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Congressional Closeup by Ronald Kokinda and Susan Kokinda

Parliamentary bills in House

Recent initiatives in the House of Representatives have opened a flank in the Harriman campaign to turn the United States into a parliamentary system modeled on that of Great Britain. These initiaives include two bills, a Republican-sponsored H.R.4070 and a Democratic-initiated H.R.6479, drafted out of discussions and hearings in the House Administration Committee's task force on elections, which would amend the Federal Elections Campaign Act of 1971. The first of these would strengthen the control, especially financial control, of the two major parties over the political process; the second would strip independent-expenditure political action committees' ability to influence policy or elections by drastically limiting the PACs' expenditures while increasing disclosue and reporting requirements to the FEC.

In response to claims that the independent expenditure political action committees are running amok, the House has embarked on the legislative component of an ongoing project by such overt pro-British parliamentary-system advocates as former White House counselor Lloyd Cutler, Sen. Ted Kennedy, Cyrus Vance, and Democratic Party éminence grise, Averell Harriman.

The bulk of testimony at two House Administration Committee task force hearings—on June 10 and July 28—was consumed with attacks on independent expenditure committees and recommendations for how to curb or even eliminate them. Top Harrimanite operative Ted Sorensen testified on July 28 as chairman of the Democratic National Committee task force on Independent Expenditures, delivering the recommendations of the task-force study he had just completed. These recommendations include strengthening the parties through facilitating public funding, e.g. increasing the federal income-tax "checkoff" and having funds go to parties, who then determine what candidates get funds; limiting independent PAC expenditures to that of an individual candidate; and increasing disclosure.

GOP National Committee Chairman Richard Richards also testified against independent PACs.

BIS proposes, Robert Byrd disposes

After three years of unabated obstruction of the fight against Paul Volcker, Senate Minority Leader Robert Byrd (D-W.Va.) has suddenly introduced the "Balanced Monetary Policy Act of 1982 " (S.2807), along with 30 other Democrats. Byrd's legislation, introduced on Aug. 3, mandates the Federal Reserve Board to target interest rates (as it did before October 1979), as well as monetary aggregates (as it has since October 1979). There is nothing in the legislation which would preclude Paul Volcker from telling Congress that he could achieve one target, and not the other, thus rendering the legislation meaningless—as a Byrd intimate admitted.

In the floor speech accompanying the legislation, Byrd succeeded in avoiding all mention of Paul Volcker's name, and instead, blamed the Reagan administration for high interest rates, citing the budgetary effects of the Reagan tax cuts and the administration's continued "support" for a policy of tight money. The man who fought every congressional effort to go after Paul Volcker in 1981, now states, "Bold action by Congress is imperative, because the administration has embraced two economic experiments which together have brought our nation to the brink of depression."

The Bank for International Settlements has let word trickle down to the likes of Robert Byrd, that monetary policy must now accommodate the impending necessity to bail out the Eurodollar market.

In fact, Byrd requires the Fed to keep real interest rates above the level of inflation. The Fed will then be primed to slam the domestic monetary brakes while turning on the printing presses to bail out the Eurodollar market.

Hospital bidding wars proposed

Carter administration plans to destroy the nation's high-technology medicine have been re-laundered under the rubric of "fiscal austerity" and Skinnerian/utilitarian rewards for "good behavior" by hospital management.

The notorious former director of Carter's Health Care Financing adminstration (HCFA), Robert A. Derzon, who is currently Vice-President of Lewin & Associates, a Washington D.C. health-care consulting firm, praised a June 23 Senate Finance Committee Health Subcommittee report on proposals for government prepayment of Medicare and Medicaid Hospital Costs in his June 3 testimony. Derzon said, "The question you are

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addressing, simply stated, is how [can we] purchase care from hospitals? . . . Medicare's practice of retrospectively paying incurred costs has created strong incentives for hospitals to spend more, not less; and what is worse, has encouraged hospitals to believe that almost all capital investment is risk-free."

Derzon earlier gained international attention when his now famous "Derzon Memo," issued on June 4, 1977 as administrator of HCFA, was made public. Under the heading of "Regarding Cost-Inducing Activities," the memo said that the Federal government could save $1.2 billion through increasing the death rate of elderly medicare recipients by forcing states to enact Living Will legislation. "Additional Federal savings would accrue to Medicaid and the VA and Defense Department health programs" beyond the $1.2 billion if the government was able to eliminate the last year of life of only one-fourth of the people now receiving government health benefits, concluded the memo.

In his June 1982 testimony Derzon complains, "We know that when HCFA set 223 limits on only inpatient costs, hospitals built intensive-care units which are excluded from routine costs and hospitals shifted costs to ancillary services and outpatient clinics." He praises what the Senate Finance Committee has called "prospective reimbursement" because "prospective payment means hospitals will know in advance what they will be paid for their product regardless of their production costs." The bottom line of the 24-page Senate report is that hospitals must be forced to bid in advance for government contracts. The hospital which can reduce services below the agreed-upon price for the year will be rewarded by being able to keep the "savings."

The June 23 hearing is the first in a series of hearings projected to run through the next session and generate the legislation based on the Derzon perspective.

London's basketball favorite wants Eurodollar bailout

Former New York Knickerbocker forward and reputed Senator from New Jersey, Bill Bradley, is finally giving his Rhodes Scholarship sponsors their money's worth—$1.8 trillion, to be precise. In a Senate floor speech on July 29, Bradley called for the United States to function as a "responsible lender of last resort," and to bail out the Eurodollar market. Bradley would give the IMF a virtual carte blanche to destroy the dollar: "There could be established a multilateral fund from which central banks could borrow the foreign exchange they need to cover endangered banks under agreed conditions. The fund would need authority to borrow from the central bank of the country whose foreign exchange was in demand in order to reloan to the central bank in need. It appears to me that the International Monetary Fund (IMF) would be the appropriate agency to administer this fund, but there are alternate candidates."

Bradley's proposal to turn the U.S. dollar into toilet paper was preceeded by a lengthy analysis of the fragility of the Eurodollar market, the chain-reaction threat of a Polish debt default, interbank lending and other salient points which mirror exactly this journal's warnings. Several days later, Eurodollar Bill bounced back onto the Senate floor to panic over the Bank of Italy's decision to let Banco Ambrosiano's Luxembourg subsidiary collapse.

Levin attacks Japanese, German defense levels

Senate Armed Services Committee member Carl Levin (D-Mich.) repeated portions of a Defense Department "Report on Allied Contributions to the Common Defense," in a floor speech on July 30. The report, which rates allied NATO countries' and Japan's contributions to common defense efforts, was mandated as a result of a Levin amendment to the 1982 Defense Authorization Act.

While Levin notes the "low-key" manner in which the report was released, apparently, he concludes, in an attempt to "spare some of our allies—especially Japan—major embarrassment," the report nonetheless concludes that Japan and West Germany are falling substantially short of defense commitments.

Levin underscores the report's veiled, Kissingerian threats. "Our allies . . . need . . . to increase their contributions to the common security in the context of the expansions of our own efforts to defend the Persian Gulf—which benefit the allies as much, if not more, than they do ourselves." If the allies and Japan do not reverse their current positions, Levin concludes, "We will have to consider drastic cures for the disease of security complacency which seems to afflict some of our allies."