

The Mont Pelerin 'enforcers' inside the U.S. Congress

One of the reasons that the Mont Pelerin apparatchiks at the Heritage Foundation and related institutions were so anxious to closet the congressional freshmen for several days of "tough love" orientation/behavior modification, is that many of the new legislators are not necessarily prepared to tell their constituents to roll over and die, just because that's what's written in the Contract with America.

To break any tendencies toward genuine constituency politics, the Conservative Revolution faction inside the GOP hierarchy has managed to install a team of free-market revo-

lutionists—true "Hayekians"—in some of the most important House and Senate leadership posts to ride herd over the fragile GOP majority.

On Capitol Hill today, as in Nazi Germany in the 1930s, the Conservative Revolution is a top-down affair. The fate of the 104th Congress will largely be determined by the extent to which the Mont Pelerin apparatus is able to enforce discipline.

Here are profiles of some of the hard-core stooges of the Mont Pelerin crowd who are the would-be enforcers. The dossiers were prepared by Mark Sonnenblick.

Phil Gramm

Sen. Phil Gramm (R-Tex.) rants and raves against government spending in the name of "the people who do the work, pay the taxes, and pull the wagon." Yet, he receives more money from vested interests (financiers, health industry, oil) than any other Republican. For services rendered, he has amassed \$5 million for his 1996 presidential campaign, to be announced on Feb. 24.



Gramm is the Senate's most ardent Conservative Revolutionary. "I want to make sure we've changed government forever," he says. "If I don't do it, it may not get done."

Gramm's solution to welfare, is to pay wages below the poverty level. He told *USA Today* on Dec. 1, 1994: "Even if the best job was for \$3 an hour, I'd be willing for them to take it. There's dignity in any job."

Democrats sent Gramm to the House in 1978. He spied on Democratic strategy sessions and later schemed with Budget Director David Stockman to pass Reagan's disastrous 1981 tax and spending cuts. That and the Gramm-Rudman "balanced-budget" act, which he co-authored, ended up doubling the national debt; the resulting added interest costs today account for all of the annual federal deficit. It also bankrupted the states by dumping responsibility on them for hundreds of billions of dollars of unfunded mandates.

In 1982, Vice President George Bush wrote an adulatory

introduction to a book of Gramm's philosophical utterances. The book was published by the Fisher Institute, a Dallas offshoot of the Mont Pelerin Society, of which Gramm has been an active member. In 1983, Gramm came out of the closet as a Bush-league Republican; the Republicans helped him get into the Senate on their ticket.

Gramm "is not very well thought of in the Senate, even among Republicans themselves," according to Marilyn Quayle. He is considered greedy, transparently ambitious, demagogic, deceitful, and ignorant. The *Dallas Morning News* uses the term "Grammstanding," to mean taking credit for something you voted against. Senate Majority Leader Robert Dole (R-Kan.) recently blocked Gramm from a seat on the Finance Committee, which would have helped Gramm raise millions for his presidential war chest by writing tax loopholes for privatizers.

Gramm is consistently two-faced on the question of taxes. He backed a tax hike shortly before his reelection in 1990. "The reason, some cynics said, was that he did not want to be associated with any chaos that might be caused by shutting down the government due to the sequestration provisions of his own Gramm-Rudman law," the *Almanac of American Politics* commented.

When the savings and loans went broke, Banking Committee member Gramm won conditions in which the taxpayers paid for the bad loans on the S&L books, while their billions in good assets were given away at bargain-basement prices to big banks, including NCNB (now NationsBank). NCNB contributed \$18,000 to Gramm through 1992. The moribund First City Bancorp gave him \$52,403 and got protection while it sheltered its good assets before it went bankrupt and left the Federal Deposit Insurance Corp. with its worthless ones.

Gramm has been the largest recipient of contributions

from commercial banks and S&Ls, and the largest Republican beneficiary of securities and investment brokers, lawyers, and lobbyists. That doesn't include questionable gifts, such as a Texan who owned three failed savings banks picking up half the cost of completing Gramm's vacation house. Gramm had enacted an amendment to keep such insolvent thrifts operating and had asked regulators for special treatment.

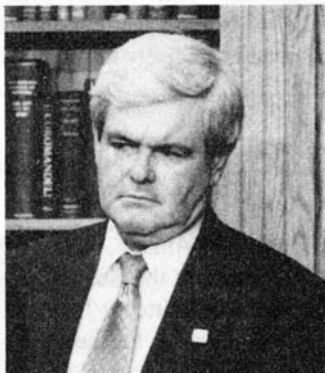
Gramm's wife, Wendy Lee Gramm, is also an avid backer of free trade economics. She made possible the cancerous growth of the financial derivatives bubble, with the help of Gramm, D'Amato, and Bush, during her chairmanship of the Commodity Futures Trading Commission in the Bush administration. She not only fought off pressures after the 1987 stock market crash for more regulation of programmed trading and financial derivatives, but won derivatives brokers almost total deregulation and exemption from oversight. Where some oversight remained, she defended brokers' reduction of margin requirements to 15%. In 1992, the senator mobilized farm-state senators to prevent her from being stripped of authority over stock market futures.

Newt Gingrich

The \$5,000 replica of a flesh-eating Tyrannosaurus Rex's skull that the Smithsonian Institution is molding for House Speaker Newt Gingrich's (R-Ga.) office, is suggestive of the way Gingrich's mind works.

Gingrich married his high-school math teacher, who paid his way through college and grad school, only to file divorce papers on her while she was hospitalized with cancer. He explained, "Jackie isn't young young enough or pretty enough to be the wife of the President of the United States." He balanced his budget by not paying contracted alimony and child support, forcing his wife to beg and to sue him. Yet the Christian Coalition pledged to Gingrich a million dollars and a million prayers to help pass his balanced budget amendment.

A consistent element in his record is his chameleon-like politics. A supposed "conservative," Gingrich drew much of his support for his 1978 election victory from environmentalists. *Who's Who* lists his membership in the Georgia Conservancy and the Sierra Club. In 1990, he helped pass the Clean Air Act, which has burdened the economy with hundreds of billions of dollars in inflationary costs. Gingrich co-sponsored the Endangered Species Act, which has been used to shut down the productive economy, with confessed child-molester Rep. Gerry Studds (D-Mass.).



Gingrich made his big leap to leadership for his attack on House Speaker Jim Wright (D-Tex.). His December 1987 complaint to the ethics committee over a \$12,000 payment Wright had received for a book deal led to a fishing expedition and Wright's resignation in June 1989. To the dismay of most senior Republicans, Gingrich won a 1989 House Republican election for their number two spot (minority whip) by an 87-85 vote. His leadership was consolidated in late 1992 when three of his fellow Conservative Revolutionaries won lower-level leadership posts.

In 1989, Gingrich got away scot-free on a similar book deal and other questionable income streams. In December 1994, he signed a contract with Rupert Murdoch for a \$4.5 million advance on a book; the fate of Australian Murdoch's U.S. TV empire hangs on government decisions. Gingrich gave up the advance, but reportedly stands to gain that amount and more in royalties.

Mr. "Balanced Budget" wrote 22 overdrafts on the House bank, while riding in a government-funded, chauffeured Lincoln and voting for higher pay for congressmen—that almost cost him reelection in 1990. His "philosophical principles" never interfered when it came to "big government" spending big bucks in his district.

The Speaker has shown by example how to transform government into private enterprise. Entrepreneurs make tax-deductible contributions to his nest of funding conduits, and seem to get the opportunity to "participate" in government decisions affecting their interests.

Newt's biggest sponsors are anxious to get government off their backs. *EIR* will soon profile the rich gang of cultists, vulture capitalists, "roach-motel" insurance companies, Dope, Inc.-linked money-bags, and leveraged-buyout kings who contribute to Gingrich's \$15 million GOPAC slush fund.

Richard Arme

The "Contract with America" was written by House Majority Leader Richard Arme's (R-Tex.) staff—Larry Hunter, of the Joint Economic Committee, and Steve Moore, who was on loan from the Cato Institute. Arme is the purest Adam Smith and Friedrich von Hayek ideologue among the privateers

in Congress. He worships at the altar of free trade. He is a "Distinguished Fellow of the Fisher Institute," named for Antony Fisher of the Mont Pelerin Society. Arme predicts that "by 1996 . . . we will then be able to advance to a true Hayekian agenda."



Arney is so vulgar and aggressively obnoxious that even House Speaker Newt Gingrich (R-Ga.) keeps a safe distance. "If you like peace more than freedom, you lose," is his motto. Arney makes calculated demonstrations of his "conservative" credentials by grandstanding against pornography and homosexuals. On Jan. 27, he caused a flap by speaking of Barney Frank (D-Mass.), his erstwhile partner in looting farmer protection programs, as "Barney fag."

On the Education and Labor Committee he made meetings last five times longer than necessary. Hillary Clinton called him the "Dr. Kevorkian of health care reform." He replied with insults and later described President Clinton to Democrats as "your President." "The politics of confrontation works and the politics of appeasement fails," Arney asserted last year. "What are we going to do—bargain with them?"

A disgruntled college professor, Arney preached the "miracle of the market" cult of economist George Gilder until the Mont Pelerinians ran him for Congress in 1982. He lost by 350 votes, but won in 1984 on Reagan's coattails. When first elected, he slept on a cot in the House gym. When evicted from there, he slept on a couch in his office.

At first, Arney gave boring renditions of Mont Pelerin doctrine and introduced ideological amendments which went nowhere. Later, he stuck closer to populism. He learned to embellish every sentence with a four-letter word: "pork." "Pork . . . pork . . . pork," he squeals, while eating from the trough: Arney received \$5,000 from Chase Manhattan while on the Banking Committee in 1991-92, part of over \$65,000 he received from the financial community. Only about 5% of his contributions came from individuals not part of some defined lobby.

Arney didn't let his anti-government ideology interfere with his support for funding projects near his district, such as the Supercollider.

He established himself as a "budget commando" through his mid-1980s crusade to close military bases, something desired by the big weapons contractors who contribute heavily to his campaigns. In 1988, Arney pushed through his proposal that all base-closing decisions were to be made by an independent commission. This established the "fast track" precedent for neutralizing constituency pressures. He reflects, "As the success of the base-closing process demonstrates, it's easier for members to cast a vote for procedural reforms that lead to tough cuts than to vote for the cuts themselves."

Better they don't know

That's why he is fighting to pass a balanced budget amendment, while hiding its effects from the American people. He explained on Jan. 8: "The fact of the matter is, once members of Congress know exactly, chapter and verse, the pain that the government must live with in order to get a balanced government, their knees will buckle." Arney claims that "entitlement spending is partisan pork." He no

longer advocates phasing out Social Security, as he did in 1984, but calls for chiseling pensioners out of their cost-of-living increases by fudging official inflation statistics.

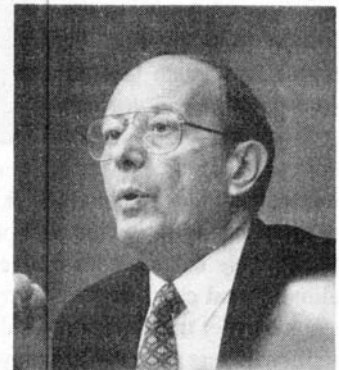
He also wants to scrap what little is left of aid to farmers. During his 1994 fight for passage of the General Agreement on Tariffs and Trade free-trade bill, Arney declared: "Consumption is the sole end and purpose of economic activity, and to the extent that government intervenes in the economy, it should do so on behalf of the consumer, not the producer." He claimed that "only those who are non-competitive ask for restraints on trade on their behalf, and the government gains power by responding to the needs of the least among us." He went on, "The market punishes immorality and incompetence . . . with . . . 'creative destruction.' The government rewards immorality and incompetence by what I call the visible hand of government and punishes morality and competence by the 'invisible foot.'"

Arney's 1995 tax plan includes making all interest, dividends, and capital gains tax free; and taxing all earned incomes over \$35,000 for a family of four with a flat rate of 17%. A Treasury study found that this plan would increase taxes for families earning under \$100,000 by an average of \$1,700, while reducing taxes for families earning over \$200,000 by \$56,000 each. The government would lose \$220 billion each year. Arney says the government would lose only \$40 billion, but that disabling the government's ability to spend is precisely his objective.

Alfonse D'Amato

Alfonse D'Amato (R-N.Y.) chairing the Senate Banking Committee is like the fox guarding the henhouse. For example, in 1985, many savings and loan associations were in bad shape. D'Amato led the fight in the Securities subcommittee of the Banking Committee, which he chaired, to allow desperate S&L managers to jump into wild speculation on high-risk ventures sold by junk bond pirates led by Michael Milken's Drexel Burnham Lambert. At the same time, he was accepting campaign contributions of over \$200,000 from Drexel and nearly a million more raised by Drexel from financier contacts. When the S&Ls collapsed, U.S. taxpayers were forced to pick up a \$500 billion tab.

After receiving below-market-rate loans for his campaigns and his private business ventures from the Bank of New York, he put his name on a brief supporting the bank's lawsuit to prohibit restrictions on interstate banking, through



which the big New York banks hoped to feast on the carcasses of the S&Ls and local banks.

In 1981, D'Amato used his subcommittee chair to make E.F. Hutton executive John Shad, who had just become a D'Amato financial angel, chairman of the Securities and Exchange Commission. Shad continued financing D'Amato. In 1986, Ivan Boesky was caught using "insider information" from Drexel Burnham Lambert to cheat other investors. Public watchdog Shad helped Boesky save much of his illegally obtained fortune, then resigned from the SEC, only to turn up in March 1989 as chairman of the soon-to-be-indicted firm of Drexel Burnham Lambert!

By 1986, D'Amato's list of major contributors looked like a "Who's Who" of Wall Street. E.F. Hutton, Dillon Reed, First Boston Corp., L.F. Rothschild, Salomon Brothers, and Shearson Lehman were among his backers, and David Rockefeller was a big fundraiser.

D'Amato is also a point man for the London oligarchy's assault on the presidency. Ironically, the unproven allegations against Clinton in the so-called Whitewater affair look piddling next to D'Amato's sleaze. Count on D'Amato, however, to use innuendo, intimidation, and trial by histrionics. D'Amato's mentor was the sadistic homosexual Roy Cohn, former legal counsel to Sen. Joe McCarthy. Cohn, chief fixer for Jewish- and Italian-name mafias, installed his law partner to run D'Amato's Senate office from the start. D'Amato's anti-crime program has been to crack down on prosecutors and judges who were trying to jail Gambino, Lucchese, and other organized crime-family mobsters.

Former U.S. Attorney Rudolph Giuliani (now Republican mayor of New York City) revealed in 1989 that D'Amato, in a blatant violation of a Senate rule prohibiting members from interfering in ongoing litigation, repeatedly intervened to protect mafiosi. In 1985, D'Amato had begged him to reconsider prosecuting Gambino family godfather Paul Castellano for murder. In another case in which D'Amato was pleading for the mafia, a \$175,000 payoff went to Cohn's law firm. Other of his cronies have included race-riot inciter Al Sharpton, Howard Stern, and William "I smoke pot 12 miles offshore" Buckley.

'I didn't know'

A book, *Senator Pothole*, documents dozens of cases in which D'Amato received payoffs in exchange for political influence. In one case, his lobbyist brother, Armand, was convicted of using D'Amato's office and signature to get a \$100 million contract for his client, Unisys. D'Amato said he "didn't know." In another, D'Amato forced the Pentagon to give Wedtech a \$55 million contract after the firm had illegally contributed \$30,000 to his campaign. Again, D'Amato "didn't know." He repeatedly escaped expulsion from the Senate or criminal indictment thanks to a combination of good luck, plausible explanations, and backers who put fear into the hearts of senators and judges.

D'Amato differs from other Conservative Revolutionar-

ies in that he shares little of their ideological baggage. While performing theatrics on the Senate floor against "pork," he boasts of bringing home the bacon to New York State.

D'Amato plays to every degraded prejudice of "the middle class," while he does Wall Street's bidding. For example, he has a bill to "help small business" by allowing small business loans to be packaged into securities and derivatives. D'Amato is the main obstacle to any safeguards for the nation's banking system, pension funds, and other investors.

Willie Sutton once explained that he robbed banks "because that's where the money is." The same idea oozes out of D'Amato's November 1994 explanation for why the Federal Aviation Administration should be given to the money-market "privateers": "I think we can privatize it. We should begin to get out of this business and let the private sector come in. We should not be running multibillions of dollars in this kind of enterprise. We don't do a good job of it." His funders did a good job crashing banks and stock markets in the 1980s. Their "magic of the marketplace" should not be allowed to do the same with commercial aircraft.

John Kasich

"In the 1980s, Republicans still believed in government. Now they don't," according to House Budget Committee Chairman John Kasich (R-Ohio), who was first elected to Congress in 1982. Rep. John Linder (R-Ga.) commented, "Newt on a personal level is very fond of John Kasich. He likes the passion, the enthusiasm he brings." Kasich's role as ringmaster in Newt Gingrich's budget-balancing circus is to "deconstruct" the constitutional responsibilities of government, by turning the budget process into theater of the absurd.



On Jan. 10, Kasich brought into the Budget Committee chambers a 15-man jacobin mob dressed in T-shirts and shooting nerf-balls while the halls rocked with the lyrics of "We're Gonna Boogaloo Until We Puke," "I Feel Good," and "Woolly Bully." Those present played budget-balancing "games" such as "Mind Dumpster," "Pass the Buck," and a dice game called "666." After similar sessions with students, Teamsters, and businessmen, Kasich called a press conference to welcome 62 pieces of "new thinking" thus induced. The *Wall Street Journal* commented, "If Newt Gingrich and other GOP leaders were really listening to America, they would rent out soldiers as nightclub bouncers, paint the Washington Monument pink until Congress balanced the budget, and charter Air Force One for bachelor parties."

Other ideas are to allow corporations to advertise on stamps, turn the White House into a bread-and-breakfast, and hold a "National Garage Sale" to sell off government land, buildings, and other assets.

Kasich now has the spotlight he was denied a few years ago, when he was not allowed on stage with the satanic Grateful Dead rock group during a performance.

Kasich won his wings as a "deficit hawk" in the mid-1980s, when he worked with Democrats to get House Majority Leader Richard Armey's (R-Tex.) Defense Base Closure bill approved by the Armed Services Committee. For the first time, Congress handed over to an "independent commission" (which was advised by the Gorbachov Foundation) the power to decide which facilities would be closed.

In 1992, the privateers pushed aside a senior Republican who still believed that a government role is necessary in order to protect the general welfare, to make Kasich the ranking member of the Budget Committee. In 1993, Kasich relentlessly attacked President Clinton's budget. He worked with Tim Penny (D-Minn.) for vicious cuts in Medicare, veterans benefits, and cost-of-living adjustments for federal employees. Gingrich is now counting on personable John to rally enough Democratic votes to override Clinton vetoes.

In 1993, Kasich concocted an "alternative budget." He bragged, "This GOP budget achieved the same amount of deficit reduction promised by President Clinton's budget. But unlike the President's plan, the Republican budget achieved all its savings through spending restraint." *Time* magazine commented on Kasich's proposal's "blue-smoke-and-mirrors problem" that Kasich gave tax breaks to the rich, while shunting the costs of building sewage plants and prisons onto the states, and the costs of medical prescriptions onto Medicare recipients. And, after five years, he would have bigger deficits than Clinton's budget.

Bill Archer

As the new chairman of the tax-writing House Ways and Means Committee, Bill Archer (R-Tex.) will try to give "tax relief" to the richest, while ending infrastructural and social spending, gutting pensions, and establishing forced savings plans for those who work for a living. Archer, first elected to Congress in



1970, has been a towel boy for George Bush for the past quarter-century. When then-Representative Bush ran for Senate in 1970, Bush and his backers chose Archer to take over the

Houston "silk-stocking" district which had been designed for Bush. Archer serviced Houston's oil and gas billionaires and soon inherited Bush's seat on Ways and Means.

"Archer is the oil industry's unyielding voice on Ways and Means," *Politics in America* observes. He fought tooth and nail against windfall profits taxes on the oil majors. His first big success came in 1978, when he got the House to reduce taxable capital gains by the amount of inflation. That became law in 1981.

When, in 1985-86, President Reagan sought to lower personal income tax rates, Bush quietly, and Archer publicly, opposed him; the Bushmen did not want big business to pick up the tab.

Archer became the ranking Republican on Ways and Means in 1988. The next year, Bush, now President, wanted to cut capital gains taxes; Archer got a cut passed in the House, but it was blocked in the Senate. In 1990, Bush wanted to raise taxes on middle-income taxpayers; again, Archer supported him. In 1992, Archer added several tax breaks for the oil industry, while winning repeal of catastrophic health insurance for the elderly. Almost half of the contributions to his campaign fund come from insurance company executives. He received only \$3,567 in 1991-92 from small contributors.

Archer's current proposed tax program includes:

1) profits from sales of stocks and other assets would be taxed at half the rate of a family's earned income;

2) Social Security payments would start at age 67 and would no longer have a cost-of-living adjustment to account for inflation, while speculators would be able to deduct inflation from their taxable profits;

3) "We need to tear the income tax out by its roots, throw it out by the side of the road and go on to something better," he declared on Jan. 31. That something is a national consumption—i.e., sales—tax. In Archer's utopia, what the rich now pay in taxes they would reinvest in the speculative bubble, while monstrous cuts would be made in living standards of the poor and middle class, and in the government's ability to invest. Archer says a flat tax is not radical enough.

While Archer, like Bush, boasts a right-to-life profile, that does not stop him from supporting policies which would shorten the lives of impoverished people, young and old.

Archer has a clean political image, but he accepted an all-expenses-paid trip to Puerto Rico from the Schering-Plough pharmaceutical company just before a committee vote to continue a tax break for manufacturers such as Schering on their Puerto Rico operations. This exemption costs the Treasury over \$1.3 billion a year.

Never in 22 years has he faced more than token electoral opposition, and none at all in the last few elections. Thus, he has been able to build up a campaign fund reserve of over \$700,000, while having the luxury of rejecting political action committee contributions and avoiding the appearance of impropriety.