

Congressional Closeup by William Jones

Senate passes tax bill, veto looms

The Senate succeeded in passing a major tax bill on a 50-47 vote on March 13, but it faces an imminent veto by President Bush.

The bill incorporates key measures demanded by Bush in his State of the Union message, including a reduction in the capital-gains tax and elimination of the 10% luxury tax on boats, airplanes, and expensive cars.

It also, however, contains a tax credit of \$300 a year for each child under six whose family has an income of up to \$47,500 a year. The bill would pay for the tax credit by raising the top tax rate on individuals from 31% to 36%, and levying a 10% surtax on millionaires, a measure which the House leadership refuses to compromise on. The White House is opposed to anything that smacks of a tax increase, and has promised to veto the bill.

Senate and House conferees met on March 18 to work out a compromise which could be sent to the White House by March 20, the "deadline" demanded by President Bush, thus depriving him of an election issue that the Democratic-controlled Congress was delaying an economic recovery.

Names in House check scandal to be released

Under growing public pressure, the House leadership has agreed to make public the names of 355 members and former members who wrote more than 20,000 bad checks at the House Post Office, the internal House bank.

The scandal involves members who regularly overdrew their accounts, although, because of the laxity of the regulations, many were unaware that they were overdrawn.

Many Republicans are among

those who have been overdrawn, but GOPers feel that the scandal will hit the Democratic majority the hardest. House Republicans have targeted House Democratic leaders, and Speaker Thomas Foley (D-Wash.) in particular. House Minority Whip Newt Gingrich (R-Ga.), interviewed on the ABC News program "This Week With David Brinkley," accused Foley of being responsible for a "criminal coverup." Gingrich is calling for an independent federal prosecutor to investigate the case.

The check scandal comes at a time when the Democrats are cautiously proceeding with an investigation of the October Surprise scandal, in which the Reagan-Bush campaign conspired to delay the release of American hostages held by the Iranians in order to assure a Republican victory in 1980.

Nunn calls for increased aid to East republics

Sen. Sam Nunn (D-Ga.) and other senators returning from a trip to the republics of the former Soviet Union, urged the Bush administration to increase aid to the republics, at a press conference March 11. The senators warned that the situation was very "fluid and fraught with risks," and that if the attempts by Russian President Boris Yeltsin and the leaders of the other republics to implement the International Monetary Fund (IMF) "price liberalization" should fail, there could be irreversible consequences.

Nunn said that there were now governments in place which had shown themselves prepared to impose austerity measures, but warned that the social upheavals which could erupt as a result of the hardships on the population might sweep into powerful political elements inexorably op-

posed to the IMF policies. Nunn chastised the Bush administration for reacting too slowly in aiding the Yeltsin government.

Nunn called for "the lifting of the legislative prohibitions that grew up in the Cold War," including the Jackson-Vanik amendment (which conditioned aid on Jewish emigration), in order to encourage increased trade with the republics. He also called for the rapid creation of a "price stabilization fund" in order to give the Community of Independent States governments the ability to cushion the blows of the price liberalization.

The White House is opposed to such a fund. Treasury Secretary Nicholas Brady insisted in remarks at the National Press Club on March 11 that the "host country" must show that the stabilization will work before the West mobilizes more support for that purpose.

Nunn also called for hearings to examine the possibility of "conflict resolution" mediation by the U.N. or the Conference on Security and Cooperation in Europe in the ethnic conflicts exploding in the Transcaucasus and elsewhere in the newly independent republics.

House overrides Bush veto of China MFN status

The House succeeded in overriding President Bush's veto of legislation placing human rights and other conditions on the extension of Most Favored Nation status to the People's Republic of China, in a 357-61 vote on March 11. The vote to override garnered considerable support from conservative Republicans concerned over the administration's kowtowing to the Chinese on human rights violations.

The Senate was scheduled to vote on the override on March 18, but as of

the day before, it was unlikely that it would be able to mobilize the two-thirds majority necessary for an override. Without an override in both houses, the Bush veto remains in force.

Andrews calls for 'productivity strategy'

Rep. Thomas Andrews (D-Me.) called for both parties in the budget battle to overcome their ideological prejudices and work together to develop a "productivity strategy" for America, in floor remarks on March 10.

"We know from experience," said Andrews, "that if you make capital investments that are going to make the ground on which business operates fertile, you are going to generate private investment. That road, that bridge, that rail system, that sewer line, that water system, that good education system, that first-class training system, those are public investments that generate investment from the private sector. You need both in order for the economy to work, and it does not work if you have the two sides pointing fingers at one another, blaming one another for the collapse of the economy."

Andrews cited a recent study that showed that if the United States had consistently maintained its level of public capital investment at the same level that it had 20 years ago as a percentage of GNP through to the present, U.S. productivity growth would be 50% higher than it is today, the average rate of profit for business would be 22% higher, and the rate of private investment 19% higher.

Andrews called for revamping the budget debate, "using budget categories in terms that make sense, in terms of turning this country around." An-

draws attacked both the free market ideologues for ignoring the necessary role of public investment, as well as the "industrial policy" advocates who believe that the government can do everything on its own in promoting real economic growth.

Owens hits State Dept. on Azeri blockade of Armenia

Rep. Wayne Owens (D-Utah) has introduced legislation, which currently has 43 co-sponsors, to declare the Azeri blockade of Armenia "an on-going breach of human rights." Owens castigated the State Department for ignoring the Azeri violations, "in complete derogation of the preconditions for human rights" which Secretary of State James Baker had previously outlined as a precondition for diplomatic recognition.

In floor comments on March 10, Owens said that he had dispatched a letter to Artur Mkrtychian, president of the Armenian enclave of Nagorno-Karabakh, calling upon him to appoint a commission to conduct an inquiry into the Azeri charges of indiscriminate killing of civilians by Armenian forces in the enclave.

Owens had been in Armenia shortly after the story about indiscriminate killings of civilians in the Azerbaidzhani town of Khojaly began appearing in the press. Owens concluded from his own investigation that a serious breach of human rights by Nagorno-Karabakh forces did occur, but that it did not have the support of the Armenian government, and the estimates of the number killed had been grossly exaggerated.

It has been widely mooted on Capitol Hill that earlier signals from Baker to the Azeris that the United States would recognize Azerbaidzhan without insisting upon an end to its block-

ade of Armenia and Nagorno-Karabakh, gave a green light to an escalation of Azeri attacks.

Democrats assail Pentagon report

Leading Democrats began an assault on the classified Defense Planning Guidance memorandum, leaked to the *New York Times* on March 8, which recommends transforming the United States into a world policeman.

Sen. Alan Cranston (D-Calif.), in floor statements on March 10, said that the report confirmed that the United States intends to remain "the only main honcho on the world block, the global big enchilada."

Sen. Robert Byrd (D-W.Va.), chairman of the Senate Appropriations Committee, called the report "myopic, shallow, and disappointing." The "American empire is what the Pentagon wants," said Byrd, who is seeking to cut military spending. The thrust of the document seems to be, he said, that "we love being the sole remaining superpower in the world and we want so much to remain that way that we are willing to put at risk the basic health of our economy and well being of our people to do so."

Byrd said that "the Defense Planning Guidance philosophy is the clearest expression yet of a new vision of a *Pax Americana*, a new concept of world policeman, Uncle Sam the enforcer of a new world order. . . . It lays out a justification for fielding forces for American intervention anywhere in the world at any time for whatever good purpose we might come up with."

Sen. Joe Biden (D-Del.) said, "It won't work. You can be the world superpower and still be unable to maintain peace throughout the world."