

## Congressional Closeup by William Jones

### Senate celebrates new EPA head

It was all lovey-dovey in the Senate when William Reilly was appointed the head of the Environmental Protection Agency on Jan. 31. Reilly was characterized as the first nominee as EPA head who came "from the ranks of the environmentalists." He has been the head of the Conservation Foundation since 1973 and merged it with the World Wildlife Fund in 1985.

Reilly was introduced by no fewer than five senators, who fell over one another praising this champion of the environment.

Reilly promised aggressive and timely enforcement of environmental laws. "We no longer have the time or luxury of allowing the bitterness, the polarization, the wasted resources, and other excesses" that have marked the conflicts in recent years between environmentalists and industry, he said. Reilly said that the administration is working on a "credible and realistic" plan for cutting acid rain pollutants, but he did not give any specifics on the issue.

No outside testimony was permitted, and the only groups to submit written testimony opposing the appointment were the National Democratic Policy Committee and *21st Century Science and Technology* magazine. Their testimony will appear in *EIR* next week.

### Kemp vows effort to fight homelessness

Jack Kemp, President Bush's nominee to the post of Secretary of Housing and Urban Development, in hearings on Jan. 28, characterized homelessness as a "national tragedy of appalling proportions" and promised to make it his top priority.

Kemp said that he would "fight for increased funding" and "for reordering the priorities" in the Reagan budget. He added that his program would involve a campaign for tax credits to encourage businesses in depressed areas and programs to give poor tenants greater choice in the private housing market.

The proceedings were interrupted when six demonstrators from an advocacy group for the homeless rose shouting that Kemp's policies have hurt the homeless. The demonstrators were escorted from the hearing room by Capitol Police.

### Hills points to more trade war ahead

Carla A. Hills, the Bush nominee for U.S. Trade Representative told Congress on Jan. 27 that she would "get tough" with U.S. competitors. Hills said that she would seek markets in Japan, South Korea, Taiwan, the European Community, and elsewhere, "either with a crowbar or a hand-shake."

"We are going to talk very firmly with Japan," said Hills, "and make clear that we will be forced to use retaliatory measures, including 301, super 301, and special 302, if we do not get results." The numbers refer to a section of the Trade Act of 1974 that gives the trade representative strengthened authority to cut off markets in the United States to countries that maintain unfair barriers against American exports.

Hills also implicitly criticized a recent technology-transfer deal in which the United States will help Japan build an advanced fighter aircraft known as the FSX.

The Hills confirmation breezed through committee with unanimous support, and it is expected to easily

pass the full Senate when it comes up for a vote.

### Bush economic aide okays high interest rates

Bush's nominee to head the Council of Economic Advisers told the Senate Banking Committee in hearings on Jan. 26 that he had no quarrel with the Federal Reserve's policy of boosting interest rates to keep inflation in check. Michael Boskin, a professor of economics at Stanford University, said that the nation's number one economic priority must be to reduce the federal budget deficit.

On the previous day, President Bush had admonished the Fed for trying to slow economic growth because of fear of inflation, expressing concern over Fed chairman Alan Greenspan's warnings that the growth targets of 3% should perhaps be lowered in order to avoid inflation.

Boskin tended to support the Fed chairman's policy. "If we let inflation get much higher, the eventual pain of disinflating the economy would be quite severe and we should not allow that," Boskin said.

In other debate on the financial crisis, House Banking Committee chairman Henry Gonzalez warned on Jan. 27 about a possible run against the dollar. Commenting that "while Europe is integrating, we are disintegrating domestically," he said, pointing specifically to the S&L crisis. If the Federal Home Loan Bank Board continues its "noxious course of compounding on a geometric, progressive basis," said Gonzalez, the size of the needed funds grows, at perhaps \$1 billion per month.

This instability within the domestic economy is aggravated, continued Gonzalez, by the fact that foreign dollar holders "may lose confidence even

further." This means that the United States "will have to pay our debts, not in our currencies, but in their currencies. And I cannot begin to tell my colleagues what that implies."

Gonzalez added that "the average non-banker could have shown a lot more wisdom, than the leading bankers have revealed in the last two decades."

## **W**ill Soviets break the ABM Treaty?

A top-secret report requested by Congress on the Soviet version of the Strategic Defense Initiative is still being held up, according to a report in the *Washington Times* on Jan. 30, due to a disagreement within the Defense Department on how to interpret the intelligence data.

This year's defense budget bill requires President Bush to assess the status of the Kremlin's numerous anti-missile projects—dubbed "Red Shield" by former President Reagan—to see if they would undercut the American nuclear deterrent. The study was due Jan. 1, but has been indefinitely delayed.

The reason for the delay, according to the *Washington Times*, which cited anonymous officials, is disagreement between the office of the Secretary of Defense and the Defense Intelligence Agency over the effectiveness of the ground-based defense deployed around Moscow. The DIA, along with the Joint Chiefs of Staff, submitted a draft report which concluded that the Moscow system will not be a serious threat once the United States completes modernizing its nuclear arsenal, claimed one administration official.

The office of the Secretary of Defense seems to view the situation differently. Analysts reportedly have determined that the 100 Soviet missile

interceptors could defend about 20 installations in the Moscow area, out of about 6,000 facilities throughout the Soviet Union targeted by U.S. nuclear missiles. One former intelligence official commented that if the Soviets launched a first strike and the United States had just a fraction of its original arsenal with which to retaliate, "even a relatively small defense like the [ABM] treaty permits . . . starts to look interesting."

The President must also determine whether the Soviets have in fact broken out of the ABM Treaty or are on the verge of doing so.

## **P**ay raises may be nipped in the bud

The Senate is scheduled to vote on a bill that would reject the recently proposed pay raises for congressmen and top federal officials. The bill is expected to pass the Senate overwhelmingly, after which it will go to the House.

In order to avoid a total scrapping of the pay raise, House Speaker Jim Wright (D-Tex.) is introducing a proposal by which the pay raise will be reduced from 50% to about 30%. The "big potato" will be whittled down somewhat by such a measure, although the congressmen will not be going home empty-handed. The 20% reduction may also look somewhat better to the voters than the full 50% hike—or so its sponsors hope—come election time.

## **T**ower confirmation hitting some snags

Secretary of Defense-designate John Tower was still not home free after several days of hearings on his nomination. Paul Weyrich, chairman of Coalitions for America, an umbrella

organization of 300 conservative groups, expressed grave misapprehensions concerning Tower's moral qualifications, accusing him of having an alcohol problem and being a womanizer.

Much of this testimony was regarded as hearsay, although Senators Sam Nunn (D-Ga.) and John Warner (R-Va.) prolonged the hearings several days more to hear further evidence on these issues. Tower had already gone through what was described as the most thorough FBI examination ever, before he was nominated by President Bush.

## **A**dministration blames Congress for S&L leak

The White House is trying to save face by blaming Congress for "leaking" the briefing given them by Treasury Secretary Nicholas Brady on the administration's proposed savings and loan "rescue plan," which would impose a "fee" on investors.

"The most disappointing part of the whole thing," said White House Chief of Staff John Sununu, in an interview on ABC-TV's "This Week," "is that the effort that was being made to get to Congress early enough to let them be a part of crafting alternatives, resulted in a firestorm on one alternative that was not necessarily the leading candidate."

The proposal in question called for an increase in the insurance premium of 25¢ per \$100 added to the present 12¢ per \$100 now charged to banks and S&Ls for insurance. Not only was the premium increase labeled a tax by President Bush's opponenets, and thus a violation of his "no tax" pledge, but it well-nigh caused a run on the S&Ls. The proposal has been put to the side for the moment, by a rather embarrassed administration.