

Congressional Closeup by Barbara Dreyfuss and Susan Kokinda

Senate Dems threaten nuclear programs

While congressional Democrats as a whole have vowed to make support of synthetic-fuels production a major issue of contention with the Reagan administration, Senate Democrats on Feb. 23 specifically warned Energy Secretary James Edwards that his nuclear programs would get no support unless he supports synfuels projects as well.

Montana Democrat John Melcher threatened, "Jimmy Carter didn't know enough to consult Congress before releasing his energy program, and I think you should note his experience. You might have a very difficult time getting what you want in that nuclear basket unless you deal with our needs."

Melcher was responding to Edwards' outline of Energy Department budget cuts, including a \$1 billion cut in the synfuels program, a \$400 million cut in the fossil fuels program, a \$400 million cut in solar, and \$600 million in conservation programs.

Edwards also announced his intention to upgrade nuclear programs such as the Clinch River breeder reactor, and the Barnwell, S.C. nuclear reprocessing plant, and to speed up the nuclear licensing process and resolve the question of nuclear waste.

In response, normally growth-oriented Democrats are falling into a synfuels-versus-nuclear posture. Melcher was backed up by Sen. Wendell Ford (D-Ky.), who told Edwards that if he was going to apply a "free enterprise" test to synthetic-fuels production, letting private industry take over government programs, he should apply

the same standards to the Clinch River breeder reactor.

EIR's sources have reported that Senator Ford is planning to introduce legislation calling for the repeal of the Price-Anderson Act, which allows the government to underwrite the amount of liability insurance required for a nuclear power plant. Repeal would wipe out the nuclear industry.

Volcker tells Congress he will tighten money supply

Federal Reserve Chairman Paul Volcker told a Senate Banking Committee hearing Feb. 25 that he intends to tighten U.S. money supply even further. "In 1980 the money supply was brought under closer control despite the high interest rates. Our 1981 targets are a lower supply of money and credit consistent with the capacity of the economy to grow. Our policy will be restrictive. . . . We will continue to restrain money supply and credit and we hope to see further deceleration in the monetary aggregates in the years ahead."

The Senate Banking Committee Chairman Jake Garn (R-Utah) supported Volcker. "I have been generally supportive of the Fed. While I disagree with some of the technical decisions relating to the aggregates, I will reiterate what I have said many times before, that it would make no difference who is the chairman of the Federal Reserve Board. . . . Budget cuts and tax cuts are an absolute complement to your policies. I want to stress the necessity for a restrictive monetary policy and restrictive fiscal policy. . . . I also want to indicate again how important I think

the independence of the Fed is. At the same time I believe that your policies must be coordinated with the executive branch.

Senator John Heinz (R-Pa.) suggested that the Fed chairman should come before Congress regularly to discuss whether he was meeting the targets he had laid out. If the Fed chairman failed in his efforts, perhaps he should then resign, suggested the senator. "I don't think that would work," Volcker responded. "I think that the option that you have is to have hearings like this one and satisfy yourselves about our behavior or remain dissatisfied."

Tower: Germans say lower interest rates

Asked if West German defense officials were clamoring for the United States to lower interest rates as a matter of economic and military security, Sen. John Tower (R-Texas) said, "Yes, you bet the West Germans would like us to lower our interest rates . . . the Bundesbank has been saying this for weeks."

Tower has just returned from a 10-nation European and Middle East tour and numerous meetings with heads of state, and foreign and defense ministers. In prepared remarks at a Washington press conference Feb. 26, Tower said, that he had found "major complaints about U.S. security assistance," including the complaint of "the tremendous debt servicing burden associated with the high interest rates of U.S. credits."

Without criticizing the adequacy of Reagan administration's eco-

conomic plans to bring down the interest rates, Tower noted that it is "important to remember that the U.S. and its allies and friends have not only military, but also diplomatic and economic initiatives available to them to enhance the security" of the Middle East and other regions.

He also reported that "correcting American defense industrial-base deficiencies" were discussed with our allies.

"While the U.S. has awakened to the need for a substantially increased defense effort," Tower said, "our allies in Europe, on the whole, do not view the West's security situation as sufficiently critical to warrant a more determined defense effort on their part at the present time. . . . There remains significant opposition in Europe to some important NATO initiatives, especially regarding the modernization of long-range theater nuclear forces."

This was due more to the domestic political opposition West European leaders face, Tower explained, rather than to leaders like West German Chancellor Schmidt, whom Tower defended at a meeting of the Wehrkunde he attended while in West Germany.

Among other comments, Tower said that his visits "convinced" him "that current public assessments of the ability to defend the Persian Gulf against Soviet aggression are too pessimistic"; warned that the "Western world must be prepared to counter effectively Colonel Qaddafi's attempts to build a Saharan empire"; and strongly urged that "the role of security assistance in our defense strategies must again be emphasized."

"The U.S. has arrived at a position where too often only the projection of American military power can meet security challenges that might otherwise be handled by properly equipped indigenous forces," Tower said.

Volcker Retirement Act stalled

The Paul Volcker Retirement Act, H.R. 1640, introduced by Rep. Byron Dorgan (D-N.D.), is being stalled by members of the House Banking Committee. Dorgan's bill, which would allow Congress to remove the Fed chairman by a vote of 60 percent, has been referred to the subcommittee on Domestic Monetary Policy, headed by Rep. Walter Fauntroy (D-D.C.), chairman of the Congressional Black Caucus.

Fauntroy has stated that he does not intend to hold hearings on the bill at all. According to committee sources, Representative Fauntroy agrees with Volcker's policies.

Small Business group hears problems of trade

The House Small Business Committee heard reports first hand from 100 small-business trade associations Feb. 23 on the problems now confronting small business. "I want from you ideas for legislation, a feeling of the problems you are encountering . . . and your reaction to the new administration's proposed tax changes," committee

chairman Parren Mitchell (D-Md.) told the representatives.

The main problem is the lack of capital for investment and high interest rates. "Every small business group feels that capital formation is their chief problem," declared Walter Stults of the National Association of Small Business Investment Companies.

Bruce Hahn from the National Tooling Machining Association told the committee that his industry faces a shortage of skilled labor. He recommended a tax-credit approach to solve the labor shortage problem.

The committee plans hearings in late March on the problems caused by high interest rates.

House establishes Select Committee on Narcotics

By a vote of 276 to 101 the House reconstituted the Select Committee on Narcotics Feb. 25. The committee had been heavily contested as too costly, especially since the November defeat of Rep. Lester Wolff (D-N.Y.), who had first initiated the committee and fought for its continued existence. Rep. Leo Zeffferetti (D-N.Y.) is expected to be the new committee chairman.

Tom Railsback (R-Ill.), who will be the ranking Republican on the committee, told *EIR* that the committee will focus on such things as tracking down the top-level drug pushers by tracing the flow of drug money; reviewing methods of curtailing drug production, including the use of paraquat to destroy marijuana; the abuse of licit drugs; and the problems caused by funding cuts for drug-enforcement agencies.