Congressional Closeup by Carl Osgood

Money-Laundering Laws Must Be Toughened

On June 23, a panel of Clinton Administration officials, appearing before the Criminal Justice, Drug Policy, and Human Resources Subcommittee of the House Government Reform and Oversight Committee, endorsed legislation working its way through the House intended to give law enforcement additional tools for combatting drug money laundering.

The first of these bills, the International Counter-Money Laundering Act, which was reported out of the House Banking Committee by a vote of 31-1 on June 8, would give the Treasury Department additional authority to deal with money laundering by foreign financial institutions. The second bill, the Money Laundering Act of 2000, was introduced on June 20 by Bill McCollum (R-Fla.) and Marge Roukema (R-N.J.), and would expand the Department of Justice's authority to seize proceeds from foreign criminal activities deposited in U.S. banks.

The hearing came in the context of the release, the day before, of a report from the 26-nation Financial Action Task Force (FATF), naming 15 countries as money-laundering havens. Subcommittee Chairman John Mica (R-Fla.) wanted the United States to take more aggressive steps against money laundering. "Naming and shaming won't work without action to bring about change," he said. "What actions will the Treasury Department take to punish uncooperative countries?" he asked witnesses.

William F. Wechsler, special adviser to the Treasury Secretary, said that the FATF is prepared to take stronger action against these countries if they don't make such improvements. That includes FATF member countries takings steps to examine transactions between their countries and financial institutions in countries on the list. He reported that the Treasury Department is in the process of "developing the guidance we're going to give our banks" on how to deal with transactions with the countries on the FATF list.

Prescription Drug Plan Voted Down by Senate

Democrats resorted, once again, to parliamentary maneuvering to force a Senate vote on another one of their agenda items, this time, on a prescription drug plan for senior citizens. The maneuver came on June 22, when Charles Robb (D-Va.) offered a motion to recommit the Labor, Health and Human Services, and Education Departments' spending bill back to the Senate Appropriations Committee, for the purpose of adding to it a bill providing a prescription drug benefit to Medicare.

Robb told the Senate that the bill, which includes Lincoln Chaffee (R-R.I.) as a co-sponsor, "would guarantee access to a comprehensive, meaningful drug benefit" that would cover all senior citizens without any limits or gaps. To avoid the "big government program label," the bill relies "on private sector, market-based mechanisms to deliver medications to seniors."

Finance Committee Chairman William V. Roth (R-Del.) objected strenuously to Robb's amendment. "It affects in an adverse manner, the possibility of getting legislation on prescription drugs enacted this year," he said. The process that the Finance Committee is going through will "give us a very good chance to develop a bill that can be supported by both Republicans and Democrats." He also complained that Robb's bill, which was voted down 53-44, would cost upwards of $75 billion, as opposed to the maximum of $40 billion allowed by the budget resolution.

Two days later, President Clinton, in his weekly Saturday radio address, unveiled the latest White House proposal. According to a White House press release, the President's plan "is a Medicare benefit," while the House GOP private plan is not. The President's plan would add $58 billion to Medicare over ten years, to help cover a total cost of the prescription drug benefit of $253 billion over ten years or $79 billion over five years.

Colombia Aid Clears Senate, Minus Blackhawks

On June 22, the Senate passed, by a vote of 95-4, the fiscal year 2001 Foreign Operations Appropriations bill. The $13.4 billion bill includes $974 million to support Colombian President Andrés Pastrana's "Plan Colombia." The aid package includes $118.5 million for 60 refurbished Huey helicopters, rather than the Blackhawks that the Colombian Army has been asking for, and $143 million for so-called human rights concerns.

The bill disburses the aid only on certification by the Secretary of State that the Pastrana government has met certain conditions, including putting Colombian Army soldiers charged with human rights violations on trial in civilian courts, and taking similar measures against paramilitary groups. This language was strongly endorsed by Edward Kennedy (D-Mass.), who said that the conditions in the bill "will ensure" that the Colombian government takes "concrete steps" to punish soldiers charged with human rights violations. However, Kennedy did not suggest prosecuting FARC narco-terrorists for human rights violations.

John Kerry (D-Mass.) came close to saying that the drug trafficking and the insurgency are the same problem. "It is impossible," he said, "to attack drug trafficking in Colombia without seriously undercutting the insurgents' operations." He told the Senate that "because the drug trade is the most destabilizing factor in Colombia, our cooperation with the government will . . . limit the insurgents' ability to terrorize the civilian population."

How serious the Senate is about combatting drugs was put into question, however, by the unanimous adoption of an amendment sponsored by Paul Coverdell (R-Ga.), which requires a "review" of U.S. policy toward Peru, leading to possible sanctions if "the government of Peru has not made substantial progress" in "improving its respect for human rights, the rule of law," and so forth. While the amendment exempts anti-narcotics assistance from possible sanctions, it targets the one government which has been most effective in defending the nation against narco-terrorism, that of Peruvian President Alberto Fujimori.

Gas Price Rise Fuels Partisan 'Blame Game'

A flurry of meetings on both sides of the Capitol resulted only in hotter partisan rhetoric on gasoline prices. Typical of this were the dueling press conferences held by each party in the House on June 23.

Minority Leader Richard Gephardt (D-Mo.) accused Republicans of not taking "a single action" that would actually bring down gas prices. Democratic Caucus Chairman Martin Frost (D-Tex.) said, "Where American consumers see an energy crisis, Republican leaders see a political opportunity." He slammed the Republicans for failing to re-authorize the Strategic Petroleum Reserve, for trying again to abolish the Energy Department, and for demanding a waiver for Midwest states, where gas prices topped \$2 a gallon, from new Environmental Protection Agency (EPA) reformulated gasoline standards, which he called "a cynical maneuver to force Americans to make the unfair and unnecessary choice between cleaner air and affordable gas."

Less than an hour later, a group of Republican members from the upper Midwest joined Republican Conference Chairman J.C. Watts (Okla.) and International Relations Committee Chairman Ben Gilman (R-N.Y.) in putting blame for the crisis squarely on the shoulders of Vice President Al Gore and EPA Administrator Carol Browner. Science Committee Chairman James Sensenbrenner (R-Wisc.) waved around a Congressional Research Service report that says that 50¢ per gallon of the price increase in the upper Midwest has been solely the result of the EPA-mandated reformulated gasoline. Gilman said that he will introduce two pieces of legislation to deal with the crisis: to allow lawsuits against the Organization of Petroleum Exporting Countries in U.S. courts, and to force a review to ensure that U.S. policy is not aiding OPEC's "price gouging."

House GOP Agrees on Sanctions Reform

Backers of a proposal to loosen U.S. economic sanctions against Cuba claimed victory on June 27, when the House GOP leadership agreed to bring to a vote a provision allowing food and medicine exports to five countries—Cuba, Iran, Sudan, Libya, and North Korea—blacklisted by the U.S. State Department.

The deal came after a six-hour negotiating session between farm state members led by George Nethercutt (R-Wash.), and anti-Castro members led by Lincoln Diaz-Balart (R-Fla.) and Ileana Ros-Lehtinen (R-Fla.). The provision, which is expected to be attached to the Military Construction bill, only allows cash purchases of American food or medical products. It prohibits Cuba from seeking either public or private financing in the United States, but does allow third-country financing. The agreement has reportedly been ridiculed in Cuba as being so restrictive as to prevent any sales from taking place.

The battle over sanctions reform became increasingly heated in recent weeks, with Nethercutt refusing to bow to demands from the GOP leadership, led by Majority Whip Tom DeLay (R-Tex.), to drop his effort. DeLay was so bitterly opposed to the provision that he bottled up the Agriculture Appropriations bill, to which it was originally attached, in committee, to prevent a vote on it. However, growing support from both parties for the measure forced the leadership to back down.

The White House has reacted cautiously. While not threatening a veto, White House spokesman Joe Lockhart said, after the agreement was announced, that the Clinton Administration could support the export of food "if it goes directly to the benefit of the Cuban people and not the Castro government." He expressed concern, however, about provisions prohibiting sanctions from applying to food and medicine because they restrict the President's "flexibility as the steward of our foreign policy to implement the policy."