

## Congressional Closeup by William Jones

### NASA warns against 'greenhouse' hoax

Dr. Lennard Fisk, a NASA manager, testifying before the House Space Science and Applications Subcommittee during the first week of March, stated that the measures being proposed for reducing so-called "greenhouse gases" could "send the economy into the stone age."

Noting that scientists are in disagreement on whether there is any global warming due to human activity, Fisk warned that the proposals of some scientists to reduce carbon dioxide emissions by 80%, would wreck the world economy. NASA is beginning a 15-year program, in collaboration with the European Space Agency and Japan, to gather scientific data on the alleged "global warming."

Fisk and others are urging that no drastic measures be taken until the information exists upon which to make rational decisions.

### Thrifty could spell trouble for GOP in 1992

Analysts now say the cost of rescuing problem savings and loan institutions could exceed \$200 billion over 10 years, much higher than originally projected in the Bush plan. The failure of the Bush S&L bailout could prove to be a major liability for the administration and Republicans in the 1992 elections. Senate Majority Leader Bob Dole (R-Kan.) warned that the Republicans could face a political backlash unless work was speeded up on the savings bailout.

"The United States government is now the single largest operator of financial institutions, dwarfing Citibank, and yet we are doing little more than marking time," said Richard Pratt, a former chairman of the Feder-

al Home Loan Bank Board and now chairman of Merrill Lynch Capital Markets. The Resolution Trust Corporation (RTC), which was established under the Bush plan to administer the bailout, could eventually bring under its control institutions with more than \$450 billion in assets, making it the largest financial institution in the world.

But as the government takes over failed institutions, even more institutions fail. Rep. Henry B. Gonzalez (D-Tex.), chairman of the House Banking Committee, harshly criticized the administration's handling of the crisis. "President Bush's great promises are drowning in a sea of indecision, inaction, and infighting," Gonzalez commented.

In congressional testimony, L. William Seidman, chairman of RTC, admitted that he also was becoming defensive.

### Democrats take cleaver to defense budget

With encouragement from CIA chief William Webster, who earlier in the month claimed the Soviet threat was waning, Democratic Party honchos are now moving full speed ahead for major cuts in the Bush defense budget.

Sen. Jim Sasser (D-Tenn.), chairman of the Senate Budget Committee, said on March 9 that he would seek to cut \$12 billion from the administration's proposed military budget of \$303.3 billion for fiscal year 1991. Sasser said there was a good chance other Democrats on the budget panel would support his recommendation, and described Sen. Sam Nunn (D-Ga.), chairman of the Senate Armed Services Committee, and Sen. Robert Byrd (D-W.Va.), chairman of the

Senate Appropriations Committee, two of the more influential Democrats who will deal with the defense budget, as being neutral with regard to his proposal.

In the House, Democrats remain deeply divided and are looking at cuts that range between \$10 billion and \$16 billion. Many House Democrats are wary of large cuts, as these would affect major military installations in Democratic districts. In order to achieve the majority they need, Democratic Party leaders have decided to focus on relatively deep cuts in Pentagon budget authority—the budget term for multi-year spending authorization—rather than cuts in actual outlays for fiscal 1991. While they might cut only \$10 billion, they will try to push for much greater cuts in budget authority.

Cuts made in budget authority, however, will multiply into far larger outlay cuts in future years. This procedure also targets strategic weapons systems—the B-2 bomber, the MX and Midgetman missiles—and the Strategic Defense Initiative, rather than manpower and installations.

### House panel approves program trading curbs

The House Energy and Commerce Committee approved on March 14 a revised measure that grants the Securities and Exchange Commission authority to curb program trading during times of high market volatility. Recent turbulence on the stock markets has intensified concern in Congress about the stability of the markets.

The legislation gives the SEC authority to ban any act or practice that it finds has led to market volatility in the past and is likely to do so in the future. It also permits the SEC to re-

quire quarterly reports on the financial condition of the affiliates of broker-dealers. The present legislation is something of a weakening of the original proposal by Rep. Ed Markey (D-Mass.), the SEC to ban any trading practice found to be disruptive or abusive. "This is an emergency power," explained Rep. Norman Lent (N.Y.), ranking Republican on the committee, "not an open-ended grant of authority to restructure securities regulation."

Although the measure now has the support of the SEC, it is still opposed by Treasury Secretary Nicholas Brady. The House bill must also be reconciled with the Senate version now awaiting action on the Senate floor. The Senate bill does not include any prohibition of program trading, and several senators have said they will strongly oppose any attempt to add such a measure.

## Rostenkowski takes lead for Bush austerity

Rep. Dan Rostenkowski (D-Ill.), chairman of the House Ways and Means Committee, is taking the point for the Bush administration to impose even more austerity on the United States.

In a March 11 *Washington Post* commentary, Rostenkowski outlined a proposal for bringing down the federal budget deficit by freezing federal spending programs, including cost-of-living adjustments for Social Security recipients, cutting defense outlays by \$150 billion over five years, increasing excise taxes on gasoline, tobacco, and alcohol, suspending for one year the indexation of federal income taxes, and raising to 33% the effective marginal tax rate on the nation's wealthiest taxpayers.

On March 13, President Bush responded positively and praised Rostenkowski for "the evident good will on his part and determination to break the ice and move the process forward. . . . We're prepared to negotiate, absolutely," said Bush. Rostenkowski reportedly believes that Bush's opposition to any form of tax increase is waning and that some agreement can be reached.

Budget Director Richard Darman commented that Rostenkowski's proposal contains "areas of overlap as well as some well-known significant differences. If you were entering negotiations, you'd have to say these things are at least in the same ballpark and some are almost exactly the same." Darman said that Rostenkowski's proposed freeze in discretionary spending was "tougher than ours but an attractive proposition."

Other Democrats, not quite so enthusiastic about Rostenkowski's proposal, stressed that President Bush was still opposed to tax increases and that this was the major hindrance to a budget agreement.

## Members call for recognition of Lithuania

On March 12, the day after Lithuania had declared its independence, a number of voices were raised in the Congress against the half-hearted response of the Bush administration.

Calling the response "tepid, timid, lukewarm, and awkward," Rep. Tom Lantos (D-Calif.) sponse to Lithuania's independence bid to the administration's frenetic efforts to repair relations with Red China after the Tiananmen massacre. "Would it not have been better to send Mr. Scowcroft to raise his glass to salute the long-suffering Baltic peoples,

rather than toast the bosses of Beijing?" asked Lantos.

Rep. William Broomfield (R-Mich.) tion to recognize an independent Lithuania. "Some will argue caution," said Broomfield. "But America must not be afraid to project its ideals. We must show the world that we place the same faith in self-determination that we did 200 years ago."

## Bush transportation policy going nowhere

The new transportation policy presented this month by the Bush administration received a good deal of criticism in Congress. The policy basically transfers responsibility for infrastructure to state and local governments, wholly contrary to the U.S. Constitution.

Rep. Robert Wise (D-W.Va.) called it a policy which "runs from runways and flees from freeways." Wise noted that the highway trust fund and the aviation trust fund, which were supposed to be used for highway and airport improvements, were being used for deficit reduction. "It is being used to the extent that, depending on who is spoken to, anywhere from \$10 to \$18 billion is in surplus today in the highway trust fund, and roughly \$7 billion is in surplus in the aviation trust fund. Those are billions of dollars that could be today building highways, could be today maintaining bridges, could be today easing rush hour, that could be today increasing productivity, that could be today making this country competitive."

Wise added that the net effect of the Bush policy was to increase the ticket tax from 6 to 8%—"from an administration that said, 'No new taxes.'"