Congressional Closeup by Ronald Kokinda and Susan Kokinda

Gonzalez calls Volcker, Kissinger, bank agents

Representative Henry Gonzalez (D-Tex.) told the House on July 30 that former Secretary of State Henry Kissinger and Federal Reserve Board chairman Paul Volcker are agents of the New York banking establishment. In a long floor speech, Gonzalez argued that the current crisis of the U.S. banking industry is the inevitable result of U.S. monetary policy being made by an independent agency—the Federal Reserve Board—an agency that acts in the interests of private banks.

Gonzalez said, "It was obvious at least 19 years ago that the country was heading for an inevitable confrontation with a decision that . . . the people . . . could make only through their Representatives: bringing [it]
the original purpose for which the Congress created the Federal Reserve Board." Gonzalez detailed how the Federal Reserve system has legitimized usury, and warned that "no society can thrive and flourish and live peacefully with usury. . . . Interest rates are the mechanism by which the wealth of a society is transformed."

Gonzalez then pinpointed the incestuous relationship between the banking industry and people such as Volcker, who "comes from the Chase Manhattan payroll [and]
tionably, when he ceases to be chairman, will go back, just
Kissinger . . . still on the payroll of the Chase National [sic]
go and talk to the poeple south of the border, they will tell you that Mr. Kissinger is a collection agent for the Chase National [sic]
the troops Mr. Reagan has . . . sent to Central America are collection agents."

Gonzalez, who has introduced resolutions calling for the impeachment of Paul Volcker and for an investigation into Henry Kissinger's conflict of interest in Central American policy making, called on Congress to rectify the Federal Reserve Board system.

Senators dance around drug issue

A flurry of low-level "anti-drug" statements appeared in the *Congressional Record* during the week of July 24—the week preceding the abduction of Colombian Anti-Drug Coalition leader Patricia Paredes Londoño in Colombia, whose organization has consistently fought to expose the responsibility of the international financial oligarchy, represented by Henry Kissinger and Lane Kirkland, in narcotics trafficking. The fact that several senators went out of their way to whitewash precisely that oligarchy gives credence to the assessment that the Londoño abduction is part of a much larger battle over the vast "black economy."

Senator Joe Biden (D-Del.)
to the floor on July 31 to laud the new U.S.-United Kingdom agreement on narcotics investigations, which will purportedly shut down the money laundering facilities of the Caymen Islands, a British dependency. The agreement waives certain British bank secrecy laws in order to allow for criminal investigations of drug-connected money laundering in the notorious Caymens—but the Caymen Islands government has yet to pass the legislation necessary to make the British agreement effective. Biden effused that "It requires a self-sacrifice for a country to forego the tainted profits that strict bank secrecy laws can bring. In letting law enforcement . . . illuminate the dark places where drug criminals flourish, . . . the U.K. and Cayman Islands have looked beyond narrow calculations."

But Biden tiped his hand by then praising the drug trade's highest-level controllers—the Swiss banks—as the world's premier anti-drug fighters. While "Switzerland is a famous bank secrecy center," Biden stated, "a treaty . . . between the U.S. and Switzerland which went into effect in 1977 [which
does not allow criminals trafficking in illicit drugs to receive red-carpet treatment." Biden failed to note that it is precisely Swiss and British financial policy that runs the IMF and World Bank and that is forcing Third World nations to resort to drug production to pay their debts.

Senator Lawton Chiles (D-Fla.) praised the U.S.-U.K. treaty in a floor speech of the same day.

On Aug. 2, Sen. Paul Hawkins (R-Fla.) held hearings in the Senate Labor and Human Resources subcommittee on Drug Abuse during which a former Nicaraguan diplomat claimed that senior Nicaraguan government officials were involved in cocaine trafficking. According to the diplomat, "The drugs were used as a political weapon because we were delivering a blow to our political enemy," the United States.

Right-left allies hit hydroelectric power

With a mini-filibuster that tied up the U.S. Senate for several days, Ohio Democrat Howard Metzenbaum—one of the leading mouthpieces for appeasing the Soviets in the U.S. Congress—attacked the policies which have governed U.S. hydroelectric power-pricing for four decades. At issue was S. 268, which, among other things, would extend the contract to users of Hoover Dam-generated hydroelectric power for another 30 years at cost. Metzenbaum, allied with radical free-enterprise networks such as the National Taxpayers Union, wants the government to make a profit on the sale of hydroelectric power and increase the price to users.

The left-right alliance of anti-industry and anti-agriculture radicals is seeking to cut the government's role in infrastructure development. Metzenbaum ranted: "Cut it any way you want . . . that is purely a giveaway of federal resources."

Senate Energy Committee chairman James McClure (R-Idaho) called Metzenbaum's arguments "laissez-faire economics—the public be damned." He continued that Metzenbaum was arguing that the government should adopt a policy of "breaking the taxpayers because we are the government. . . . I see an all-too-often reiteration of the notion that there should be a market test . . . and let us extract from the consumers all that the traffic will bear. That seems to me to be a little strange coming particularly from a self-styled consumer protection advocate.

"That great dam," McClure went on, "would never have been built in the first place if we had the attitude prevailing in the Congress which is being urged upon the Senate this afternoon. We could have none of the benefit of that economic growth . . . none of the human benefit that accrued to people through a wide area of this country as the result of the investment of money in the 1930s which has since been repaid."

Metzenbaum's attempt to force a "user fee" on power consumers failed.

Conti Illinois bailout raises eyebrows

The federal government's decision to save Continental Illinois bank at all costs has prompted an outcry among populist members of the Congress. House Banking Committee Chairman Fernand St Germain (D-R.I.) declared in a July 26 floor speech that "the bailout of Continental Illinois raises the greatest array of questions in the history of the federal bank regulatory system."

He argued that "the rescue of Continental dwarfs the combined guarantees and outlays of the federal government in the Lockheed, Chrysler, and New York City bailouts, which originated in this committee. More important is the fact that the federal government provided assistance to these entities only after the fullest debate, great gnashing of teeth . . . and ultimately a majority vote of the House and the Senate. . . . In the Continental bailout, three appointed federal regulators went behind closed doors, met with the bankers, and decided this was the plan."

Several days later, Rep. Jim Weaver (D-Oreg.) stated: "What has happened is that under this conservative, free-enterprise President, we have nationalized . . . one of the largest banks in the country. . . . I think it is time to question the Federal Reserve Board's policies of bailing out their own kind—banks—and letting the rest of the industries collapse."

At July 30 hearings before the Joint Economics Committee, Federal Reserve Board chairman Paul Volcker attempted to stem the tide of criticism of Fed policies by claiming that "Continental in its totality is a unique situation."

House censures Hansen; Ferraro still untouched

By a vote of 354 to 52, the House of Representatives censured Rep. George Hansen (R-Idaho) for failing to report his wife's income in financial disclosure reports. Hansen already faces up to 15 months in federal prison and a $40,000 fine for his conviction before a criminal court on the same matter.

Hansen argued that he had been advised by both legal counsel and by the former House Ethics committee that he did not need to report his wife's financial transactions because of a legal property-separation agreement made prior to passage of legislation mandating yearly financial disclosure. Hansen documented that he had repeatedly asked the current House Ethics committee if his financial disclosure statements were complete, and had received no reply.

Hansen then pointed out that Democratic vice-presidential candidate Geraldine Ferraro (D-N.Y.), a six-year member of the House, had failed to disclose her husband's assets and liabilities on yearly ethics reports. He pointed out that both Ferraro and Attorney General William French Smith, who had made a similar violation, were allowed to amend their forms and were not punished.

Representative Ferraro was absent from the House when the vote on Hansen was taken. Her mentor, Speaker Tip O'Neill (D-Mass.), when asked if the House would move against Ferraro, said, "I am the presiding officer . . . I have no comment on anything of that nature."