induced changes. Sen. Timothy Wirth (D-Colo.), who chaired the hearings, responded, "Now the Congress must begin to consider how we are going to slow or halt that warming trend, and how we are going to cope with the changes that may already be inevitable."

The issue of the "greenhouse effect" is by no means resolved at this stage of the game, although the argument is already being used in order to force people to accept a situation of increasing misery as a product of "natural conditions" rather than human decision. If, however, the burning of fossil fuels is causing a major problem in the ozone layer, then it might behoove the opponents of nuclear energy like Senator Wirth to change their attitude—for the sake of the environment.

### Plant-closings bill again focus of controversy

The controversial plant-closings clause of the trade bill—the item which led to the bill's veto by the President—is again on the floor as a separate bill. The bill will undoubtedly be passed by the Democratic majority, although the Republicans are filibustering to prevent it from passing before the Democratic Convention in the middle of July. The Democrats fell 2 votes short of the 60 votes needed to invoke cloture, which would have set a time limit to the debate.

The Democrats would like to see the plant-closings bill passed in order

to make it a key issue in the election campaign.

## **T**ask force on drought to report by mid-July

Hearings of the Congressional Task Force on the Drought are now scheduled for mid-July, with the Senate proposals to be issued on July 11, after which both the Senate and the House proposals will be welded together in a joint session of the task force on July 13-14.

The proposals mainly concentrate on maintaining farm income in the face of the tremendous crop shortfalls throughout the country. Sen. John Melcher (D-Mont.) would like to maintain "deficiency payments" (incrementing lost crops) to up to 80% of average farm income. Consideration would also be given to whether or not a farmer had crop insurance, which could otherwise compensate the farmer for some of his losses. Major water projects, such as NAWAPA, have not been directly discussed, although the Melcher bill would provide financial assistance to farmers to secure a supply of water to them, e.g., transporting water by tanker truck.

An aide to one of the task force members did mention that water projects had been dealt with at the recent conference of governors in Washington, where the proposal was made to filter water from Lake Michigan into the Mississippi in order to alleviate the flow of the traffic now clogged up on the river. "There was even a proposal by Lyndon LaRouche at that conference," said the aide, "where he wanted to take water from Canada and bring it down into the Central Plains and Rocky Mountain regions." The aide added, "You know, that's not such a

bad idea at all."

One agricultural aide said that Sen. Patrick Leahy (D-Vt.) is concerned to get out some form of drought relief proposal before the Democratic Convention, because it would otherwise become a major issue at the convention itself.

## **I**s the FBI bugging the Congress?

There has been a lot of trouble with the AT&T lines on Capitol Hill. The problem with getting through to the House offices has become legendary at this point. Some evil tongues have been saying that the problem has been perpetrated by irritated congressmen who do not want to face the wrath of their constituents as they sell the country down the river to the Soviets and savage the economy through budget austerity.

One congressional aide spoken to recently had another explanation. "The bugging around here has become so bad that FBI computers must be working overtime, as our telephones aren't working at all."

## **C**ongressman lashes out at Federal Reserve

Rep. Henry Gonzalez (D-Texas), the *bête noire* of the Federal Reserve System, lashed out again at the "privileged orders," with criticisms verging rather interestingly on some proposals for financial reform. "Why, you take a dollar bill out of your pocket today and it says 'Federal Reserve Note,' When I came to the Congress, if I took a dollar bill out of my pocket, the chances were 9 out of 10 it would have

been a U.S. Treasury note. There is a vast difference there.

"The reason the Federal Reserve Board System was set up was that that was intended to be the protector of the general interest as the fiscal agent of the U.S. Treasury, but today the U.S. Treasury is the little errand dog, if not lap poodle, of the Federal Reserve Board."

## **S**enate prepares to sell Freddie Mac

Sen. William Proxmire (D-Wisc.) predicted swift Senate approval of a bill to let thrifts sell their preferred stock in the Federal Home Loan Mortgage Corp. to the public. Freddie Mac is a quasi-governmental corporation that buys mortgages from lenders and issues securities backed by them. Witnesses at a committee hearing said that dropping the ban against public sale might cause Freddie Mac preferred stock, currently only held by thrift institutions, to roughly double in price.

When Proxmire suggested that the thrifts share the expected windfall with the struggling Federal Savings and Loan Insurance Corp. he sent shivers through the industry.

Supporters of the legislation say that it would help the troubled thrift industry, although it is unclear how it would help the disaster-ridden FSLIC, which faces a bill of \$20-60 billion or more to resolve the problems of the insolvent thrifts. Insolvent thrifts hold only 11% of Freddie Mac preferred stock, so almost 90% of the stock's appreciation would go to solvent thrifts. It would do little to lower the FSLIC's costs, or to lessen the need for extra taxpayer funding to close the sick thrifts.