

## Congressional Closeup by Carl Osgood

### Sanders slams IMF policy toward Russia

Rep. Bernie Sanders (I-Vt.) described the current situation in Russia as a “tragedy of historic proportions,” at a hearing on the Russian economic crisis and the International Monetary Fund (IMF) before the General Oversight and Investigations Subcommittee of the House Banking Committee on Sept. 10.

Sanders stated that after the end of communism, the IMF prescribed shock therapy, which was “essentially a Russian translation of the devastating structural adjustment that the Fund imposed on Mexico, Africa, Southeast Asia, and other debtor countries. It insisted that Russia cut government spending, sell off their public assets, and raise interest rates to attract foreign investment.” The results, he said, are what you see in Russia today.

Since 1991, Sanders said, “average life expectancy for men in Russia declined by seven years, to 59. And I am told that that is one of the sharpest declines in life expectancy since literally the bubonic plague.” The Russians are “not paying salaries or pensions—just to pay the interest on the public debt. In other words, for the illusion of fiscal and monetary prudence, Russia has to kill its own economy and shred its social safety net.”

He said, “The crisis in Russia, coming on the heels of Mexico, Southeast Asia, and Japan, has greatly increased fears of a global financial meltdown. . . . The IMF has become a veritable Typhoid Mary, spreading economic austerity and collapse to one country after another.”

Sanders put Undersecretary of the Treasury David Lipton, who recently returned from a trip to Moscow, on the defensive with respect to the IMF. Lipton, who had extolled the virtues of the reforms, back-pedalled when Sanders

pointed out the physical collapse of the Russian economy. He admitted that what Sanders had recounted is true, but attributed the collapse in production and living standards to a “lack of carrying forward reforms, rather than too much reforms.” Lipton admitted, that the IMF’s record in Asia “has been a mixed one.”

### Minimum wage increase to be debated in Senate

On Sept. 11, the Senate came to an agreement on taking up the bankruptcy reform bill, and allowing debate on an amendment, sponsored by Edward Kennedy (D-Mass.), that would raise the minimum wage to \$6.15 per hour. The agreement also allows 20 other amendments, including several that are not relevant to the bill itself, including one by Al D’Amato (R-N.Y.) on ATM fees, and another by Chris Dodd (D-Conn.) relating to education savings accounts.

The agreement was not reached without some pain. Charles Grassley (R-Iowa), chief co-sponsor of the bankruptcy bill, complained that it was being loaded up with too many irrelevant amendments. He offered to work to accommodate Democratic concerns about the bill, but “efforts to burden this bill with minimum wage and other completely unrelated amendments ought to be resisted.”

A 99-0 cloture vote on Sept. 9 cleared the way to the agreement, but Democrats made clear that they are still going to push other items on their agenda, especially HMO reform. Jack Reed (D-R.I.) indicated how closely the Democrats tie the two issues together. He told the Senate after the cloture vote, that for people without health insurance, “getting sick in

America not only means being ill, it also very often means going broke.” He added that people in HMOs also find themselves in the same sort of situation, “where the insurance they paid for evaporates when they actually have a health crisis.”

Democrats tried to push campaign finance reform, but failed on Sept. 9 to invoke cloture on an amendment to attach it to the Interior Department Appropriations bill. John McCain (R-Ariz.) then withdrew the amendment.

### North Korea framework agreement loses support

The framework agreement negotiated between the United States and North Korea in 1994, is losing support in Congress in the aftermath of the Aug. 31 North Korean missile test launch that flew over Japan before crashing into the Pacific Ocean. On Sept. 2, the Senate added an amendment, sponsored by John McCain (R-Ariz.), which would require Presidential certification that North Korea is not actively pursuing the development of any nuclear capability other than the light water reactor provided for in the 1994 agreement, before any funds are provided for the agreement.

In a separate action on Sept. 10, the House Appropriations Committee deleted funding for the Korean Peninsular Energy Development Organization (KEDO), which supplies the fuel oil that is part of the framework agreement.

Assistant Secretary of State for East Asian and Pacific Affairs Charles Kartman defended the agreement before the Senate East Asia and the Pacific Subcommittee, chaired by Craig Thomas (R-Wyo.) on Sept. 10. In negotiations over the preceding four

weeks, Kartman said, he had secured commitments from North Korea to "take a number of steps toward resolving key U.S. concerns" respecting the missile launch, suspect underground construction, and its implementation of the framework agreement. "We remain convinced . . . that firm and steadfast use of available channels is the best way to achieve the results we seek with respect to North Korea."

Kartman said that the framework agreement is the only "viable alternative we have that has a chance to keep North Korea's nuclear activities in check," and that this strategy "is best served if we are honoring our own commitments undertaken in the agreed framework, and specifically the provisions of heavy fuel oil to" North Korea.

## **W**eldon reports back on visit to Moscow

Rep. Curt Weldon (R-Pa.), a senior member of the House National Security Committee and a founder of the Duma-Congress Initiative (the formal relationship between the U.S. Congress and the Russian State Duma, the lower House of Parliament), reported to the House on Sept. 10 on his latest visit to Moscow. He spent the bulk of his one-hour floor speech on the economic situation in Russia, and praised the cooperation between the Congress and the Duma. But, because "we have this Clinton-Yeltsin relationship focussing on failed, corrupt Moscow-based institutions, the Russian people have not been able to benefit," he said.

Weldon unveiled eight principles developed jointly with his Russian counterpart, Valentin Tsoy, which, he said, Tsoy had told him would pass in the Duma. The first, is that future monies from the United States coming

through international institutions should go into programs such as mortgage credits. Weldon invoked the memory of Franklin Roosevelt to explain that by giving the Russian people, under strict guidelines, a chance for home ownership, "we can help Russia create that middle class that has been the key component of a strong America."

Weldon discussed the murder of Gen. Lev Rokhlin, with whom Weldon had had many discussions about the consequences of the collapse of Russian military forces. He told the House that Rokhlin was the first elected official in Russia to call for President Boris Yeltsin's impeachment, which sent shockwaves throughout Russia because Rokhlin was a member of Yeltsin's own party. He urged the Clinton administration that, "when it talks about human rights in China and elsewhere, it should also talk about a human rights abuse in a democracy, where an elected leader in their parliament is shot down, I think, because of statements he made about the need to impeach the leader of the Russian government."

## **H**ouse GOP agenda takes another right turn

The House GOP leadership announced a new agenda for the remainder of the 105th Congress on Sept. 9, after a meeting with its Congressional Advisory Board, made up mostly of former Reagan and Bush administration officials. The new marching orders include more tax cuts, more attacks on the Clinton administration's foreign policy, withholding funding for the International Monetary Fund (IMF) until it is held more accountable for its policies, passing fast-track trade

negotiating authority, and implementing a missile defense program.

House Ways and Means Committee Chairman Bill Archer (R-Tex.) almost immediately announced that a tax-cut bill would be marked up on Sept. 17, in the range of \$70-80 billion over five years. This is much more than the \$30 billion included in the Senate Budget resolution, but Senate Majority Leader Trent Lott (R-Miss.), in a joint appearance with House leaders on Sept. 10, indicated that he would bring up the House version for a vote in the Senate, with the expectation that it would pass. The rationale given for the tax cut is that it is the best means for saving Social Security, because it would result in greater economic activity and therefore more revenue into the Social Security trust fund.

Funding for the IMF also remains a sticking point. The Foreign Operations Appropriations bill passed by the Senate contains the full \$17.9 billion requested by the Clinton administration, and Senate Appropriations Committee Chairman Ted Stevens (R-Ak.) said on Sept. 8 that he was assured by "key House Republicans" that the House will pass full IMF funding. However, House Majority Leader Dick Armey (R-Tex.) said that, as a result of the GOP Advisory Board's advice, he felt "particularly gratified personally and validated by what seemed to be the clear consensus of this group of people . . . that we ought not to just simply continue throwing good money after bad through the IMF."

The next day, the House Appropriations Committee marked up its Foreign Operations Appropriations bill with only \$3.4 billion in special borrowing authority for the IMF. The bill demands greater IMF transparency, and the elimination of government-directed lending and "market distorting" subsidies to favored industries.