

Congressional Closeup by William Jones

Bush sharpens campaign rhetoric in tax veto

President Bush immediately vetoed the Democratic tax bill passed on March 20, sharpening his rhetoric against the Democratic Congress, calling it an institution of "PACs, perks, privilege, partisanship, and paralysis" that stands in the way of change. Bush vetoed the bill because it would pay for a middle-class tax cut by raising taxes on the wealthy.

Bush revived his promise of "no new taxes"—comic political theater, but with high stakes in the 1992 elections. Comparing himself to President Harry Truman, who was the last President to veto a major tax bill, Bush manically proclaimed that "it is time for Congress to either lead, follow, or get out of the way."

The Democratic tax proposal would have given wage-earners making \$50,000 a tax credit of \$150 per year, and couples earning up to \$70,000 a tax credit of \$300 per year. To finance the tax break, it would have raised the 31% maximum tax rate to 36%, hitting primarily the highest income bracket. The bill passed the Senate 50-44 and the House 211-189. The Bush veto of the tax bill is the 27th since he became President. None have been overridden by Congress.

Democratic crime bill halted a second time

For the second time in five months, Democrats failed on a cloture vote to stop a Republican filibuster against a Democratic-supported crime bill. The 49-38 vote was 11 votes short of the 60 needed for cloture.

The Democratic bill would extend the federal death penalty to 53 crimes, including terrorism and espionage, and contains a mandatory five-day waiting for the purchase of hand-

guns, a measure opposed by the National Rifle Association as a restriction on the constitutional right to bear arms.

In testimony before a Senate subcommittee the day of the vote, Attorney General William Barr warned that President Bush would veto the bill since he "didn't see it as a tough crime bill." The Republican filibuster successfully prevented the Senate from taking a vote, obviating the need for the President's veto.

In a last-minute effort to win over wavering Republicans, police and sheriffs' groups endorsed the Democratic bill, but to no avail. Judiciary Committee Chairman Sen. Joseph Biden (D-Del.) commented that with the failure to break the filibuster, "The chance of getting a crime bill this year is highly unlikely."

Justice begins probe of House bank scandal

Attorney General William Barr appointed a retired federal judge on March 20 as special counsel to head an inquiry into possible criminal violations by members of Congress and congressional employees who abused their House Bank privileges. In setting up the Judicial branch of the U.S. government to conduct an investigation of the Legislative branch, the move is expected to test the constitutionally designated separation of powers, and could become the biggest operation yet conducted by the Bush administration against congressional opponents.

The unorthodox practices at the House Bank had become so much a part of the way of doing business on Capitol Hill that allusions to criminal intent in the use of the loose regulations should be considered well-nigh ludicrous. Nevertheless, transactions

are being used to start a witchhunt by the House Republican leadership, fully supported by a President anxious to see a Republican-dominated Congress in 1993.

The scandal has sent the Democratic House leadership scurrying to introduce a myriad of reforms in an attempt to pacify popular outrage throughout the country against the Washington bureaucracy.

President Bush's attempt to focus that rage against the Democratic-led Congress could backfire. Many Republicans are among those guilty of the most frequent and largest overdrafts, and could be damaged by the scandal fomented by their own party leadership.

Gonzalez urges return to Hamiltonian banking

House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) attacked the principles of the Federal Reserve System and urged a return to Hamiltonian principles of banking, in comments on the House floor on March 17.

"The Federal Reserve Board is not a governmental agency," said Gonzalez. "It is the creature of and amenable to the commercial banking system of the United States, the private commercial banks, not the government."

"Our whole regulatory system is crumbling around us because it is antiquated," said Gonzalez. "It is overlapping, it is conflicting in many areas, and we should have looked at it long ago." Gonzalez was referring to the period when the national banking system was founded with the 1863 Specie Act, followed by the 1865 Currency Act. "That was the beginning of the shaping of what we now call the national banking system," he said.

Gonzalez noted that the problem

of "the allocation of credit" has been with us since the American Revolution. "The difference [from today] was that they had men like Alexander Hamilton and, mostly, [Thomas] Jefferson, who recoiled at what all through the centuries was usury, usurious interest rates," he explained. "That, incidentally, is what has been flagellating our country now ferociously since the late 1970s, with the instability that is created, and the fact is that until that is resolved and is stabilized, I can assure you that we will get no place."

Gonzalez recommended that banks be chartered in order to fulfill their true function "to be the financial backdrop to help fuel the furnaces of industry and production and manufacture." Gonzalez pointed to the 1956 Bank Merger Act as one of the measures which undermined the rules of sound banking regulation.

Cranston questions U.S. military role in Africa

Sen. Alan Cranston (D-Calif.) warned of reports of increased U.S. Special Forces activity in Africa, in floor comments on March 18 on the Pentagon planning paper which declares the United States the world's dominant power, which was leaked in the March 15 *New York Times*. Cranston warned that U.S. counterinsurgency operations in Africa could "create situations that are worse than those that already exist."

Cranston noted that the Pentagon planning paper referred to sub-Saharan Africa as one of the regions "critical to the security of the United States and its allies," an area in which the U.S. "will be concerned with preventing the domination of key regions by a hostile power."

Cranston read into the *Congressional Record* an article from the March 22 *Baltimore Sun*, which noted that the Army Special Operations Command has reactivated its 3rd Special Forces Group in order to increase U.S. Special Forces activity in the area. Cranston quoted the head of the unit, Col. Peter Stankovich, a veteran of the Phoenix program in Vietnam, who said, "Our focus is foreign internal defense—the kind of thing that strengthens a country so it can withstand the pressures from within as well as without."

Pressler tries to ease U.N. peacekeeping costs

In what is shaping up to be a heated debate over the U.S. contribution to U.N. peacekeeping efforts, the friends of the new world order are trying to calm some of the political unrest caused by its costs.

During House and Senate Appropriations subcommittee hearings in March, Secretary of State James Baker III and Assistant Secretary of State John Bolton were hit with tough questions regarding the rapidly increasing costs of U.N. peacekeeping efforts. With an expansion of the sphere of activity of the U.N., there are now plans for the U.N. to monitor peacekeeping efforts in places as diverse as El Salvador, the former Yugoslavia, the Western Sahara, and Cambodia. The costs of these endeavors, of which the United States is assessed 30.4%, do not sit well with the U.S. population, which is experiencing a deterioration in its own living conditions.

Pressler, attempting to maintain strong U.S. support for U.N. activities, has called for a number of cost-cutting measures in order to prevent

allocations for the U.N. getting bogged down in the U.S. budget fight. Pressler suggests regionalizing peacekeeping tasks as much as possible, not relying on U.N. peacekeeping forces until all mediation efforts have failed, and utilizing regional defense organizations or political alliances (NATO, the EC, ASEAN, the OAU) in peacekeeping missions in their respective areas. He also proposes that other countries shoulder a greater share of the costs.

Pressler is also seeking more congressional consultations with the State Department before decisions on a peacekeeping mission are made.

Invasion of Peru mooted to stop terrorists

Rep. Robert Torricelli (D-N.J.), commenting on testimony given before a House Foreign Affairs subcommittee which he chairs, called for a U.S. invasion of Peru if Shining Path took over the country.

In an exchange with State Department official Bernard Aronson, Torricelli said that the "potential for genocide" in Peru if Shining Path takes power was worse than that committed in Kuwait by Iraq. If the United States invaded Iraq in defense of Kuwait, Torricelli argued, what would the United States do in a case where more lives are at stake? Aronson avoided giving a direct answer, simply saying that the United States does not want a victory of Shining Path in Peru.

Gordon McCormick, senior social scientist working for the RAND Corp., testified that Shining Path could conceivably take over Peru in five years, but that "U.S. interests in Peru do not justify the level of military involvement that would be required to make a difference in the conflict."