

Congressional Closeup by William Jones

Aid to Africa loses big in McConnell proposal

Mitch McConnell (R-Ky.), the incoming chairman of the Senate Appropriations subcommittee that allocates foreign aid, presented his "reform" program at a Capitol Hill press conference on Dec. 12, in the form of a 48-page bill which he intends to introduce when Congress reconvenes. Aid to Africa is one of the areas which would be the hardest hit by the program.

McConnell proposes to eliminate the \$802 million Development Fund for Africa, as well as the African Development Foundation, which he characterized as "an entitlement program for the continent." In response to a question, McConnell said that he felt that "ultimately, some assistance might go to Africa," but he didn't believe that "when you've got a diminishing or a shrinking foreign assistance pie here . . . we ought to be earmarking assistance to portions of the world that don't meet the sort of national security interest test that I set out for this whole bill." Africans would have to "compete with other countries" for a share of \$3.1 billion earmarked for "bilateral economic assistance."

According to the McConnell criteria, "funds can only be spent in countries committed to the road to free market reform." Aid will flow if a government encourages free trade and investment, protects private property ownership and interests, limits state control of financial institutions, production, and manufacturing, and restricts interference in establishing wages and prices."

The proposal would abolish the Agency for International Development, now an independent agency, and would "consolidate the agency's functions under the secretary of state." McConnell also wants to make

aid to Russia conditional on Russian "non-intervention" in other former Soviet republics, and to redirect more aid to other Community of Independent States nations, including Ukraine, Georgia, and Armenia.

Walker lays stress on 'real science'

Robert Walker (R-Pa.), the incoming chairman of the House Committee on Science, stressed the importance of scientific criteria, in outlining his priorities for the next Congress, in a Capitol Hill press conference on Dec. 14. "Real science should not be used to confirm a political agenda," he said.

Walker announced that he would hold hearings on NASA's Mission to Planet Earth programs (the funding of which has been fueled by various environmental hoaxes), global warming, and "a number of others where . . . there have been some concerns raised about whether some of the science being done is more in tune with politics than it is with real scientific measurement."

A supporter of the Space Station, Walker also said that he would work to see that NASA "at least gets resources enough to keep up with inflation." He said that he is a "proponent of assuring we keep the space program in a stable configuration."

Walker wanted to rename the Science, Space, and Technology Committee as the Science Committee in order to underline the importance of funding science programs.

He said that he wanted to "reassert the value of science as a means for bringing the country into a future of sustained growth built on new discoveries and based on new technologies that are derived from those new discoveries." We should "invent our way

out of crisis," he said, pointing to a hydrogen research program as an example of a new technology that can "get us out from underneath a huge regulatory burden," such as the restrictions on auto emissions imposed by the Clean Air Act.

House Banking out to reverse Glass-Steagall

Incoming House Banking Committee Chairman Jim Leach (R-Iowa) announced that his number-one priority for 1995 will be reform of the Depression-era Glass-Steagall Act, in a press conference on Dec. 19.

By separating investment banks from commercial banks, Glass-Steagall made it impossible for commercial banks to use their depositors' funds for speculating in the stock market. Leach wants to eliminate that protective mechanism. "I personally believe it's time that the American legal system and the financial community reflect what is becoming more and more [the] norms in international finance," he said. He hopes to introduce such a bill on the first day of the new Congress.

This deregulatory measure ironically comes at a point when there is increased nervousness over the lack of regulation in the financial markets, characterized by the widespread use of derivatives as a "hedge" against losses. The financial ramifications of the recent multimillion-dollar losses by Orange County, California, in the derivatives markets have still not played out fully. And, as everyone fears, there are many more Orange Counties waiting to happen.

Although Leach has co-sponsored legislation with former House Banking Chairman Henry B. Gonzalez (D-Tex.) for stricter regulation of deriva-

tives, Leach has been less supportive of such measures. However, Leach said that his committee would be looking closely at Orange County, and would conduct a "significant review . . . in the area of derivatives."

Gonzalez also introduced measures to bring the Federal Reserve under tighter congressional control. But it is unlikely that such measures will gain much of a hearing under Leach. "My strong bias . . . is to maintain, in fact, to enhance the professional capacity of the Federal Reserve Board," he said, adding that "anything that undercuts the Fed is likely to work to the disadvantage of the American people."

On Whitewater, Leach, like Senate Banking Committee Chairman Al D'Amato (R-N.Y.), is prepared to let independent counsel Republican Kenneth Starr carry on his investigation for the time being, leaving open the possibility of later hearings—perhaps a bit closer to the 1996 elections.

Thurmond attempts to reverse defense cuts

Strom Thurmond (R-S.C.), the incoming chairman of the Senate Armed Services Committee, is attempting to block a planned cut by the Clinton administration in defense spending next year. Thurmond argues that \$12 billion more is needed for troop training and new weapons.

Thurmond informed incoming Budget Committee Chairman Pete Domenici (R-N.M.) that military spending should be frozen at fiscal 1995 levels, effectively canceling the cuts introduced for 1996. Thurmond is aware that canceling the cuts will put additional pressure on other discretionary spending items, but said that "recent announcements of de-

creased Army readiness and efforts to sharply curtail critical modernization programs makes this a necessity."

President Clinton agreed in December to pump \$25 billion more into defense over the next six years. The incoming Republican majority has promised to upgrade defense spending, but have yet to determine how they will pay for it.

Gingrich million-dollar book deal is under fire

The announcement by HarperCollins publishers on Dec. 22 that it has agreed to publish two books by House Speaker Newt Gingrich (R-Ga.), has come under attack. On Dec. 23, House Democratic Whip David Bonior (D-Mich.) criticized Gingrich's \$4.5 million deal as unseemly and a potential violation of House ethics standards.

One book, *To Renew America*, outlines Gingrich's social and political philosophy; the second is an anthology of writings about democracy with commentary by Gingrich. He will receive an advance of \$4.5 million.

Gingrich made a name for himself in 1988 by pressing for an ethics investigation of a similar book deal by then-House Speaker Jim Wright (D-Tex.), charging that Wright had received more money for the book than was customary. Wright, however, received far less than has Gingrich. Further complicating the case is the fact that HarperCollins is part of Australian-born publishing magnate Rupert Murdoch's News Corp. In a case pending before the Federal Communications Commission, Murdoch is being investigated for violating U.S. laws which bar foreigners from owning or controlling interests in U.S.

television stations. The Murdoch concern also owns the Fox TV network.

Bonior noted that Republicans are working on legislation which would overturn that law. He pointed to a possible conflict of interest, and questioned whether Murdoch had been a contributor to Gingrich's political action committee, GOPAC, which has been subject to scrutiny by the Federal Election Commission.

Armev blasts Treasury for 'political' attacks

Republican House Leader Richard Armev (D-Tex.) attacked the Clinton administration on Dec. 19 for misusing Treasury Department economists in support of "blatantly political" attacks on Republican tax and spending proposals.

The Treasury Department released an assessment on Dec. 17 which projected that the package of tax cuts included in the GOP "Contract with America" would reduce government revenue by \$712 billion over 10 years. Republicans claim that the Contract proposals—which they originally boasted they would push through in the first 100 days of the session—would lower government revenue by no more than \$200 billion in their first five years and, if taken together with their plans for cutting government programs, would result in a balanced budget by 2002.

Armev complained that the Treasury had no business offering an opinion at that time because the proposal was "not under consideration by any committee" and nobody had made "a request that they do so."

Armev charged that the administration's actions violated ethical and professional standards governing use of federal employees.