

Congressional Calendar by Barbara Dreyfuss and Susan Kokinda

Senate throws sop to housing industry

By a vote of 89 to 5, the Senate adopted amendments and extension to the housing assistance program which is designed to provide a government subsidy for up to 100,000 mortgages over the next few months if President Carter orders the program into action. The housing industry, currently in a state of collapse under the Federal Reserve Board's tight money regime, lobbied heavily for the provisions, despite the widespread recognition that the program can barely dent the problems facing the industry.

Under the plan, the government would subsidize monthly mortgage payments for qualifying units, effectively reducing the interest rate from 14 to 11 percent. A graduated payment schedule would reduce the effective rate in the first year to about 8 percent. Loans would be limited to homes costing \$60,000 or 80 percent of the average new house sales price for the area; the program would end next March.

The program can only go into action by presidential order, and Carter is not proposing its use at this time. Companion legislation is pending in the House and passage is expected.

In a related reaction to the Federal Reserve Board's tight credit policies, the Senate Banking Committee postponed for another week the vote on the nomination of Lyle Gramley to the Federal Reserve's board of directors. Gramley is being opposed by a growing coalition of small business, farm and housing groups who charge that

neither he nor anyone currently on the board are "sensitive" to the problems of small business and agriculture, especially during the current credit crunch. Led by Iowa Senator John Culver, opposition to Gramley (who is currently on the President's Counsel of Economic Advisors) has picked up substantial support, and the postponement of the vote is read as further indication that Gramley does not have the support needed to secure his confirmation.

Jackson predicts certain oil cutoff

In an April 23 hearing on "The Geopolitics of Energy," Senate Energy Committee chairman Henry Jackson declared that "internal turmoil throughout the Mideast, fueled by Soviet intrigue makes oil supply interruptions in the next decade a virtual certainty." Jackson based his remarks on a series of classified background briefings given to the energy committee over the course of the past three months which have reviewed "the geopolitics of energy" in specified regions and countries such as Latin America, the East bloc, Africa and individual OPEC countries. Jackson indicated that the briefings pointed to a leveling off, and perhaps a reduction, of world energy supplies during the 1980s for both physical reasons of supply and because of international instabilities.

Jackson's predictions were echoed by CIA Director Stansfield Turner who also expressed nervousness about Soviet political interventions in traditional American

spheres of influence. "It is also likely that the Soviets will be increasingly active in the diplomatic area in the Middle East, holding out as a carrot the glimmer of a stable political atmosphere if the Gulf states become more cooperative on oil and political matters. Moscow already is strongly making the point that Mideast oil is not the exclusive preserve of the west, most recently in a suggestion to 'include the security of oil routes' in a Soviet-proposed European conference on energy."

As Turner knows, but did not say, it is the Carter administration's threat to cut off European oil by destabilizing the Persian Gulf, up to and including maverick American military action against Iran, that is the sole basis for American policy influence on Europe. The Soviet proposal on oil route security would remove U.S. power to blackmail its nominal allies. Turner calls this part of the "Soviet threat."

Capitol Hill observers noted that Jackson's prediction of a "virtually certain" cutoff of Mideast oil, coupled with Turner's veiled threats against Europe for considering dialogues with the Arab states and the Soviet Union over the stability of the Gulf, has an ominous ring to it. Jackson's predictions have the potential to become marching orders since the staff director of the Senate Energy Committee is intimate with the Aspen Institute—the institution in the U.S. credited by informed analysts with having instigated the fall of the Shah.

Jackson announced that future hearings will examine U.S. political

responses to the "geopolitical" issues raised during the series of 10 hearings.

Senator questions rationality of Carter blockade threat

In a speech on the floor of the Senate on April 21, Kansas Republican Senator Nancy Kassebaum questioned whether the administration had adequately assessed the "dangerously severe" consequences of a blockade of Iran. Kassebaum began her speech with a definition of a zealot: "one who, having lost sight of his objective, redoubles his effort," and questioned whether the President's threat of a blockade of Iran was such a reaction ... She analyzed the possible outcomes of such a blockade.

"First of all, there is the potential of execution of the hostages, a tragedy which would almost certainly lead to full-scale war between the United States and Iran.

"A blockade would totally disrupt world oil markets thereby aggravating the already fragile health of the industrialized world. Would the U.S. be able to meet domestic or allied petroleum needs?

"Would the Saudi Arabian monarchy be able to withstand another anti-American Islamic reaction ...?

"... Is the Pentagon being asked to commit itself to another no-strategy, no win confrontation?"

Kassebaum concluded, "We do owe ourselves the benefit of a rational policy, military if necessary,

designed with something more in mind that assuaging popular frustration."

CIA charter proposal whittled down

A proposal to establish a comprehensive charter for the Central Intelligence Agency will apparently be scrapped by its author because of administration opposition and replaced by legislation advocating sweeping changes. Earlier this year, Senator Walter Huddleston (D-Kan.) introduced his comprehensive CIA charter with what he thought was administration backing after years of negotiation.

Huddleston and Senate Intelligence Committee chairman Birch Bayh (D-Ind.) were stunned during the first day of hearings, when CIA Director Stansfield Turner announced that what had been perceived as minor, negotiable differences were in fact major points of contention. The center of the dispute was over the issue of "prior notification" of congressional overseers of covert actions. The administration and the CIA want to instead notify Congress after the fact and only with such information as they deem necessary. In fact, Turner expressed dissatisfaction with even the current state of limited, prior notification existing between the agency and the Congress. Capitol Hill observers speculated that the administration's intransigence on the issue of "prior notification" was a ploy to kill the charter concept.

In the face of this opposition, Huddleston is apparently prepared to prune his bill down to certain

bare reforms which need legislative remedy, including a cutback in the Freedom of Information Act, criminal penalties for disclosing the names of CIA operatives, and reporting fewer Congressional Committees about covert actions. Whether the issue of "prior" or "timely" notification will be resolved or simply left at the tenuous status quo remains to be seen.

Congressional agency studies 'psychic' defense

The difficulty many Congressmen encounter in attempting to understand military realities and the nature of national security—as well as the nature of many other things—became more understandable recently, when Dr. William Whitsun, head of the Congressional Research Service's Division of Military Strategy and Defense, granted *EIR* an interview. Dr. Whitsun, a founder of a thinktank based in California called Novus (for "New Age," that of Aquarius), outlined extensive research his government agency was conducting into an "alternative defense strategy" based on "a new technology—psychic warfare." He did not mean "psychological warfare," he meant "psychic warfare."

Whitsun insisted that an Israeli specialist in extra-sensory perception (ESP) had already managed to destroy dottings on a magnetic tape with his powerful "mind waves."

In the future, mind-control might be used to wipe out instructions on magnetic tape for guided missiles—if not the missiles themselves, thinks Whitsun.