Congressional Closeup by William Jones

Balanced budget amendment fails

The House rejected on July 17 a constitutional amendment that would have mandated a balanced federal budget. The House vote of 279-150 in favor of the amendment, was seven votes short of the two-thirds necessary for passage. The measure was supported by 110 Democrats, mostly Southern conservatives, and 169 Republicans.

"The amendment before us is filled with soft and fuzzy feel-good words, which by themselves have no more meaning than a bumper sticker that says, 'Have a nice day,' " commented Rep. Jack Brooks (D-Tex.), chairman of the House Judiciary Committee, an opponent of the amendment.

Others were concerned that such an amendment represented a frivolous tampering with the U.S. Constitution. "We're now going to operate on the Constitution of the United States to find some spine," Rep. Romano Mazzoli (D-Ky.) caustically commented.

The amendment would have allowed deficit spending only if three-fifths of each house voted for it. This requirement could, however, be waived in cases of declared war.

Bills would penalize foreign companies

At least 15 bills are currently before Congress that would single out foreign companies doing business in the United States, the July 15 *Washington Post* reported.

Foreign companies have directly invested over $400 billion in the U.S., and many demagogues are worried that foreigners are taking over, not paying their fair share of taxes, and engaging in unfair practices. According to Prof. D. Jeffrey Lenn of George Washington University, this attitude reflects "a new awareness of the fact that the U.S. is a debtor nation."

Although backed by the Bush administration, the campaign is being largely whipped up by Democratic legislators. In June, the House passed a bill sponsored by Rep. Jack Brooks (D-Tex.) that would make it easier for companies to organize joint production ventures. The bill specifies that the legal relief involved in the measure would be denied to any consortium that had more than 30% foreign ownership, and that production would have to take place within the borders of the United States in order to qualify.

Another bill sponsored by Rep. Edward Markey (D-Mass.) calling for the general regulation of the cable TV industry, would limit foreign ownership of cable systems. Other legislation sponsored by Japan-basher House Majority Leader Rep. Richard Gephardt (D-Mo.), would place new tax-reporting requirements on foreign-owned companies in the U.S.

As the U.S. financial markets begin to blow out, U.S. legislators are trying to shift the blame on their economic allies—a policy which can only lead to disastrous consequences for a U.S. financial system propped up primarily by foreign investment.

Farm bill faces veto threat

Secretary of Agriculture Clayton Yeutter announced on July 16 that he would recommend that President Bush veto the 1990 farm bill unless Congress substantially cuts agriculture program proposals made by the Senate. Yeutter complained that the Senate version of the bill is $5 billion over current budgetary guidelines.

Sen. Patrick Leahy (D-Vt.), chairman of the Senate Committee on Agriculture, Nutrition and Forestry, said the Department of Agriculture had, "at the eleventh hour, cooked up new numbers." He accused the administration of trying to stall the farm bill to give it more leverage in its attempts to reduce agriculture subsidies around the world in four-year-old trade negotiations in Geneva.

President Bush had made an attempt to get the European Community nations to eliminate their subsidies to domestic agricultural production at the July 9-11 Houston summit—and was decisively rebuffed by the Europeans.

Democrats were not amused by the veto threat. "The reality is that the Senate farm bill is over $6 billion less than what the President proposed in January," Leahy said. "The administration's veto threat is a thinly veiled effort to kill the farm bill so the administration can cut a backroom deal in Geneva."

Civil rights bill clears Senate

The Senate voted approval of new civil rights legislation 65-34 on July 19. The bill could become the focus for another showdown between the White House and the Congress, since the President has threatened to veto the bill in its present form.

The legislation was formulated to overturn six recent U.S. Supreme Court decisions which the bill's proponents claim decimated earlier civil rights legislation. The bill's provisions range from a ban on racial harassment in the workplace to the authorization of punitive damages for victims of intentional discrimination based on race, religion, sex, or national origin.

The Senate vote followed the collapse of intense negotiations between Democratic and Republican sponsors, and top White House officials who argued that several key provisions would lead to racial and other quotas in hiring and promotion.

According to columnists Evans and Novak, White House Chief of Staff John Sununu, the chief White House negotiator on the bill, was ready to reach a compromise with the bill's sponsor, Sen. Edward Kennedy (D-Mass.), when he was notified by GOP senators that the compromise did not resolve the quota problem.

In spite of the veto threat, Kennedy believes there is a good chance that Bush will sign the legislation or that Congress will be able to override a veto. The administration, rapidly losing whatever support it may have had among blacks and Hispanics, does not want to be seen vetoing any civil rights bill, many Democrats believe. But the 65 votes in the Senate fall two short of the 67 required to override a veto.

Limits on textile imports approved in Senate

On July 17, the Senate approved a bill in a 68-32 vote which would limit the growth of textile imports to 1% a year, in spite of a threat of a presidential veto.

Beginning next year, the legislation would impose quotas on imports of textiles, clothing, and shoes for all nations except Canada and Israel, which have free-trade agreements with the United States. Caribbean basin countries would be guaranteed their 1989 level of imports.

The bill would, in effect, destroy the upcoming Uruguay Round of free-trade talks that were intended to phase out decades of restrictions by industrialized nations on imports of textiles and clothing produced in the Third World. These countries had made the elimination of textile quotas their price for agreeing to changes in the rules of world trade demanded by the United States and other developed nations, including curtailing barriers to foreign investment and for service industries such as banking, insurance, and engineering—areas where developed countries believe they have a competitive edge.

Sen. Ernest Hollings (D-S.C.), a leading supporter of the bill, described this as a measure of retaliation against trading partners in Western Europe, South America, and other regions who allegedly will not give in on sectors important to their economies. "They will not yield on agriculture in Europe. They will not yield on intellectual property rights and computers in South America," complained Hollings.

Administration lobbies 'debt for nature' bill

In congressional testimony on July 18, Undersecretary of the Treasury David Mulford tried to rally support for legislation which would bolster debt-for-nature schemes with Ibero-American nations laid out by President Bush weeks earlier in his "Enterprise of the Americas" speech.

The new schemes come in the aftermath of the failure of the various "debt relief" schemes of Treasury Secretary Nicholas Brady and Secretary of State James Baker III—the so-called Brady and Baker Plans.

One bill, H.R. 5088, would authorize debt-for-nature conversion agreements with "countries in the Western Hemisphere." The governments of the debtor countries would issue long-term bonds to be deposited in a trust, to be used for so-called environmental purposes. The trust would be managed by a board of trustees set up in accordance with the terms of the agreement.

A second bill would require that Caribbean countries deposit, in local currency, payments otherwise made to the U.S. government on account of economic assistance loans, to be used for environment preservation programs. Mulford indicated that one alternative the administration had envisioned was to sell portions of the bilateral debt to environmental and other groups which could then exchange it in the local currency of the debtor country for environmental and other programs.

Fight continues over funding 'art'

A compromise bill for reauthorizing funds for the controversial National Endowment for the Arts (NEA), proposed by the House Republican leadership on July 18 and supported by the White House, is still under fire by some GOPers.

The revised formulation states that it would allow NEA funding only for art that "does not violate prevailing standards of obscenity."

Rep. Paul Henry (R-Mich.) opposes the proposal, which is based largely on his wording, because it excluded the provision that money may not go to art that violates "prevailing standards against obscenity or indecency." Rep. Dana Rohrbacher (R-Calif.) is introducing an amendment with tougher, more restrictive grant language.