

# Legislative Alert

TUESDAY

APRIL 13, 1982

\* The Senate today (and for the remainder of the week) will continue consideration of S. Res. 20 which provides for TV and radio coverage in the Senate. Currently pending is a Symms Amendment which would reaffirm a 1962 resolution on Cuba (amendments in the Senate may be non-germane). A filibuster of S. Res. 20 is expected.

\* The Commerce Committee has reported the Coast Guard Authorization. The bill authorizes \$2.62 billion for FY83 and \$3.02 for FY84.

\* Antidrink Driving Statute Incentives

The Commerce Committee has also reported a bill, S. 2158 providing Federal incentives for States to enact antidrink driving statutes meeting specific standards.

\* The Foreign Relations Committee, this week, will hold hearings on the Foreign Aid Bill.

\* The Continuing Resolution which funds Health and Human Services, Education, and a number of other Departments was passed on March 31, which means that most programs within these Departments will be funded at current levels through FY82.

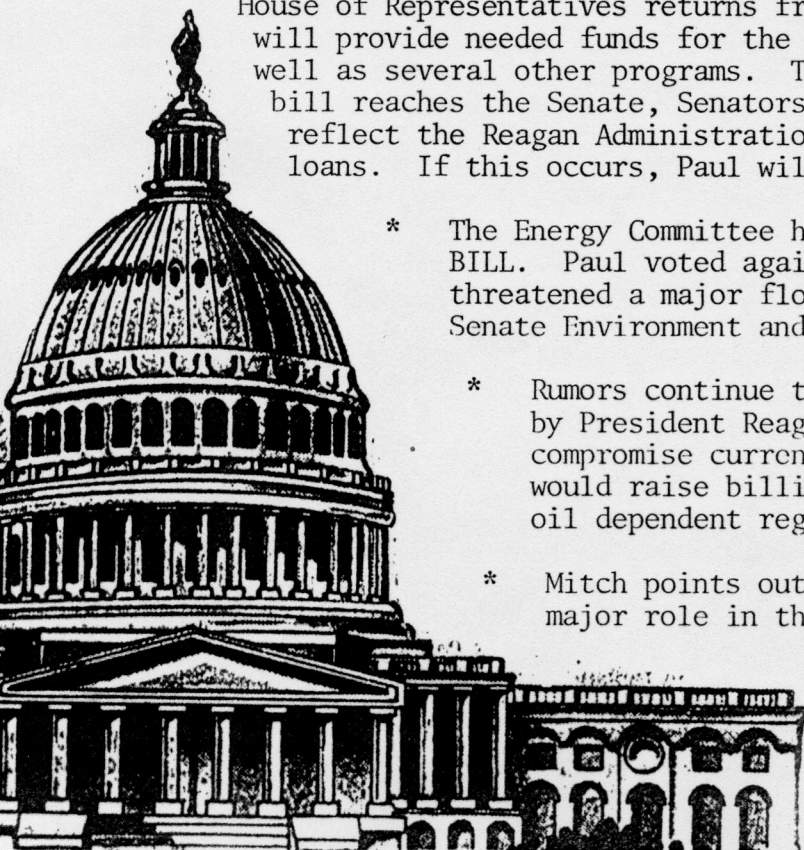
\* A number of rescission requests have been sent to Congress and they must be acted upon by April 24th. Talk to Brenda for details.

\* An Urgent Supplemental Appropriations bill will be considered when the House of Representatives returns from Easter recess next week. The bill will provide needed funds for the guaranteed student loan program as well as several other programs. There is a possibility that when this bill reaches the Senate, Senators may attempt to amend the bill to reflect the Reagan Administration's FY83 proposals regarding student loans. If this occurs, Paul will lead the fight against such efforts.

\* The Energy Committee has passed a THREE MILE ISLAND BAIL OUT BILL. Paul voted against the legislation and has threatened a major floor fight. The bill now goes to the Senate Environment and Public Works Committee.

\* Rumors continue that an oil import fee will be proposed by President Reagan and will become a part of the budget compromise currently being negotiated. An import fee would raise billions of dollars and fall hardest on oil dependent regions like MASSACHUSETTS.

\* Mitch points out that the current recession plays a major role in the current oil glut. U.S. imports are sharply down. According to several studies this is largely due to idle industrial capacity.



## LEGISLATIVE DEPARTMENT ECONOMIC DATA REVIEW

### For Week Ending March 26, 1982

*"Our critics believe, I think, that the level of interest rates will be forced up by a forthcoming expansion of the demand for credit colliding with an alleged restriction of supply by the Federal Reserve. . . . This argument appears to be saying that it is the law of supply and demand that is controlling. . . . All that sounds very compelling. But it is wrong."*

Treasury Secretary Donald Regan  
Address before the Financial World Dinner  
March 11, 1982

#### Indicators

19821981

#### ECONOMIC STRENGTH INDICATORS:

	IV Quarter 1981	IV Quarter 1980
Real GNP (1972 dollars), in billions	\$1,498.4	\$1,485.6
	IV Quarter 1981	IV Quarter 1980
Real GNP Growth, annual rate	-4.5%	+3.8%
	February	February
Industrial Production Index	141.8	151.8
	February	February
Capacity Utilization, mfg.	71.8%	79.8%
	February	February
Housing starts, annual rate	953,000	1,294,000
	February	February
Domestic Auto Sales, annual rate	6,311,000	7,506,000
	February	February
Unemployment rate	8.8%	7.4%
	February	February
Number of Unemployed	9,575,000	7,965,000
	March 18	March 19
Business Failures, year to date	4,846	3,224
	February	February
Business Failures, average per week	486	290

#### INTEREST RATES:

	March 25	March 27
Prime Rate	16.50%	17.00-17.50%
	March 19	March 20
Avg. Mortgage Rate	17.12%	15.40%
	March 22	March 23
91-day T-bills, new issues	12.553%	12.695%
	March 18	March 19
Avg. Municipal Bond Rate	12.99%	9.81%

#### MONEY AND TRADE:

##### Inflation, annual rate

	February	February
Consumer Price Index	3.0%	12.1%
	IV Quarter 1981	IV Quarter 1980
GNP Deflator	9.5%	10.7%

##### Money Supply Growth

	IV Qtr. 1980 to IV Qtr. 1981	IV Qtr. 1979 to IV Qtr. 1980
M1-B, annual rate	+2.3%	+6.6%

	February	February
Balance of Trade, in billions	-\$1.20	-\$3.13



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## ECONOMIC DATA REVIEW

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### For Week Ending April 9, 1982

*"My instincts tell me there may be one or two (major corporate bankruptcies)."*

Commerce Secretary Malcolm Baldrige

*"That's all? He must be optimistic."*

Tom Hyland, Vice President for Ratings  
Standard & Poors Corporation

#### Indicators

1982

1981

#### ECONOMIC STRENGTH INDICATORS:

	IV Quarter 1981	IV Quarter 1980
<u>Real GNP (1972 dollars), in billions</u>	\$1,498.4	\$1,485.6
	IV Quarter 1981	IV Quarter 1980
<u>Real GNP Growth, annual rate</u>	-4.5%	+3.8%
	February	February
<u>Industrial Production Index</u>	141.8	151.8
	February	February
<u>Capacity Utilization, mfg.</u>	71.8%	79.8%
	February	February
<u>Housing starts, annual rate</u>	953,000	1,294,000
	March	March
<u>Domestic Auto Sales, annual rate</u>	5,878,000	7,700,000
	March	March
<u>Unemployment rate</u>	9.0%	7.3%
	March	March
<u>Number of Unemployed</u>	9,854,000	7,958,000
	April 1	April 2
<u>Business Failures, year to date</u>	5,705	3,709
	March	March
<u>Business Failures, average per week</u>	436	288

#### INTEREST RATES:

	April 8	April 10
<u>Prime Rate</u>	16.50%	17.00-17.50%
	April 2	April 3
<u>Avg. Mortgage Rate</u>	16.95%	15.40%
	April 5	April 6
<u>91-day T-bills, new issues</u>	12.893%	14.147%
	April 1	April 2
<u>Avg. Municipal Bond Rate</u>	13.13%	10.21%

#### MONEY AND TRADE:

Inflation, annual rate

	February	February
<u>Consumer Price Index</u>	3.0%	12.1%
	IV Quarter 1981	IV Quarter 1980
<u>GNP Deflator</u>	9.5%	10.7%
	IV Qtr. 1980	IV Qtr. 1979
<u>Money Supply Growth</u>	to IV Qtr. 1981	to IV Qtr. 1980
	+2.3%	+6.6%
	February	February
<u>Balance of Trade, in billions</u>	-\$1.20	-\$3.13

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## ECONOMIC DATA REVIEW

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### ARE WE BETTER OFF THAN WE WERE ON JANUARY 20, 1981?

<u>Indicators</u>	<u>Now</u>	<u>Then</u>
ECONOMIC STRENGTH INDICATORS:		
Real GNP (1972 dollars), in billions	IV Quarter \$1,498.4	I Quarter \$1,516.4
Real GNP Growth, annual rate	IV Quarter -4.5%	I Quarter +8.6%
Industrial Production Index	February 141.8	January 151.4
Capacity Utilization, mfg.	February 71.8%	January 80.0%
Housing starts, annual rate	February 953,000	January 1,585,000
Domestic Auto Sales, annual rate	March 5,878,000	January 7,048,000
Unemployment rate	March 9.0%	January 7.4%
Number of Unemployed	March 9,854,000	January 8,022,000
Business Failures, average per week	March 436	January 277
INTEREST RATES:		
Prime Rate	April 8 16.50%	January 20 20.0%
Avg. Mortgage Rate	April 2 16.95%	January 30 15.07%
91-day T-bills, new issues	April 5 12.893%	January 19 15.595%
Avg. Municipal Bond Rate	April 1 13.13%	January 22 9.68%
MONEY AND TRADE:		
Inflation, annual rate		
Consumer Price Index	February 3.0%	January 9.7%
GNP Deflator	IV Quarter 9.5%	I Quarter 9.8%
Money Supply Growth	IV Qtr. 1980 to IV Qtr. 1981	IV Qtr. 1980 to I Qtr. 1981
M1-B, annual rate	+2.3%	-0.77%
Balance of Trade, in billions	IV Quarter -\$11.26	I Quarter -\$8.60



\* LOW INCOME HOUSING

Low income housing programs are slated for the biggest cuts in federal budget authority and program impact if the Administration proposal for FY82 rescission and FY83 funding levels are enacted. (1/3 of all cuts in the budget for FY83.) The decrease of current services levels is estimated at somewhere between 180-250%.

The Administration strategy has three major components:

1. Reduce number of low income housing units

Right now the low income inventory is 3.4 million units. 700,000 additional units are in the pipeline. (The pipeline ranges from projects about to be occupied to funds appropriated in FY82 but not yet allocated to field offices).

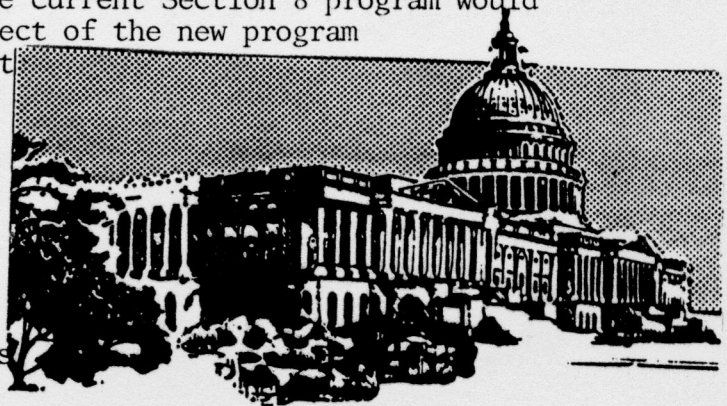
The Administration proposal is to cap the inventory at 3.8 million units, which means that funds must be rescinded from prior years and no new funds will be made available. 300,000 units must be recaptured from the existing pipeline in the Administration plan. In the future, all new housing would be funded by eliminating housing already committed in past years.

2. Shift emphasis from new construction/substantial rehabilitation to existing housing.

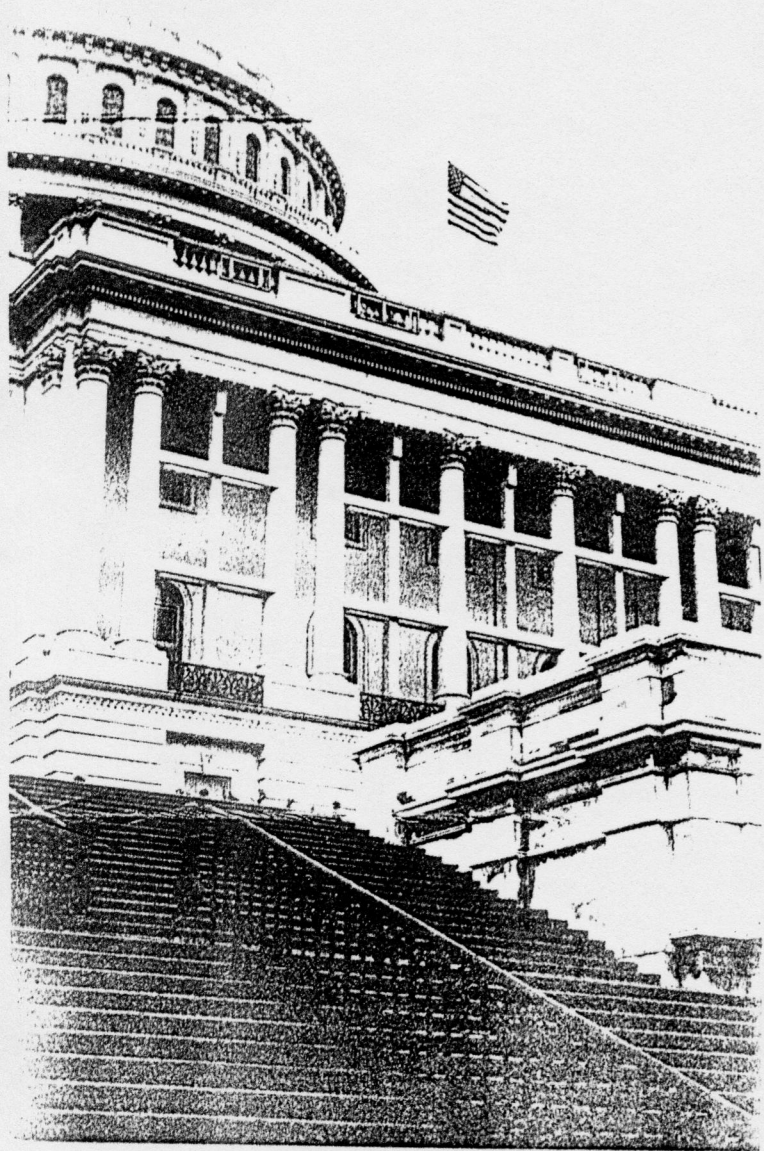
Current needs estimates indicate that 10 million families require housing subsidies, and only a quarter are receiving those subsidies. In addition, we are losing 1/2 million more units per year from the stock than we are replacing. A cease in low income housing production will further widen the gap between clients served and units available.

3. Shift the burden to low income tenants

Last year the Administration succeeded in raising tenant rent contribution from 25% to 30% of income. As this is phased in over a 5-year period, the Administration proposes a new set of rules to increase the tenant burden. The current Section 8 program would be replaced by a voucher. The effect of the new program would be to reduce the "fair market rent" allowed for units by about 15%. Tenants would have to find their own unit and if it fell above the FMR, pay the extra out of pocket. Also, rents could be increased 20% per year (the current ceiling is 10%) and food stamps would be counted as income. In short, more ways to make tenants pay more.



# MEMO



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\* The MEMO page of LEGISLATIVE ALERT will highlight figures and statistics of interest regarding issues before the Senate.

\* \* \* \* \*

## The PRESIDENT'S 1983 DOE CIVILIAN ENERGY BUDGET (as compared to the past)

	FY 1981	FY 1982	FY 1983
Fossil	21%	19%	6%
Solar & Renewable	18%	12%	4%
Energy Conserv	18%	13%	1%
Fusion	14%	18%	29%
Nuclear	29%	38%	60%

The President's budget cuts energy conservation programs by 97% from the 1981 level.

FY 81    \$630.7 million

FY 82    \$386.1 million

FY 83    \$ 21.8 million



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- \* The Senate Judiciary Committee on March 31 approved an antitrust bill (S 995) long sought by large corporations that are defendants in price-fixing suits. The purpose of S 995 is to change the 1914 Clayton Act to permit spreading the cost of damages among all those involved according to their share of the price-fixing scheme. A second feature of the bill would require a judge to subtract from the total damages awarded a plaintiff an amount proportionate to any settling defendant's share of liability-- even if the actual settlement amount were less.
- \* Randy notes that Paul is a COSPONSOR of the drunk-driving legislation reported on the front page of this LEGISLATIVE ALERT.
- \* The Senate Commerce Committee on March 29 once again supported a measure (S. Con. Res. 60) to block a Federal Trade Commission rule requiring used-car dealers to inform customers of major known defects in used automobiles. Both the Senate and the House must pass a resolution of disapproval to veto the FTC rule.
- \* House Energy's Conservation and Power Subcommittee has scheduled an April 30 hearing with HUD Sec. Pierce on the Administration's refusal to spend \$22 million appropriated for the Solar and Conservation Bank.
- \* Markup of Sen. Chaffee's BARRIER ISLANDS bill, S. 1018, is slated for April 22 in the Senate Environment Committee. Paul is a COSPONSOR of the legislation.



..... more from Capitol Hill  
soon