

## Congressional bloodletting serves Wall Street's aims

by Nicholas F. Benton

The passionate appeal of Rep. Jim Wright (D-Texas) during his resignation speech May 31, urging an end to the partisan bloodletting in Congress, clearly fell on deaf ears. No sooner had Rep. Thomas Foley (D-Wash.) been elected to succeed Wright as Speaker of the House, than one of the most volatile partisan smear tactics seen in recent years captured the nation's headlines.

A memorandum on Republican National Committee letterhead was leaked the day Foley was elected which likened Foley to the "avowedly-homosexual Rep. Barney Frank (D-Mass.)." The appearance of the flyer culminated a two-week rumor campaign swirling around the Hill that called Foley's sexual preference into question.

Once out in the open, and in the national press, the rumor triggered a frenzy of reactions. President Bush moved swiftly to call it "disgusting." RNC Chairman Lee Atwater denied culpability, and immediately fired a member of his staff. Foley tried to brush it off with "no comment," but was forced to deny he was homosexual on national television by the end of the second day. And Frank threatened to retaliate by exposing Republican congressmen whom he said he knew to be homosexual.

Congress had lowered itself even further toward the level of a mud wrestling night at a Houston discothèque.

The stories about the 10 congressmen actively under investigation by law enforcement agencies, and the interagency inquiries into allegations of sex with minors and male prostitutes by certain congressmen may have fallen out of the headlines since Wright's resignation. Even so, the flap over the RNC memo on Foley, which was still hot enough to take up some of the time at President Bush's first prime-time press conference June 8, has kept Capitol Hill preoccupied with

the "reign of terror" atmosphere that led to Wright's downfall, as documented in last week's *EIR* (see "Wright's Purge Signals New Reign of Terror," June 9, 1989, p. 58).

### Dictatorial machinery readied

However, revealing editorial comment on the condition of Congress in the June 9 *Wall Street Journal* threw new light on the motives of the powerful Eastern Establishment elites who have helped to create the intimidating environment that now pervades Congress.

Entitled, "S&L Watch," the editorial gives an approving nod to "a number of Republican members [who] are discussing the possibility of withholding their votes from the final S&L bill unless the full House agrees to consider an amendment creating a special commission or quasi-grand jury to investigate the political connections among some S&L interests, Congress and some federal regulators."

This amounts to a brazen call by Wall Street to rip the democratically elected Congress free from any contact with constituency-based institutions, and to turn it into a rubber-stamp for interagency task forces, bipartisan commissions and other appointed bodies of elites. The pretext of the call is the upcoming debate in Congress on President Bush's proposal to bail out the nation's ailing savings and loan industry with what the *Journal* admits will eventually cost American taxpayers \$250 billion—roughly \$1,000 for every man, woman and child in the country.

According to the *Journal*, the bailout package is now threatened by a combination of efforts to water it down, led by the U.S. League of Savings Institutions, and a blizzard of amendments which have been attached to the legislation by congressmen responding to so-called "special interests," most

of which, in fact, are constituency-based institutions.

The *Journal* says this is “routinely disgraceful behavior,” and warns that “watering down the proposal sends the whole issue back in the direction from which this problem developed in the first place.” It calls on Foley to take action. “Putting a stop to this sort of amendment pig-out is exactly the sort of real reform that should be the responsibility of the new House Speaker,” it intones.

### Contempt for constituencies

Wall Street’s contempt for the functionings of democracy is clearly exposed in this editorial—which confirms the *EIR* analysis of the true objective of the “reign of terror” climate has helped to foment in the Congress. A prime mover in the effort to force Jim Wright out in the first place, the *Journal*, in particular, is now demanding that Foley do its bidding by authoritarian measures to sweep aside the influence of constituencies on the final shape of the S&L bailout package.

The House of Representatives, in particular, has long been a target of vilification by the Eastern elites, because it was designed by the Founding Fathers to be the most directly representative body of the will of the public. By setting it up so that every seat in the House would be up for popular election every two years, the Founding Fathers expected the House to reflect most immediately the sentiments of the public.

From this standpoint, it is obvious why the House, to a greater degree than the Senate, which, by virtue of its seats being up for election in six-year cycles, has always been somewhat more aloof from constituency pressure, has always caused the Wall Street boys to gnash their teeth. “Constituency pressure” and “special interests” are the big bugaboos that are supposedly wrecking the Congress, according to Wall Street, even though it was set up in the beginning to deliberately reflect just these factors. What Wall Street is really objecting to is the public, rather than the monied elites, making policy for the nation.

Wall Street has been doing more than merely objecting, however. As the last election reflected, the House has already been turned into one of the most unrepresentative bodies of the government, with over 90% of the seats being won handily by incumbents and some 15% being uncontested by a member of either major party, at all.

Within Congress itself, one of the biggest victories for Wall Street was the adoption of the dangerous precedent contained in the Gramm-Rudman-Hollings so-called deficit-reduction law. For the first time, this law institutionalized the subjugation of the popularly elected Congress to a “higher authority” than the voters—namely, a mathematically predetermined path for reducing the federal deficit. Once this was accepted in early 1987, then the next step to distance Congress from the voters became necessary. Incapable of complying with Gramm-Rudman by the usual means of debating and voting on the budget, congressional leaders of

both parties agreed in the fall of 1987 to form a special bipartisan group that would hammer out a budget, which the larger House and Senate bodies would simply rubber stamp.

At that time, Wall Street seized the opportunity to launch a vehement campaign to force Social Security onto the chopping block, along with other budget items.

### Who will defend the elderly now?

Responding to the enormous constituency pressure reflected in the voting bloc of the nation’s elderly, President Reagan had declared Social Security off limits in the budget negotiations.

Led by former Commerce Secretary Peter G. Peterson of the Blackstone Group, a so-called “Bipartisan Budget Appeal” was created, composed of 200 names of the cream of the nation’s financier and political elites, which took out huge advertisements in all the nation’s leading newspapers aimed at pressuring Reagan into changing his mind.

At the time, pressure from such an influential quarter caused the White House visibly to waver. Spokesman Marlin Fitzwater began to equivocate in his answers on how firmly the President was willing to stick to his non-negotiable demand to leave Social Security out of the budget-reduction negotiations. ABC’s infamous Sam Donaldson, belying his self-proclaimed image as a champion of the underdog, led the attack during White House briefings daily on behalf of the Wall Street crowd that wanted Social Security cut.

Then, the powerful chairman of the House Rules Committee spoke. Rep. Claude Pepper (D-Fla.), leader of the cause of the nation’s elderly and 86 years old at the time, announced that if Social Security were put into the budget-reduction package, he would use his clout as head of the Rules Committee to separate out that item and demand a roll-call vote of every House member on the Social Security issue by itself.

Wall Street’s “Bipartisan Budget Appeal” was blocked. No sane congressman would dare go on record voting to cut Social Security. Pepper’s move was decisive. The next day, Fitzwater said the issue was settled, and that Social Security would “definitely” not be cut.

Now, however, Pepper is gone. Representative Pepper’s death at age 88 in May leaves the nation’s 37 million recipients of Social Security and growing numbers of aged without a champion in the House—at least, not one with the kind of clout that he had acquired from his decades of accumulated seniority. Asked how long it will now take for Social Security to be put onto the Gramm-Rudman budget-slashing block, especially without Claude Pepper, a veteran staff member of the House Ways and Means Committee told *EIR*, “One year.”

This will come not a day too soon for Wall Street, and is guaranteed to happen unless the American people wake up in time to reclaim control of the Congress, that body which was intended by the Founding Fathers to be, in a uniquely direct way, especially theirs.