

Congressional Closeup by Ronald Kokinda and Susan Kokinda

Federal Reserve reform introduced

Representative Bruce Vento (D-Minn.)

version of Federal Reserve reforms called the Monetary Policy Act of 1984 on Nov. 18 as Congress adjourned until the second session of the 98th Congress, which begins on Jan. 23, 1984. Vento's legislation includes a reenactment of the Credit Control Act, which caused serious economic disruption during the Carter administration.

To enable Congress to have a "basis for debate and decision" on how much credit there is, where it is located, how difficult it is to obtain, how it is being used, and so forth, the bill would establish a "Congressional Office of Monetary Policy" similar to the current Congressional Budget Office. Continual information and analysis would be provided to Congress including an annual report. The office would be headed by a director appointed by the Speaker of the House and the President Pro Tempore of the Senate at the recommendation of the banking committees.

The bill would require the Fed to report to Congress on a quarterly basis, not only on the growth and diminution of the monetary aggregates, but also on the objectives of its policy for Gross National Product, real growth, interest rates, and unemployment. "The Federal Reserve has long claimed it does not determine our economic course," Vento said, "but the Federal Reserve is the single most concentrated source of power over our economic future. There is no reason that the policy of the Federal Reserve should be shrouded in the mumbo-jumbo of monetary aggregate information . . . we have a right to be told in understandable terms what the effect of the Fed's policy will be."

The term of the chairman of the Board of Governors would be shortened and would begin in the July following the inauguration of the President.

The bill empowers the Fed to "prescribe limits on the use of credit for nonproductive purposes including corporate takeovers," in cases of credit allocation over \$100 million unless the economic gains outweigh expected losses.

Too little, too late on farm credit

Thad Cochran (R-Miss.), man of the Senate Agriculture Committee, and Walter Huddleston (D-Ky.), introduced Senate Resolution 287, calling for the establishment of an administration-appointed Task Force on Agriculture Credit. The task force would deliver a report examining the agricultural credit system in all its facets and make recommendations, within a year of its establishment.

By that time, the post-war "supply management" agricultural policies which attempt to raise agriculture prices by reducing supplies, rather than by simply ensuring a fair price for farm products, will have resulted in actual domestic food shortages.

The resolution fails to identify the usurious policies of the Federal Reserve Board or the "supply management" phase-out of the parity system as causes of the crisis, although both point to the results of these policies.

Cochran cites the fact that "as agricultural technology developed over the years it increased capital requirements for most farming operations." He then gingerly notes that "economic returns to capital investment in agri-

culture, however, continue to be volatile." Without identifying the reasons for that "volatility," he warns that "agricultural debt has risen from \$50 billion in 1970 to over \$215 billion in 1983," and has not been offset by a growth in equity. Huddleston, in a partisan spirit, calls for an "unbiased examination of the nation's agricultural system. . . . It would be a mistake for the administration to appoint a task force that would only be a rubber stamp of the Office of Management and Budget and its failed agricultural policies." Huddleston failed to note that the OMB policies, bad as they are, are an extension of Jimmy Carter's policies.

Corcoran denounces 1945 Yalta agreement

Rep. Tom Corcoran (R-Ill.), challenging Sen. Charles Percy (R-Ill.) in the senatorial primary, announced in the Nov. 18 *Congressional Record* that "at the request of tens of thousands of people representing the desires of millions here in the United States and around the world" he was introducing legislation calling for the "formal renunciation of the 1945 Yalta executive agreement" by the U.S. Congress. The Yalta agreements recognized a Soviet sphere of influence in Eastern Europe.

Corcoran said that the agreement was "signed without the consent of representatives from numerous countries whose fate was being decided." He identified that in this sense Yalta was a "clear violation" of the Atlantic Charter as well as the "principles upon which our nation was founded. . . . Yet we signed such cynical agreements with the Soviet Union," he said, noting that the agreement served as a springboard for further Soviet expan-

sion, "at the expense of Poland and several other countries, resulting in mass murder and the enslavement of hundreds of millions of people. Yalta still serves as a symbol of our betrayal of loyal allies."

Debate over CIA's Soviet defense report

Leading defense budgetcutter William Proxmire (D-Wis.) released study on the Soviet economy and Soviet defense expenditures on Nov. 19 and provoked an immediate controversy over its implications. The report states that the Soviet economy is somewhat stronger than previously anticipated, and that the rate of growth of Soviet defense procurement expenditures has flattened out since 1981.

Senator Proxmire, who requested the study in his capacity as vice-chairman of a subcommittee of the Joint Economic Committee, stated that "the slowdown of Soviet defense rates has profound significance that has not yet penetrated policy circles. . . . Moscow has not been expanding its efforts at the rapid rate that was once believed. It slowed its defense expenditures beginning about seven years ago, a fact that the Soviets neglected to communicate and that the West failed to detect."

Certain press outlets played up the CIA report as evidence that the administration has exaggerated the Soviet military threat and cannot, therefore, justify its requested increases in the U.S. defense budget. Capitol Hill sources report that Richard Kaufman, the Proxmire staff member responsible for the report's release is well known for his anti-defense attitude. Although the chairman of the JEC, Sen. Roger Jepsen, is generally a hardliner on defense policies, Proxmire

runs an independent operation in the JEC to his own ends.

The timing of the JEC release of the report is also interesting, since the CIA study is dated September 1983. The Nov. 19 release and accompanying press ballyhoo about administration overestimates of Soviet strength, comes at a time when both Defense Secretary Weinberger and CIA Director Casey are coming under increasing attack.

In an unusual move, the Pentagon called a background briefing, given by senior intelligence officials, on Nov. 21, two days after the JEC release. At that briefing, the officials stressed that the leveling off of rates of growth, even if true, did not imply in any way that the Soviets have decreased their military efforts.

The Pentagon pointed to the continuing buildup in Soviet R&D activities—which will not have shown up in the procurement pipeline—as evidence that the Soviets could be poised for a takeoff similar to that seen in the mid-1960s after a similar leveling off of rates of growth had taken place in preceding years. The officials stressed that "all signs are that the Soviets have more systems in R&D now than in the 1960s and 1970s."

Humphrey targets uranium enrichment

Fresh on the heels of killing the Clinch River Breeder Reactor, the Heritage-Foundation-manipulated Sen. Gordon Humphrey (R-N.H.) announced that he has targeted the Gas Centrifuge Enrichment Project (GCEP) next victim. The Portsmouth facility will give the United States a more efficient form of uranium enrichment, for use in nuclear plants, than the ex-

isting gaseous diffusion plants and will consume considerably less electricity in doing so. The centrifuge technology, already in use in West Germany, also has important research implications for technologies such as the plasma or fusion torch.

As usual, Humphrey is being directed in his endeavor by his Pugwash-linked assistant Henry Sokolski, who represents a key intersection point on Capitol Hill between environmentalists and KGB-tainted "free enterprise" networks.

In a statement in the Nov. 18 *Congressional Record*, Humphrey argues against the Portsmouth facility on two familiar grounds. The first argument, already used to cripple energy-generating capacity in the Northwest, is that the demand projected for nuclear power-generated electricity has not materialized. Humphrey neglects to note that the diminished demand for uranium enrichment facilities is a function of his environmentalist allies' successful efforts in sabotaging the U.S. nuclear industry.

The other argument is that, because of the collapse in demand, the current gaseous diffusion technology will suffice until the United States develops a laser isotope separation technology and thus leapfrogs the centrifuge process.

One Capitol Hill source noted that this "leapfrog" argument is a familiar one. Liberals will always announce that they support the next generation of weapons systems which are in research and development while voting against the procurement monies for needed and current systems.

Humphrey, who will do nothing to accelerate government support for laser isotope separation, announced in his floor statement that he intends to wage a budget fight against the GCEP in 1984.