

Austerity policy lies behind attack on Speaker Wright

by Harley Schlanger

Those looking for signs as to whether U.S. Speaker of the House Jim Wright would fight the drive to oust him over alleged "corruption," have been given an answer. In a combative speech delivered on May 5 in Fort Worth, Texas, before his friends and constituents to commemorate Law Day, the Texas Democrat defined both the legal issues and the broader policy issues involved in his case.

In this speech, Wright identified the unique guarantees that the U.S. Constitution provides each citizen, as we live under a "government of laws and not of men" (see box). These include a right to a fair hearing, which Wright has not yet received, either from the Congress or from the press. However, rather than dwell on this point, as he had previously, Wright articulated a policy direction for the country, one which goes counter to the prevailing "wisdom" of the technocrats who call for savage budget cuts and austerity.

"We need to rebuild America," he said, "and rehabilitate its basic public infrastructure. We need to invest in the modernization of American industry and the education of the skilled American work force. We need to push forward and stay ahead of the curve in the application of new research and new technology to our nation's commercial advantage."

Next, on May 10, in Washington, his legal team launched an aggressive counterattack, tearing into the methods employed against Wright by special counsel Richard Phelan and the House Committee on Standards. His lawyers filed a series of motions, beginning with a challenge of the relationship between Phelan, acting as a prosecutor, and the Committee, which is serving as both judge and jury. They argued that it violates basic rights for the prosecutor to have access to the jury, without the presence of the defense counsel. They also challenged the method of the investigation, the alleged facts compiled to make the case against Wright, and the interpretation of those facts.

Yet, given that Wright is surrounded by colleagues with

a technocratic-austerity bent, can he survive by emphasizing the appeals of the traditional, constituency-oriented politician? Will high-priced, heavy-hitting lawyers be enough to counter the erosion in support which is occurring in the face of daily leaks from the special counsel to the press, which gleefully is trying the case of Wright on the evening news and on the front pages?

With the pundits now predicting less than a 50-50 chance of survival for Wright, it is time for him to expose the "hidden agenda" of his opponents.

Atlanta and the hidden agenda

The Trilateral Commission's project to put Jimmy Carter, a technocrat from the "New South" centered in Atlanta, in the White House, coincided with the final decline of the power of the traditional southern Democrats in Congress—those who came to Washington with the New Deal, who were committed to infrastructure development (now denigrated as "pork barrels") and a strong defense for the nation. They used federal funds to develop the South, centered around military bases, ports, and defense production based on developing new technologies; they also backed improvements in the transportation grid (such as the highway system under the Eisenhower administration, and air transport centers in Atlanta, Memphis, Dallas, and Houston), utilities to provide cheap energy, and water projects.

In the House, Speaker Sam Rayburn of Texas was the leader of this faction. Among his key allies and protégés were Carl Vinson of Georgia, Hale Boggs, F. Edward Hebert, and Otto Passman of Louisiana, Mendel Rivers of South Carolina, and from Texas, Wright Patman, Olin Teague, Henry Gonzalez, Jim Wright, and Jack Brooks. In addition to their commitment to technological progress, these congressmen shared a suspicion of the Eastern Establishment and were fearful that Wall Street and the bankers of Lower Manhattan

had too much control over the nation's financial institutions, such as the Treasury Department and the Federal Reserve. They often attacked this concentration of financial power, with Wright Patman leading the charge.

To rein in the power of the New York crowd, they favored giving the federal government regulatory powers to vigorously guard against the abuse of power. Patman outlined this outlook in a speech in 1936: "It is one of the first duties of government to protect the weak against the strong. . . . I am convinced that there is a conspiracy among a few rich, powerful individuals who control corporations of great wealth to obtain a monopoly in retail distribution. It is a group that is naturally greedy and selfish. Big bankers in New York are substantially aiding them in carrying out their purposes."

With the exception of Wright, Brooks, and Gonzalez, this faction of southern Democrats has been replaced. The new, emerging leaders include environmental kooks, such as Sen. Wyche Folwer from Georgia; phony pro-defense technocrats such as Senators Sam Nunn of Georgia and Charles Robb of Virginia; and a sprinkling of austerity-mongering Republicans such as Newt Gingrich of Georgia, who has taken the point against Wright.

With Carter in the White House, these "New Age" congressmen proceeded to dismantle the regulatory protections which had been imposed in the wake of the Great Depression. Hand-in-hand with Carter's Federal Reserve chairman Paul Volcker, a former employee of David Rockefeller at Chase Manhattan Bank, these congressmen pushed through policies which have led to the transformation of the United States from an industrial and agricultural powerhouse, to a post-industrial economy.

The regional and local banks which previously had promoted the growth of the nation's medium-sized industries, farms and communities have been targeted for takeover. With New York's Citicorp leading the way, the nation's savings and loan institutions are being dismantled and, with them, the nation's housing industry. Megabanks are being created, and whole communities and businesses are being cut off from access to credit.

Wright and the S&Ls

Speaker Wright was clearly concerned by these developments, especially since Texas banks and S&Ls were among those hardest hit by the phony Reagan Recovery and deregulation. He intervened, attempting to gain "forbearance" for delinquent borrowers; he asked that the Federal Home Loan Bank Board (FHLBB) not "encourage lending institutions to adopt arbitrary policies that force homeowners to vacate their homes. People who want to earn their own way should not be forced into bankruptcy."

In a speech given in January 1988, Wright echoed Patman, when he explained his concern with present FHLBB foreclosure policies: "It's a natural instinct to want to salvage something rather than see it torn down and destroyed, to

Wright on law and ethics

"In one particular way America has been different from other countries. Unlike the British from whom we sprang, we did not create an aristocracy and endow it with responsibilities to look after the rest of us. Our revolution, our Constitution, and our history developed in a more egalitarian way.

"And unlike the French and Russian revolutions, we didn't set out to supplant the aristocracy with a dictatorship of the proletariat, reducing everyone to the lowest common denominator.

"Ours has been a decidedly different goal—to expand the aristocracy through universal opportunity and absolute equality before the law. . . . In all of this, we've wanted the humblest person to enjoy the dignity of basic human rights and to participate freely in the political process.

"The individual is protected against tyranny or caprice. Everyone is presumed innocent unless proven guilty. Government cannot make an *ex post facto* law and apply it against you retroactively.

"These have been the basic goals of American law. Our attainment of these goals, although imperfect, is arguably closer to the mark than any other nation has achieved."

protect citizens from unreasonable exercise of power by appointed agents of government." He warned, "I believe I can see a conscious government policy to concentrate wealth in fewer and fewer hands."

In the eyes of his opponents, Wright is guilty of interfering with the restructuring of the nation's economy. In special counsel Phelan's initial report to the Standards Committee on Wright, he included numerous charges against Wright for interference with banking regulatory agencies. He went so far as to say that Wright's expression of concern over the effects of banking deregulation on his constituents involved appearance of "conflict of interest," and questions he raised to FHLBB officials constituted "blackmail."

Wright is a victim of the pattern of prosecutorial abuse directed at those who represent the tradition of constituent-based representation. This pattern includes attacks on labor under the racketeering or RICO laws, and the threat of its use against S&L directors, the watergating of black urban machines, and the "Get LaRouche" task force. These abuses are the club being used to impose the "hidden agenda" of the Anglo-American financial establishment. If Wright is to survive as an effective Speaker, capable of fulfilling his self-defined tasks, he must publicly take on this hidden agenda.