

## Congressional Closeup by William Jones

### House revolts against defense, domestic cuts

A joint effort between House liberals and conservatives, and Democrats and Republicans on April 26, defeated a bill that would have cut more than \$1 billion from Defense, and cut other domestic programs, to help pay for programs to aid the homeless and fight drugs.

The supplemental appropriations bill had been hastily drafted by Democratic leaders on the night of April 24 to provide \$4.7 billion for many programs that were running out of money before the end of the fiscal year. To offset the additional spending, the compromise called for across-the-board cuts in education, transportation, and foreign aid, as well as defense.

Conservative Democrats, upset by the new cuts in an already bare-bones defense budget, and liberal Democrats dissatisfied with the cuts in social programs, joined forces to stop the amendment in a 252 to 172 vote.

Defense Secretary Richard Cheney had warned House Republicans that he would urge President Bush to veto the measure if it were passed by the House.

### White House grilled on Iran-Contra documents

Senate Majority Leader George Mitchell (D-Maine) and Sen. Daniel Inouye (D-Hawaii) requested on April 26 an immediate inquiry by the Senate Intelligence Committee into whether the Reagan White House withheld key documents or politically sensitive information from the 1987 congressional investigation of arms sales to Iran

and secret aid to the Contras. They are basing their request on the discovery that at least four significant documents released in the trial of former White House aide Oliver North may never have reached the Iran-Contra panel, and that the White House gave incomplete versions of two documents to the committee.

The Bush administration responded by saying they will call in former Reagan White House counsel Arthur B. Culvahouse to head a White House review of how documents were provided to the Congress. In a letter calling for the review, Senator Mitchell, along with Inouye and Sen. Warren Rudman (R-N.H.), said that they had evidence suggesting that the congressional panels investigating Iran-Contra had not received four documents released at the trial.

In several instances, documents provided to the congressional committees were in a less-complete form than those released at the North trial. The White House says that the Culvahouse inquiry will be completed in a few days, and Bush aides claim that all the documents cited by the senators were missed by FBI agents in a search of North's offices.

According to the *Washington Post*, White House counsel C. Boyden Gray, in a letter to Mitchell, claimed that the Bush administration "was not a party" to prior agreements in the Reagan years to provide information to the congressional panels. Gray said that the Bush White House would be as "helpful as we can."

Michael Kozak, acting Assistant Secretary of State for Inter-American Affairs, told a House Appropriations subcommittee that the 42-page document released at the North trial was "incomplete," and that the plan to link aid to Honduras to that nation's aid to

the Contras had never been accepted. Kozak said that the document was compiled for the trial, and did not provide a "totally accurate record of events." The 42-page document relates how Vice President Bush visited Honduran President Suazo to inform him that his country would receive greater aid from the United States if he accepted the Contras on Honduran territory.

### Bush S&L bailout gets House changes

The Bush administration's proposal for resolving the crisis of the savings and loan institutions is gradually being transformed by the House Banking Committee.

The committee has adopted an amendment authored by its chairman, Rep. Henry Gonzalez (D-Tex.), which would provide almost \$100 million a year in interest rate subsidies for low-income mortgages. The provision would tap the resources of the Federal Home Loan Banks, from which, Gonzalez's staffers estimate, as much as \$3.75 billion of new loans to poor home buyers would be generated by lowering the interest rate on their mortgages by two percentage points. The White House is opposed to the measure on the grounds that such social concerns are inappropriate in bailout legislation.

Both Gonzalez and the White House have, however, been attempting to significantly raise the capital requirements for the savings and loan industry—a measure which they strongly oppose. The S&Ls argue that the proposed capital requirements are so strict that more than half of the institutions would fail to meet them by June 1991, and would therefore be

subject to disciplinary action by federal regulators.

The Gonzalez plan calls for institutions to have a minimum capital level equal to 2.25% of their tangible assets within 18 months after the bill becomes law. Tangible capital consists of retained earnings and the proceeds from the sale of common and preferred stock. Until now, the industry has been able to include as capital more than \$20 billion of "good will," an accounting device that takes account of a premium paid over market value in an acquisition. The Gonzalez-White House proposal would severely limit the use of "good will" and stop an institution from growing if it did not meet the tangible capital requirements.

## **Gingrich ethics stand under fire**

In the wake of the ethics committee's report on the financial dealings of House Speaker Jim Wright (D-Tex.), House Minority Whip Newt Gingrich (R-Ga.) has been forced to defend his ethical standards. Democrats have questioned the arrangement between Gingrich and his wife, and 22 individuals and businesses who each paid \$5,000 to help promote a book the couple wrote.

At a press conference called by the Gingriches to explain the arrangement, Mrs. Gingrich ran out the door in tears under tough questioning by the press.

Mrs. Gingrich was paid \$11,500 by a partnership she formed with reporters to help promote the book. The investors include a number of prominent and wealthy conservatives, including Joseph Coors of the Adolph

Coors Company; Roger Milliken, president of Milliken Industries, a textile manufacturer; and Bo Callaway, Gerald Ford's campaign manager in 1976. Gingrich insists that he did nothing for the investors that he would not have done otherwise.

## **SDI critical, NDPC tells Defense committee**

Appearing before the House Appropriations Subcommittee on Defense April 25, National Democratic Policy Committee representative William Jones testified on the critical importance of the Strategic Defense Initiative to the defense, economy, and moral and cultural well-being of the United States.

Jones's statement included an essay by Lyndon H. LaRouche criticizing the cuts made in the SDI program by Secretary of Defense Richard Cheney. LaRouche outlined how the Soviet Empire, presently threatened with major social and political upheaval, and with an internal economic collapse intersecting a growing world food shortage, is being pushed to the brink of war. LaRouche warned that the threat of the Moscow leadership embarking upon desperate, adventurous, military solutions to their own internal problems is greater than during any previous period.

"In such a situation," Jones said, "maintaining a credible and strong defense is more necessary than ever." The SDI, an integral part of such a defense, must be capable of destroying "a strategically significant" ratio of the warheads deployed by the adversary. "The technological spin-offs of a laser- and particle-beam SDI program," Jones explained, "would give a far greater pay-off to the civilian

economy than even the Moon shot."

Jones also indicated that such a development would help eliminate the growing cultural pessimism "that has been eating away like a malignant cancer for the last 20 years." "Only in a climate characterized by technological progress," Jones concluded, "can we restore to the general public a sense of optimism toward the future, which is the fundamental characteristic of a healthy society."

## **Witnesses balk in Wright financial probe**

Rep. Julian Dixon (D-Calif.), chairman of the House Committee on Standards of Official Conduct (ethics panel), said April 25 that there could be some delay in the probe of the allegations of financial fraud against House Speaker Jim Wright (D-Tex.) after five major witnesses refused to testify.

Dixon and the committee's ranking Republican, Rep. John Myers (Ind.) went to San Antonio, Texas to interview several people who participated in an oil exploration venture from which Wright was said to have netted a handsome profit. They left abruptly, however, after learning that the five witnesses subpoenaed the week before would not testify.

The lawyer for the five witnesses, Stanley M. Brand, wrote that the rules of the committee permitted subpoenas only for preliminary inquiries and disciplinary hearings. Since the ethics panel had already completed its report on Wright, the preliminary phase of the investigation was over. Brand also charged that the committee had asked for material that was not pertinent to the case. Dixon and Myers returned to Washington to decide how to proceed.