

## **Congressional Closeup** by Ronald Kokinda

### **C**ongress howls over Fed regulations

Over two dozen representatives took to the House floor on June 3-4, to protest a rule promulgated by the Federal Reserve Board that would allow federally chartered banks, bank holding companies, and their non-banking subsidiaries to become involved in a variety of real estate activities including investment, development, brokering, and management.

The loudest screams were over the fact that the Fed was intruding into an area that Congress considers its domain to regulate. The suggestion that the non-elected Fed regulators are legislating changes, is driving several congressmen to distraction—a welcome change from a few short years ago, when the Fed's interest rates were defended as none of Congress's business.

Most members urged the adoption of a provision in the Senate version of the bill to help the Federal Savings and Loan Insurance Corporation (FSLIC), S. 790, which imposes a one-year moratorium on the proposed Fed regulatory change, allowing Congress time to act on the matter on its own. "I would like to see the conferees report a bill that puts an end to the Federal Reserve Board monarchy," Rep. Bill Chapman (D-Tex.) said.

Several representatives, such as Mickey Leland (D-Tex.) and Thomas Bliley (R-Va.) invoked the Glass-Steagall Act. Leland charged that the proposed activity allowed these institutions "to hold direct equity positions in real estate, an activity prohibited by the 1933 Glass-Steagall Act, which was enacted by Congress during the Great Depression to separate investment banking from commercial banks." Bliley noted that Congress had

adopted Glass-Steagall "with the expressed purpose of assuring the integrity and long-term viability of this nation's banking system."

Rep. Jim Bates (D-Calif.) said he was "especially concerned about what impact any new activities in these high-risk areas would have on consumers and on the safety and financial soundness of our system." Rep. Tom DeLay (R-Tex.) attacked the "steady decline of land values and commercial property values caused by regulators repossessing properties and selling them at fire-sale prices."

### **S**impson: AIDS costs to revise our priorities

Minority Whip Sen. Alan Simpson (R-Wyo.) became the first senator to acknowledge that the cost of the AIDS epidemic will force a reassessment of national priorities.

Speaking during the debate on June 2, when the Senate voted 96-0 for an amendment, sponsored by Sen. Jesse Helms (R-N.C.), adding AIDS to the list of contagious diseases for which immigrants are tested, Simpson said that he had "no problem with money" to meet the AIDS threat. "Money will be something we are going to be called upon to supply in response to this awesome disease in extraordinary figures. We have all heard that. It is startling. Indeed it is. The sum of \$146,000 will be the average cost of every AIDS victim after they have been admitted to the hospital until what will be the tragic, final death. That is an extraordinary figure. From what we know from those who have been exposed, those who have it, we are going to have to reassess the priorities of the United States on that issue."

Simpson urged the creation of a Senate select committee of seven Democrats and six Republicans, with "a mandate of a 90-day educational process for themselves," to grapple with the implications of the AIDS threat.

Simpson raised the issue of how to deal with people applying for citizenship, under the immigration reform bill, who test positive and are refused entry by another country. Do we leave them here "illegally in a status with a communicable disease? That is a possibility. Or, are you talking about detention or areas where they will be kept quarantined? That is really where we are headed here."

### **S**enate takes up campaign finance

Stymied on several issues, including the defense bill, Senate Majority Leader Robert Byrd (D-W.Va.) brought the issue of campaign finance, S. 2, to the Senate floor, and is faced with a filibuster.

The first effort to break the filibuster was defeated on June 9 by a vote of 52-47, 8 votes short of the 60 required. But Byrd and Minority Leader Sen. Robert Dole (R-Kan.) are predicting that a compromise is possible. There is a "willingness to come together," Dole indicated. He said that the Republicans would caucus on June 10 to work toward compromises. A limit on PAC contributions to political parties is one area where some, but certainly not all, Republicans may be willing to compromise.

Sen. David Boren (D-Okla.), the chief sponsor of S. 2, has hinted a possible willingness to abandon the public financing provision of the bill,

if there is a "bundle of carrots," such as advertising disclaimers for candidates, to induce spending restraint.

During debate on the bill, Sen. Robert Packwood (R-Ore.) continually made suggestions for ways to overcome election problems without resort to public financing. For example, if a candidate were attacked by an independent group, the government could match that expenditure by giving money to the attacked candidate. This would mean spending \$4-8 million rather than the \$100-400 million anticipated cost of public financing of House and Senate races. Packwood suggested that if they really wanted to cut down the costs of the campaign, maybe PACs should be barred from any contributions and individuals be limited to \$100 contributions.

## **ADL lobby jumps on Saudi arms sales**

While Congress complains that our NATO allies are not helping keep sea lanes open, and passes resolutions demanding extreme caution in the Persian Gulf, the Anti-Defamation League's lobby in the Congress has halted a proposed U.S. arms sale to Saudi Arabia.

On June 3, Sens. Alan Cranston (D-Calif.) and Robert Packwood (R-Ore.) rushed to the floor with S.J.Res. 153 disapproving the proposed sale of 1,600 Maverick D air-to-ground missiles and related services to Saudi Arabia, valued at roughly \$360 million. Rep. Larry Smith (D-Fla.) offered a similar resolution in the House.

Packwood charged that the package was only the "nose of the camel in the tent," and that if this package was allowed to go through, the larger

package of arms sales would include F-15 fighters and anti-tank improvements. Cranston said that such an arsenal of air-to-ground missiles and anti-tank systems could not possibly be desired for use against Iranian planes and tanks. "The only tank force that the Saudis do consider a threat belongs to Israel," Cranston said.

Both senators claimed that the Saudis have never been helpful to the peace process. Sen. Alan Dixon (D-Ill.) pointed to the fact that the Saudis raised the price of oil by \$2 per barrel after the Senate vote to sell them AWACS in 1981.

After opponents of the sale rounded up 68 cosponsors, enough to override a presidential veto, the administration sent notification to the Congress on June 11 that the sale has been withdrawn.

## **Committee clears D.C. statehood bill**

A bill, H.R. 51, to bring the District of Columbia into the Union as a new state called New Columbia, was passed out of the House Committee on the District of Columbia by a vote of 6 to 5 on June 3, but faces stiff opposition in the House and Senate.

Walter Fauntroy (D-D.C.), who represents the District as a non-voting delegate in the House, hopes to bring the bill to the House floor by early fall, possibly mid-September, and has 90 cosponsors.

Opponents to the bill are led by Rep. Stan Parris (R-Va.), who, with the death of Rep. Stewart McKinney (R-Conn.) from AIDS, has become the ranking member on the District Committee. The vote by Rep. Ro-

mano Mazzoli (D-Ky.) against the bill in committee has encouraged opponents, that if the bill is passed in the House, a sizable vote against it is certain to doom it in the Senate.

Opponents have emphasized constitutional and legal objections to the bill, and point out that both Fauntroy and Sen. Edward Kennedy (D-Mass.), two chief proponents of the measure, were arguing against statehood as late as 1978 on the basis that it is unconstitutional.

The constitutional arguments relate to Art. I, Sec. 8, Clause 17, that the Congress shall retain exclusive jurisdiction over the seat of the federal government; Art. IV, Sec. 3, that the state of Maryland, which had provided the territory for the District, must act to give its consent, or conversely, may act to bar statehood, which is the most important argument; and the 23rd Amendment, which gave the District three electoral votes, which opponents argue would leave them in the hands of the two remaining residents, the President and Vice-President.

Opponents also point out that the District would not be able to enter the union prepared to support itself and do its share to support the federal government. Statehood supporters want the \$425 million federal payment continued under statehood.

A statehood constitution was previously passed by District voters, and affirmed by the D.C. City Council. The Congress has previously acted, under the home rule charter, to overturn a District abortion ruling and a revision of the criminal sex code. Representative Parris, under similar jurisdiction, introduced House Joint Resolution 305 on June 4, to abrogate the constitution endorsed by the D.C. council.