from Phyllis Schlafly

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Wake Up Congress, the Taxpayers are Watching

Wake up, Congress. Time is running out on your sweetheart deals, and the American people are giving you a wake-up call. You got by with the tax increase, the middle-of-the-night pay raise, and the unpaid accounts at the Capitol Hill restaurant, but now the bad check scandal and its cover-up are about to do you in.

The House Ethics Committee has cooked up what its chairman called a "compromise" under which the names of only a few of the most egregious bad check bouncers will be made public. The American people are not going to 1et Congress get by with this. In the post-Watergate era, we are entitled to full disclosure.

The-ranking Republican, Rep. James V. Hansen (R-UT), who went along with the Committee compromise, said that "The political ramification of this is absolutely awesome." Mr. Hansen certainly has got that right.

The House Ethics Committee voted 1O to 4 to identify only 24 of the 66 current and former members of Congress who wrote about 20,000 bad checks totaling more than $10.8 million. Let's call this "compromise" what it really is: a cover-up and a whitewash.

The Ethics Committee compromise had four dissenting Republicans. One of them, Rep. Jim Bunning (R-KY), said the compromise won't "pass the smell test" with the American people, and he is right.

The excuse given for hiding the names of the other 42 Members of Congress, according to the chairman, Rep. Matthew McHugh (D-NY), was that their bad checks amounted to only one month's pay at a time. Wouldn't you like to have your local bank pay out all the checks you write up to the amount of your next month's pay? That would enable you to live constantly above your means on a float of other people/s money.

Another Republican who dissented, urging full disclosure, Rep. John Kyl (R-AZ), explained how the Ethics Committee rationalized its agreement to reveal only 24 names while concealing 42 names. The Committee devised a peculiar definition of

bad-check writing which excludes “scores” of Congressmen who wrote hundreds of bad checks, some as many as 600 to 800, and “many over $100,00.”

Actually, the bad check racket was even more widespread. The chairman admitted that 295 current and 59 former Members of Congress were overdrawn at least once during the 39-month period under investigation.

Incidentally, that was the same period of time in which Congress raised its own pay from $89,500 to $96,000 in January 1990 and to $125,100 in January 1991.

The bad check scandal started last October when the General Accounting Office reported that 8,331 checks had been written on the House Bank by Congressmen who had insufficient funds. In the wake of that embarrassment, the House closed the Bank and instructed the Ethics Committee to investigate.

Chairman McHugh argues that the check-kiting Congressmen didn’t violate specific House rules or other legal standards. There is no evidence, he said, that any Congressman “had a criminal intent or an intent to defraud.” There may be “no evidence” for the reason that the Committee didn't search for any.

When the House Bank paid the bad checks up to the amount of each House Member's next, monthly paycheck, that amounted to an interest-free loan. Did the Congressmen report these interest-free loans as taxable income (which is how Internal Revenue views such amounts) or as gifts (which House rules require be disclosed)? Un1ikely.

The House Rule on Financial Disclosure (XLIV) requires reporting any liabilities that exceed $10,000 at any time during a year. Reports indicate that more than 50 members wrote bad checks totaling in excess of $100,000, so it is likely that some Congressmen breached the $l0,000 threshold and failed to report their indebtedness.

The House Code of Official Conduct (House Rule XLIII) states that a Member's conduct “shall reflect creditably on the House of Representatives.” Surely that rule prohibits writing bad checks and then ordering them paid by the Bank you control.

Defenders of the bad check practice claim that the House Bank was not an official institution, but a Members, cooperative in which no public funds were involved. However, the Bank was run by House officers and staffed by employees on the public payroll with salaries of nearly three-quarters of a million dollars per year.

If you accept the argument that the overdrafts were just salary advances, that itself makes the Bank an official government institution because the employer was the U.S. Government. The Bank was managed by House sergeant-at-arms Jack Russ, who ordered the Bank to pay out an estimated 1-9 bad checks of his own, with overdrafts totaling more than $10,000.

Chairman McHugh's basic defense of the wrongdoers is that bad check cashing was done “by this bank for many, many years.”

Sorry, Congressmen. That's the argument that “everybody's doing it,” and it isn't going to wash. Everybody isn’t doing it; only Congress is doing it, and the American people are fed up with its arrogant big-spending habits.