

## **Congressional Closeup** by Barbara Dreyfuss and Susan Kokinda

### **RFC proposed for ailing industry**

On April 10 Rep. Frank Guarini (D-N.J.) introduced legislation (H.R. 3218) which would establish a Reconstruction Finance Corporation for industrial aid and would also mandate a \$20 billion tax relief for individuals and corporations. Title I of the bill would set up a Reconstruction Finance Corporation with \$5 billion in tax tools and \$5 billion in nontax tools such as loan guarantees and interest subsidies to aid industry. The RFC would be, according to the bill, administered by a board that would include the Secretaries of Commerce, Labor, and Treasury as well as two representatives each from labor and industry. Warning that "our industrial society is losing ground to a service-oriented economy, and the loss of basic industrial strength bodes poorly for our future defense needs," Representative Guarini has indicated that he intends the RFC to especially aid "older industries that have difficulty obtaining financing, high-risk industries with growth potential, firms competing with subsidized foreign firms, and industries vital to the United States on national security grounds." Capitol Hill sources noted that this would include industries such as steel and rubber, and some of the high-technology industries like computers.

The second part of the bill would provide a tax credit for workers of 20 percent of their Social Security tax. Employers would receive a 5 percent credit for their share of the payroll tax. This is estimated to amount to a \$20 billion tax relief, \$16 billion for individuals

and \$4 billion for employers.

The measure is supported by the AFL-CIO which in their April 18 newsletter ran a front-page article of endorsement. Sources at the AFL-CIO headquarters have indicated that the national labor association would like such an RFC to finance energy programs such as synthetic fuels boondoggles and coal-exporting programs.

There is a lot of concern about the concept of the RFC because it has been largely advocated by those who want to use it to rationalize industry. One of the main promoters of such a proposal is New York investment banker Felix Rohatyn who writes extensively on why an RFC is needed. Rohatyn, as chairman of the Big MAC in New York City was responsible for overseeing the collapse of the city's infrastructure. Although this may not be the congressman's intention in introducing his bill, there is some concern that it will be promoted by those who have other intentions. Congressman Guarini will shortly be asking Rohatyn for his support for H.R. 3218, sources report.

### **Biden going after illegal drug assets**

Senator Joseph Biden (D-Del.) announced April 30 that he plans to introduce legislation to implement various statutory changes in order to enhance federal enforcement efforts to break up illegal drug traffic by going after and seizing the assets of individuals and organizations involved. Biden simultaneously released a General Accounting Office report which he described as "sharply critical" of the

Justice Department's role in seizing only \$2 million worth of assets over a 10-year period as compared with an estimated \$60 billion annual drug traffic.

"Going after criminal assets," said Biden, "was hailed by the Nixon administration in 1970 as the ideal weapon for breaking the back of sophisticated narcotics operations. . . . With these changes in place . . . if assets still aren't being taken, it's not going to be the law's fault—it's going to be because the Justice Department isn't doing its job."

Biden has been highly critical of cuts in the Drug Enforcement Administration budget. Capitol Hill sources report he will introduce legislation to restore the DEA funding.

### **Revival of defense industrial base sought**

In an effort to reverse the decline of America's defense industrial base, Sen. Strom Thurmond (R-S.C.) has introduced legislation to revise U.S. military procurement practices. The Armed Services Procurement Policy Act of 1981, S. 1023, was introduced on April 29 to establish a more flexible procurement policy based on the cost-savings of multiyear procurement, rather than single-year contracts now in effect. Thurmond said in a speech delivered on April 30, "Industry at all levels hesitates to make capital investments funded for only one year. . . . Multiyear funding offers dramatic benefits in defense programming stability."

Thurmond pointed to the near-collapse of the defense industrial base in recent years, citing severe

shortages of technicians, engineers, and skilled blue-collar workers, and the aging and obsolete plant and machine-tool base.

Defense observers noted that Thurmond seemed to distance himself from Assistant Defense Secretary Frank Carlucci's proposal of a week earlier, which also called for multiyear procurement but explicitly sought to freeze defense production into existing technologies and avoid expensive new R&D.

The Thurmond bill's declaration of policy states "that costs to the government [should be] reduced and the contractor [have] an incentive to improve productivity through investment in capital facilities, equipment and advanced technology."

## **EPA nominee waffles on critical issues**

Despite hysteria from major environmentalist organizations and media such as the *New York Times* and *Washington Post*, Environmental Protection Agency Administrator designate Ann McGill Gorsuch gave the opposition very little basis to attack her on at confirmation hearings on May 1.

In fact, Gorsuch gave her proponents very little to point to either, as she refused to take a stand on any major issue. One industry lobbyist expressed dismay after the hearing, noting that Gorsuch is going to have to take a quick and firm control of the debate on issues such as the Clean Air Act revisions in short order or lose enormous political capabilities.

The panel of environmentalists

who opposed the Gorsuch nomination could only complain that Gorsuch was a friend of their arch-nemesis Interior Secretary Jim Watt. Senator Pete Dominici (R-N.M.) chastised the environmentalists, saying "All you have said here is that she might be influenced by the rest of the administration, whose policies differ violently from your own. I consider this the most unfair excuse for opposition that I have ever heard."

The Fusion Energy Foundation and the National Democratic Policy Committee testified in Gorsuch's favor. FEF spokesman Stan Ezrol stated, "We think it's just fine that she is a friend of Jim Watt. It is time that we had policymakers who understand that man is superior to a lousewort or a rock and that man has a God-given right to change, exploit, and develop nature as he sees fit."

## **Immigration hearings open in both houses**

The immigration subcommittees of the Senate and House Judiciary Committees began an unusual series of joint hearings on May 5, to review the findings of the Hesburgh Commission Report on Immigration as a prelude to their planned major revisions of U.S. immigration policy. The two subcommittee chairmen, Sen. Alan Simpson (R-N.Y.) and Rep. Roman Mazzoli (D-Ky.), have yet to announce their own position on immigration policy, but both offered extensive praise to the Hesburgh recommendations which would significantly close U.S. borders. The Hesburgh Commission rules out a "guest worker" pro-

gram, calls for the establishment of employee I.D. cards and allows for only a nominal increase in U.S. immigration quotas.

Theodore Hesburgh, commission chairman, summed up the policy by saying, "We want to close the back door as much as possible and open up the front door a little bit."

Observers noted that President Reagan has spoken in favor of an open-border approach on many occasions and that Hesburgh was perhaps trying to counter such sentiment. A number of congressional allies of the President, such as Senators Jack Schmitt (R-Ariz.), Paul Laxalt (R-Nev.) and Sam Hayakawa (R-Calif.) have introduced various forms of guest-worker programs, aimed especially at facilitating temporary workers from Mexico. Lungren, a member of the House Immigration Subcommittee, noted that he was surprised to see Hesburgh "devote one-third of your testimony to refuting the guest-workers program, since I think your commission gave our proposals rather short shrift."

This initial round of hearings continues for three days, with the last panel on May 7 devoted to "population experts," many of whom were involved in the promulgation of the *Global 2000 Report* which makes population control a cardinal national security tenet. Hesburgh's sympathies in this light became clear as he noted that "I see the huge migrations of peoples as one of the great specters of the future. And I am not only talking about huge pressures on our borders, but I could see hundreds of millions of Indians, for example, marching on Europe if there was a famine in India."