

Congressional Closeup by Carl Osgood

Appropriations process poses shutdown threat

The 1999 fiscal year began on Oct. 1 with little new progress on appropriations bills, leaving much doubt that more bills will be sent to the President before the current continuing resolution expires on Oct. 9. Senate Minority Leader Tom Daschle (D-S.D.) told reporters on Oct. 2, "This Congress, under Republican leadership, is showing remarkable irresponsibility in management, in failing to produce a budget, in failing to produce appropriations bills, in failing to address the many needs that we have in this country."

A few Republicans, at least, are showing fear of the consequences if the government were to be shut down because the Congress and the White House failed to iron out their differences on the pending bills. House Speaker Newt Gingrich (R-Ga.) told reporters, "We will pass, if necessary, a continuing resolution to keep the government open," and hinted that the leadership is even considering a lame duck session after the November elections.

Attempts to move the bills along have met with mixed results. On Oct. 1, the House failed to move the conference report on the Treasury, Postal Service bill, due to a dispute over the length of service of the general counsel of the Federal Election Commission. Democrats charged that Republicans want to fire general counsel Lawrence Noble, because he has been aggressive in investigating Gingrich's GOPAC and the Christian Coalition for election law violations.

The rule for debate on the conference report was defeated by a vote of 294-106, when conservative Republicans, angered by an earlier agreement on a "martial law" rule to speed the process of bringing bills to the floor, joined with Democrats opposed to the

FEC provision. On Oct. 5, the bill was recommitted to conference, and Appropriations Committee chairman Bob Livingston (R-La.) said that he will withdraw the FEC provision, in order to clear the bill and increase the chances that the President would sign it.

On the other hand, on Oct. 5, House and Senate conferees came to an agreement with the White House on public housing reform legislation that was included in the Veterans Affairs-Housing and Urban Development appropriations bill, making it likely that that bill will now quickly pass.

Veto threat faces agriculture bill

As of this writing, the Senate is preparing to send to President Clinton an agriculture funding bill which he is threatening to veto because it falls about \$3 billion short of what Democrats and the administration are seeking for farm disaster relief. The bill came out of the conference committee with about \$4.2 billion for emergency assistance to farmers suffering under the double effects of weather disasters and low commodities prices. This was in lieu of a program for about \$7 billion proposed by Tom Harkin (D-Iowa), which was supported by the Clinton administration.

In the House debate on Oct. 2, David Obey (D-Wisc.) called it a "very expensive admission that the Freedom to Farm bill is a spectacular failure and it has in fact become the freedom-to-fail-at-farming bill." Tom Latham (R-Iowa) responded that the only failure has been that of the administration, in not aggressively using the export enhancement program, and wanting to increase taxes on livestock producers.

An attempt to recommit the bill to conference to add additional funds for disaster relief failed by a vote of 236-156, and the bill was then passed by a vote of 333-53.

The 1996 farm bill also came under attack from Senate Democrats, where debate began on the bill on Oct. 5. Byron Dorgan (D-N.D.) pointed out that the current farm bill provides no safety net for farmers facing low prices. "So, because we don't have that pricing bridge," he said, "family farmers certainly don't get to the other side." He also attacked the hobby horse of the Republicans: "Tax cuts don't help people without income," which is the problem in farm country, he said. "The first thing we should do is restore income."

Service chiefs describe readiness problems

On Sept. 29, Chairman of the Joint Chiefs of Staff Gen. Henry Shelton and the heads of the four services described to the Senate Armed Services Committee the readiness problems that have been building up over the past couple of years, and the Clinton administration's efforts to address these problems. Shelton attributed the problems to a higher than expected operational tempo, and the effect of that tempo on equipment wear-and-tear and on personnel.

Shelton warned that if current trends continue, "we will certainly face some difficult decisions again in balancing current readiness against modernization, against the maintenance of our operational infrastructure, and against taking care of our people." Without relief, he said, "we will see a continuation of the downward trend in current readiness from mission capable rates for aircraft to de-

pot maintenance backlogs and shortfalls in critical skills.”

No member of the committee directly attacked President Clinton for the decline in military readiness, but there was a marked difference in response to the military chiefs from among Democrats and Republicans. Democrats tended to acknowledge, as did Joseph Lieberman (D-Conn.), for example, that the services have been underfunded for a number of years. Republicans, on the other hand, interrogated the witnesses on why they were so much more optimistic about conditions in the services when they appeared before the committee last February.

Robert C. Smith (R-N.H.) charged the service heads with being less than candid with the committee. “This readiness crisis didn’t come out of nowhere, it didn’t happen in the last seven months,” he said. “You and your predecessors have presided over it.”

Defense authorization report passed by Senate

On Oct. 1, the Senate passed the conference report on the 1999 Department of Defense authorization bill by a vote of 96-2. Armed Services Committee chairman Strom Thurmond (R-S.C.) warned of the difficulties of “maintaining our ability to meet foreign policy ambitions with declining defense resources. If we do not change course soon, present and projected defense investment levels will expose the people of the United States to unacceptable levels of risk.”

The conference report eliminates a number of House provisions objected to by the White House, including a provision barring the launch of U.S. satellites on Chinese rockets, and

a prohibition on Chinese participation in launch failure investigations.

Left in the bill is a provision transferring licensing of such satellite launches from the Commerce Department to the State Department. Carl Levin (D-Mich.) told the Senate that this provision does not take effect until March 15, 1999, to give the State Department time to speed up its licensing process. This compromise, he said, “should protect our national security interests by helping to ensure that American satellites will continue to be launched in appropriate numbers and in a timely and secure manner.”

Financial services bill to be taken up by Senate

A unanimous cloture vote moved the financial services modernization bill one step closer to Senate consideration on Oct. 5. The bill, passed by the House last summer, would permit banks to affiliate with securities firms under a holding company structure to be regulated by the Federal Reserve. However, even though the bill passed out of the Banking Committee by a vote of 16-2, the road to passage by the full Senate faces hurdles.

The issue causing the most heartburn is the bill’s expansion of the Community Reinvestment Act (CRA), which requires banks to make credit available in economically disadvantaged areas as a condition for the bank to qualify for deposit insurance. Republicans generally oppose the CRA provisions because of worries about abuses. Under current law, bank regulators consider CRA requirements only when a bank applies to open, open a new branch, or engage in a merger. Under the bill, not only could bank officers be fined \$1 million a day for failure to comply with the CRA, but it

greatly increases Federal Reserve authority with respect to enforcing compliance with the CRA. Phil Gramm (R-Tex.) said, “The expansion of CRA by these provisions will greatly increase the opportunity for extortion and kickbacks and the imposition of coercive agreements” by community interest groups.

Of less apparent concern, however, is the advisability of dismantling the Depression-era Glass-Steagall restrictions on letting banks and securities firms affiliate, at a time when the entire global financial system is on the edge of collapse.

Money laundering bill clears House

On Oct. 5, the House passed a bill aimed at increasing the effectiveness of anti-money laundering law enforcement efforts. The bill, which passed on a voice vote, said Banking Committee Chairman Jim Leach (R-Iowa), “directs the Secretary of the Treasury to create a national strategy for combating money laundering and other financial crimes by coordinating Federal, state, and local efforts and resources.”

Leach said that the bill builds on the Treasury Department’s successful use of a geographic targetting order in New York during 1996 and 1997. It applies lessons learned from that effort “to other communities in other parts of the country by calling for the formulation of a national strategy for combating money laundering and related financial crimes that emphasizes the importance of coordination and information sharing among Federal, state, and local authorities and by singling out localities in which money laundering is particularly widespread, for increased Federal law enforcement efforts.”