

Congressional Closeup by Ronald Kokinda

Johnston introduces oil import fee legislation

Sen. J. Bennett Johnston (D-La.), the chairman of the Senate Energy and Natural Resources Committee, introduced legislation on April 9 to impose an oil import fee. Sen. Lloyd Bentsen (D-Tex.), chairman of the Senate Finance Committee, which has jurisdiction on the matter, supported Johnston's initiative.

The bill, S.971, would impose a fee on imported oil at any price less than \$24 per barrel, and \$26.50 per barrel for petrochemicals and petrochemical products. It also would repeal the windfall profits tax which has not generated any revenue for some time because of the depressed state of oil prices.

Johnston said that the fee "would provide a stable foundation for the nation's domestic oil industry. Unless we provide that foundation, the industry will continue to crumble around us." Domestic oil production dropped 800,000 barrels in 1986 alone.

The main stumbling block to the fee has been the administration. Johnston hopes to make a direct trade: the oil import fee and the revenues it would raise in lieu of other new taxes. Both the House-passed budget and the proposed Senate budget with the strongest backing contain provisions for about \$18 billion in new taxes.

"An oil import fee such as the one we are proposing today would provide needed revenues," Johnston said. "But it would not take energy prices as high as they were just two or three short years ago."

The \$24 per barrel level is significant in that it is at least \$2 higher than previous oil fees proposed. A \$22 per barrel level is expected to stem further production loss, while the \$24 level

may actually encourage exploration, drilling and development of new domestic oil production.

Gramm proposes debt-for-equity schemes

Sen. Phil Gramm (R-Tex.) introduced S.898, the "International Lending Institution Safety Act of 1987," on April 1 to try and bring the debt crisis under control by imposing debt-for-equity schemes on developing nation borrowers. Senate Banking Committee Chairman Sen. William Proxmire (D-Wis.) joined him as a co-sponsor.

Gramm became the first senator to publicly acknowledge the tremendous impact of the Brazil debt moratorium. "On Friday, Feb. 20, the President of Brazil, Mr. José Sarney, sent shock waves through the world's banking institutions with the announcement that the largest Third World debtor was suspending payments on its international loans," Gramm admitted. However, "this is not a time to panic but it is a time to act . . . to reduce the leverage that the debtor countries now hold over our banks, and through them over our nation's financial system."

The bill would first mandate the Federal Reserve, the FDIC, and the Comptroller of the Currency, and other regulators, to estimate the difference between the book-value of Third World bank loans and their real value. Banks would have to add 10% of that difference per year to their reserves, but would not have to mark down their bad loans as long as they continue being serviced.

The Friedmanite Gramm then proposes that risk can only be reduced "as these countries replace their policies of funding their growth through com-

mercial loans with policies of funding growth through equity investment."

The bill would mandate federal banking agencies to identify regulatory and accounting barriers to exchanges of foreign debt for equity and "recommend appropriate legislative changes." It would also require the Treasury to include "enhanced conditions for private direct investment as elements of any agreement with debtor countries for the rescheduling or restructuring of loans owed the U.S. government. Any failure to fulfill such commitments would make a country ineligible for further loan restructuring."

Gephardt claims votes for trade bill amendment

Rep. Richard Gephardt (D-Mo.) claimed April 15 that he has the votes to pass his amendment to the House trade bill, H.R.3, an amendment which would precipitate a full-blown trade war.

The Gephardt amendment would mandate the President to use import fees, quotas, and tariffs to reduce imports from nations running a trade surplus with the United States by 10% per year if, after a year and a half, the President failed to negotiate such reductions. The trade bill as passed by the House Ways and Means Committee gives the President discretion as to whether and how to reduce such imports.

Gephardt's version was the one passed by the House last year, and the one contained in the original H.R.3 this year before the Ways and Means Committee chaired by Rep. Dan Rostenkowski (D-Ill.) altered it to overcome White House objections. The

White House is threatening to veto any bill with such strong protectionist measures.

Gephardt predicted that 20 to 30 Republicans would vote for his amendment, indicating a closer vote than last year. "The administration has got the pressure on and it's for real," he told reporters. Rostenkowski is also opposing the amendment and lining up opposition from the business community which is split on the issue. Corporations such as ATT, Boeing, IBM, the Chamber of Commerce, and Business Roundtable are opposed, while USX Corp., Motorola, Allied-Signal, and Chrysler Corp. are backing the amendment. The Senate is not expected to approve such a measure.

House floor action on the trade bill is expected to coincide with the visit of Japanese Prime Minister Nakasone the last week in April.

Senators roast Webster before confirmation vote

FBI Director William Webster, being considered by the Senate for director of the CIA, has been harshly criticized by some senators while others have raised doubts about his past performance.

The harshest attack came from Sen. Malcolm Wallop (R-Wyo.), a former Senate Intelligence Committee chairman, who said that the FBI under Webster "has been dreadful" in countering hostile intelligence activities. "Continually, the FBI under Bill Webster," Wallop said, "had to have counterintelligence money piled on it every year in their budget requests, and never once came with a budget that was adequate to meet the threat as they assessed it." Wallop also said that

"for years" the FBI had refused to share information with the CIA about suspected U.S. and foreign espionage agents traveling to and from the United States. Sen. Ernest Hollings (D-S.C.) was also critical of Webster respecting the security of the U.S. embassy in Moscow.

Sen. Dennis DeConcini (D-Ariz.), a member of the Intelligence Committee, has demanded to know what kind and how many break-ins the FBI has conducted against foreign intelligence targets before he votes for Webster's confirmation. The FBI has classified authority to conduct "warrantless searches." But many senators are concerned about a massive number of break-ins against individuals and organizations opposed to the Contras, with Webster's overall role in the Contra affair a leading consideration of the senators.

Dole backs civil rights for AIDS virus

Senate Minority Leader Robert Dole (R-Kans.) has come out of the closet on the AIDS crisis, clearly backing those with the viewpoint that the deadly AIDS virus has civil rights. Dole, working closely with Sen. Alan Cranston (D-Calif.), sponsored a sense of the Senate Resolution 190 which the Senate passed by voice vote on April 10 before leaving for their one-week recess.

The resolution expresses the desire of the Senate that a presidential commission on AIDS be established within 90 days which would make a preliminary report within nine months on how to cope with the AIDS crisis, and a subsequent report one year after that. Dole denied his intent to "pass

the buck" by creating another commission to come up with recommendations which the Senate might not have the courage to do, but that is the least offensive aspect of the resolution.

The resolution declares that the nation "should make a major commitment of resources consistent with the recommendations of the National Academy of Sciences for health care, research, and education relating to AIDS." In addition to urging the President to empanel experts from the areas of public health, business, labor, the Red Cross, the Institute of Medicine, religious leaders, the insurance industry, and federal, state, local, and community officials, the resolution also urges that "organizations concerned with AIDS," a reference to the homosexual lobby, be represented on the commission.

The commission would be charged with the task of determining how financial resources could best be allocated, and make recommendations "regarding testing and counseling, particularly with respect to maintaining confidentiality."

An entire section of the resolution charges it with evaluating "civil rights laws." "Problems encountered by individuals . . . obtaining and retaining employment, housing" and a place "particularly in educational systems," are to be evaluated, "including possible violations of rights of privacy and confidentiality." Federal and state laws, "including civil rights laws, particularly rules regarding ethical considerations relating to infectious diseases designed to protect the health of all individuals at risk of contagion," are also to be evaluated relating to immigration, liability, and discrimination.