

## Congressional Closeup by William Jones

### House cuts \$24 billion from defense

In a narrow 218-208 vote, the House approved on May 1 the Democrats' \$1.2 trillion budget for fiscal year 1991 which cut \$24 billion out of defense spending requested by President Bush and tagged \$5.6 billion more onto domestic programs.

There was no Republican support for the bill. House Republican leaders had intended to offer the President's budget as an alternative, but backed off from doing so in order to avoid embarrassment. They also hesitated since Defense Secretary Richard Cheney had recommended substantial cuts in Bush's original proposals.

House Democrats ridiculed the Republicans for back-pedaling on their own President's proposal. House Majority Leader Rep. Thomas Foley (D-Wash.) called the decision "an abandonment as loud . . . as one could imagine." Rep. Marty Russo (D-Ill.) commented, "They can't take the heat of a vote in the clear daylight." More radical cuts were proposed by the Black Caucus, which wanted to redirect the added funds for support of social and domestic programs.

The Senate budget proposal which passed the Budget Committee on May 3 is even more draconian than that of the House. The Senate proposal plans to cut the deficit by \$43 billion, and sets a much lower figure on military spending. Office of Management and Budget director Richard Darman has been calling for negotiations with congressional leaders for some weeks, but Senate Budget Committee Chairman Sen. James Sasser (D-Tenn.) and other Democratic leaders insisted there was no basis for negotiations because positions are so polarized.

The realization, however, that the estimates on which all the budget pro-

posals have been predicated are wrong, has led to an agreement between the White House and congressional leaders to hold a summit to attempt to find a solution to this problem. Previous estimates were that \$36 billion in cuts were needed to reach the Gramm-Rudman target of \$64 billion. Estimates now are that an additional \$20 billion will be needed in order to reach the prescribed levels.

Rising interest rates and falling revenue projections are wreaking havoc with earlier estimates. The threat of a Gramm-Rudman sequester if the deficit targets are not met, now looms even larger.

### Senate threatens trade pact veto over Lithuania

In a 73-24 vote on May 1, the Senate amended a non-binding resolution to the Panama aid package, warning President Bush not to submit a U.S.-Soviet trade pact for approval unless Moscow lifted its economic embargo against Lithuania and entered negotiations on the republic's independence.

The resolution was sponsored by Sen. Alfonse D'Amato (R-N.Y.) who said he agreed with Lithuanian President Vytautas Landsbergis that Bush's decision to defer sanctions against the Soviets is tantamount to "another Munich." "What a terrible signal we send to the world," said D'Amato. "What a terrible signal we send to the Soviets." D'Amato added that implementation of a trade agreement "would constitute implicit support for Soviet activities in Lithuania" such as cutting delivery of oil and natural gas.

In a speech on the House floor on April 30, Rep. William Broomfield (R-Mich.) recommended that the United States withhold Most Favored

Nation status for the Soviets until they give independence to Lithuanian. "Nothing could be fairer," said Broomfield. "The Soviets cannot expect to use trade as a weapon and then expect America to use trade as a gift."

### Dems defend FDIC head against Bush criticism

Congressional Democrats reacted sharply against the Bush administration's blatant attempt to force L. William Seidman from his post as chairman of the Federal Deposit Insurance Corporation.

Seidman, who was appointed to take charge of the cleanup of the savings and loan institutions, may be axed by the administration and blamed for the failure of the S&Ls bailout. White House spokesman Marlin Fitzwater said May 2 that the White House wants someone who will launch "an aggressive program" to complete the cleanup. Seidman has repeatedly warned that the S&Ls cleanup will cost more than the White House was willing to admit, and has repeatedly demanded additional funds for the job.

Democrats were angry over the administration's attempts to use Seidman as a scapegoat. "The administration's efforts to clean up the savings and loan mess would be damaged severely by the departure of Bill Seidman," said House Banking Committee chairman Rep. Henry B. Gonzalez (D-Tex.). Senate Banking Committee chairman Sen. Donald Riegle (D-Mich.) said Seidman "has the experience and independence the country needs."

Some 23 House Democrats signed a letter written by Rep. Charles Schumer (D-N.Y.) warning that "Seidman's early departure may be

the result of his frustrations with the internal bickering, bureaucratic interference, and turf battles that have marked the first nine months of the thrift bailout effort."

"Chairman Seidman is not the problem," commented Rep. Bruce F. Vento (D-Minn.).

## **PAC campaign funding under attack**

Senate Republican leaders introduced on May 1 a campaign reform bill which would ban all political action committees from making contributions to federal candidates' election coffers. The so-called campaign reform bill would eliminate constituency input into the Congress.

The bill restricts out-of-state contributions from individuals, reducing them from \$1,000 to \$500 per candidate for each election. It prohibits members of Congress from supplementing their official office accounts with campaign funds, and bans them from sending taxpayer-financed "franked" mailings to constituents during election years. It would also prohibit tax-exempt organizations from engaging in any activity that would influence a federal election on behalf of a specific candidate.

The bill would mean a candidate would have to be rich to run for office. A money-bags candidate capable of financing his own campaign would have a significant advantage.

Costs of running a Senate race ballooned from \$1.1 billion in 1980 to \$3.7 billion in 1988. At the same time PAC contributions in the last 10 years have more than doubled as a percentage of total campaign receipts, from 11 to 23% according to Assistant Attorney General William Barr.

## **HUD official says Bush pressed for favors**

Dubois Gilliam, a former deputy assistant secretary of the Department of Housing and Urban Development, testified on May 2 that then-Vice President Bush used his influence to secure a deal for Hector Barreto, then president of the U.S. Hispanic Chamber of Commerce.

Barreto sought a HUD grant in 1985 for doing a feasibility study for a Hispanic trade center in Kansas City, Missouri. The project was not qualified under HUD Secretary Samuel Pierce Jr.'s discretionary fund for special projects, which Gilliam had communicated to Barreto. Gilliam said that he had received a call that afternoon from Pierce's assistant Deborah Gore Dean, saying Barreto had met with Bush and that "she had received a call from the vice president's staff asking about the grant and indicated her desire to try to help get the project funded."

Subsequently, Gilliam said, he persuaded a Kansas City assistant city manager to provide the grant from the city's Community Development Block Grant funds, provided by HUD, and in turn he arranged to have a special grant go to Kansas City to replace that money. Gilliam said he was unclear about the connection to Bush's office, but he said Dean had "indicated something . . . about Mr. Barreto going on the vice president's plane."

## **Soviet military buildup ongoing, says Burton**

In comments on the House floor on May 2, Rep. Dan Burton (R-Ind.) warned against any precipitous cuts in U.S. defense spending, and gave

figures showing that the Soviet military buildup has not slowed.

"The Soviets last year increased their defense spending by 17% of the GNP," said Burton. "The Soviets have not slowed down their shipbuilding program. In 1989, they added 7 guided missile destroyers, an aircraft carrier, and 9 more submarines, and 10 more are under production. The Soviets have increased SS-25 production from 125 to 220 in the last year. The Soviets have dramatically increased their bomber production. The Soviets increased T-80 tank production from 3,000 the year before last to 4,000 last year."

Burton urged his colleagues not "make the same mistakes which were made prior to World War II."

## **White House lobbies for increase in NASA budget**

President Bush and Vice President Dan Quayle met with congressional leaders on May 1 to push their 24% increase for the fiscal year 1991 NASA budget. According to Quayle, the head of every full committee and subcommittee that deals with the NASA budget was there.

In comments to the annual meeting of the American Institute of Aeronautics and Astronautics on May 1, Quayle indicated that there was a strong consensus that the full funding for NASA is a priority. The appropriations committees have threatened to cut the nearly \$15 billion request by about \$1 billion.

The recent budget resolution which passed the House on May 1 includes a five-year plan for NASA, which is \$9 billion less over that period than the planned expenditures by the White House.