

Legislative Alert

JULY 12, 1982

MONDAY

- * The Senate returns today from July recess. Today, the Senate will begin consideration of the BALANCED BUDGET CONSTITUTIONAL AMENDMENT, S.J. Res. 58.

Consideration of the amendment will occur under an agreement that no amendments dealing with Constitutional amendments on subjects not related to a balanced budget will be in order.

- * On Wednesday, the Senate will proceed to consideration of the TOBACCO PRICE SUPPORT bill, HR. 6590. Immediately following disposition of the Tobacco Price Support bill, the Senate will take up the RECLAMATION bill, S. 1876. Also possible this week is a veto override attempt on the URGENT SUPPLEMENTAL APPROPRIATIONS bill, if the House has overridden.

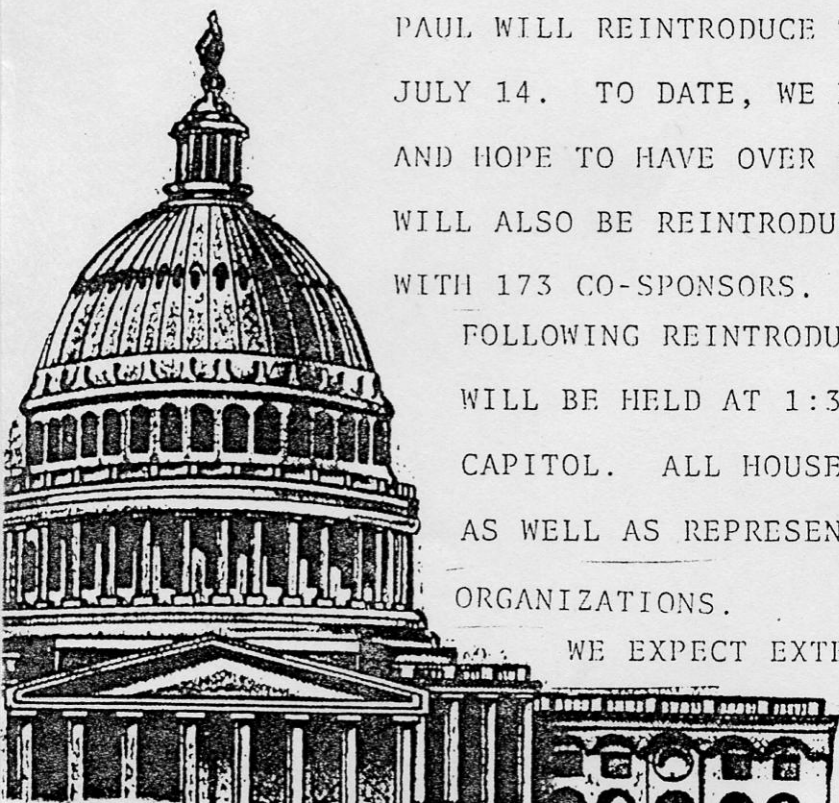
- * REINTRODUCTION OF THE EQUAL RIGHTS AMENDMENT

PT AND SEN. PACKWOOD, WITH 34 SENATE COSPONSORS, CONDUCTED A COLLOQUY IN THE SENATE ON JULY 1 IN SUPPORT OF THE ERA. (SEE CONG. RECORD) FOLLOWED BY A PRESS CONFERENCE WITH REPRESENTATIVES OF OVER 40 WOMEN'S ORGANIZATIONS.

PAUL WILL REINTRODUCE THE ERA IN THE SENATE ON JULY 14. TO DATE, WE HAVE 48 SENATE CO SPONSORS, AND HOPE TO HAVE OVER 50 BY JULY 14TH. THE ERA WILL ALSO BE REINTRODUCED IN THE HOUSE ON JULY 14TH, WITH 173 CO-SPONSORS.

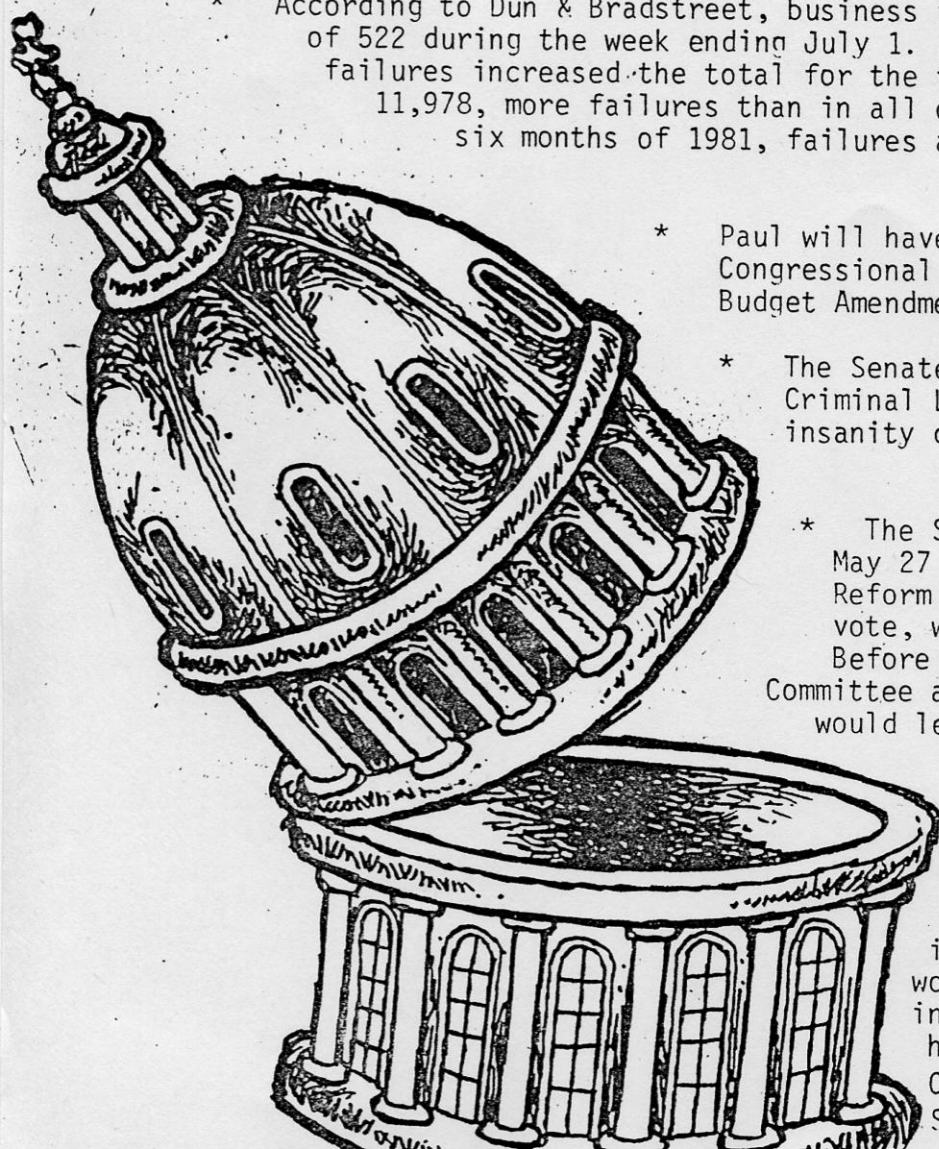
FOLLOWING REINTRODUCTION, A JOINT PRESS CONFERENCE WILL BE HELD AT 1:30 pm ON THE WEST FRONT STEPS OF THE CAPITOL. ALL HOUSE & SENATE COSPONSORS HAVE BEEN INVITED AS WELL AS REPRESENTATIVES OF SUPPORTING WOMEN'S ORGANIZATIONS.

WE EXPECT EXTENSIVE PRESS COVERAGE OF THIS EVENT.



ALSO, AT OUR SUGGESTION, MAYOR BARRY WILL DECLARE WEDNESDAY, JULY 14TH AS 'ERA DAY' IN THE DISTRICT OF COLUMBIA, AND WILL ISSUE A PROCLAMATION TO THIS EFFECT.

- * On Tuesday, the Foreign Relations Committee will begin hearings on the nomination of George Schultz to be Secretary of State. Paul is expected to question Mr. Schultz on a broad range of foreign policy issues, including bipartisanship in foreign policy, South Africa, arms control, Central America, and Law of the Sea.
- * Update on the CLEAN AIR ACT: The Senate Committee continues its months long markup July 13 and July 15. In the House, the markup schedule remains uncertain. The possibility exists that there will be no floor action this year.
- * According to Dun & Bradstreet, business failures soared to a total of 522 during the week ending July 1. The near-record number of failures increased the total for the first six months of 1982 to 11,978, more failures than in all of 1980. Compared to the first six months of 1981, failures are running 45% higher.



- * Paul will have a statement in today's Congressional Record opposing the Balanced Budget Amendment.
- * The Senate Judiciary Subcommittee on Criminal Law will hold hearings on the insanity defense on July 14.
- * The Senate Judiciary Committee on May 27 approved S. 2222, the Immigration Reform and Control Act of 1982 by a 16-1 vote, with Sen. Kennedy dissenting. Before approving the measure, the Committee adopted a Kennedy Amendment that would legalize undocumented aliens in the U.S. who arrived by Jan. 1, 1982. The original bill put the date at Jan. 1, 1980. In addition to the legalization provision, S. 2222 includes a system of employer sanctions for anyone who knowingly hires an illegal alien and a revised temporary worker program to aid the agricultural industry. A similar House bill, H.R. 5872 has been approved by the House Judiciary Committee. Senate consideration of S. 2222 is expected soon.

MEMO

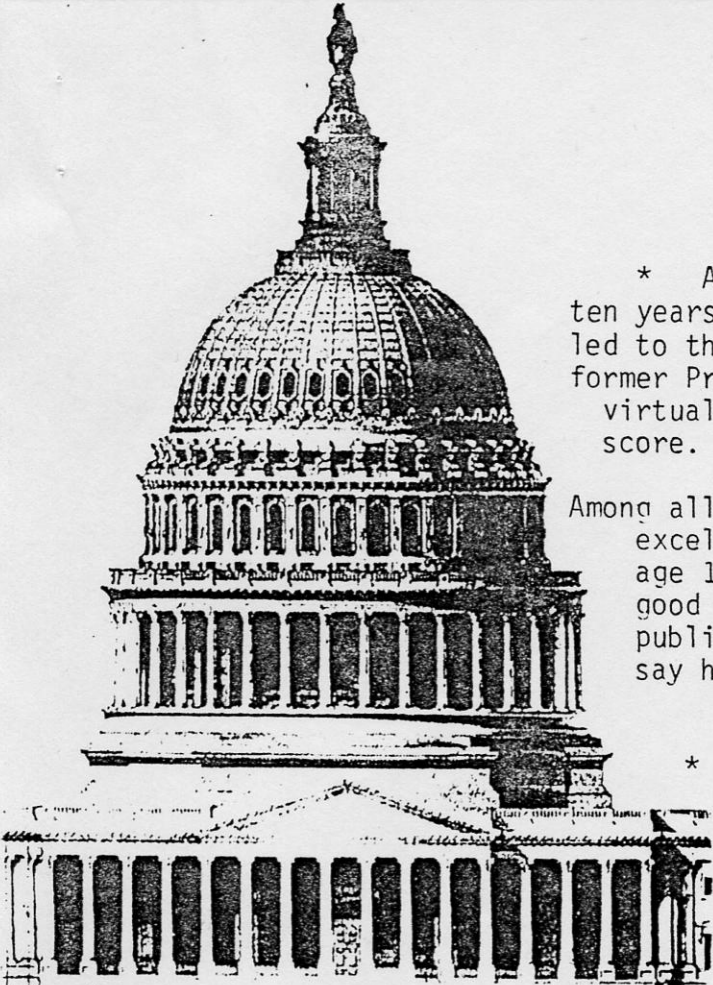


* The MEMO page of LEGISLATIVE ALERT highlights statistics of interest regarding issues before the Senate.
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For a "prototypical" family of four-- one full-time breadwinner, two children and \$23,895 in income in 1982-- "real" after-tax (after inflation) income:

	<u>Nominal</u> <u>Income</u>	<u>Income</u> <u>Tax</u>	<u>Social</u> <u>Security</u>	<u>Real</u> <u>Income</u>
1972	\$ 11,152	\$ 982	\$ 468	\$ 9,702
1980	20,586	2,163	1,262	8,712
1981	22,410	2,477	1,490	8,483
1982	23,895	2,502	1,601	8,543
1983	25,329	2,522	1,697	8,596
1984	26,848	2,616	1,799	8,617

LEGISLATIVE ALERT
PAGE THREE



* According to NBC News' recent national poll, ten years after the Watergate break-in that ultimately led to the resignation of President Richard Nixon, the former President gets a favorable job rating that is virtually identical to President Reagan's current score.

Among all Americans, 39% say that Nixon did a good or excellent job as President. Among younger persons-- age 18 to 24-- nearly half (48%) think Nixon did a good or excellent job. About one-third of the public-- 32% -- say Nixon was only fair and 26% say he did a poor job.

* At present, Sens. Helms, Thurmond, Tower, and East are blocking floor consideration of the BARRIER ISLANDS bill.

- * Paul will introduce a bill this week which will establish a demonstration project creating teacher retraining centers to address the problems of upgrading teacher skills, computer literacy and teacher burnout.
- * The tuition tax credit bill promised by President Reagan has come to the Senate and has been introduced by Senator Dole (S 2673). Paul will oppose this legislation if it reaches the Senate floor.
- * The Senate passed a resolution expressing opposition to the Administration's proposal to terminate Title V, the elderly jobs program. However, funds that were included in the Urgent Supplemental Appropriations Bill (detailed in another section of this alert) were deleted in an effort to gain Administration support for the bill.
- * Plans for Paul and Senator Quayle to attach an amendment on sugar price supports to the debt ceiling bill were delayed after the Senate leadership express a desire to have a "short, clean" bill. A more extensive debt ceiling bill is scheduled for later this summer. The amendment, which lowers price supports for sugar may be added to that bill or possibly to other appropriate legislation that may come up before the debt ceiling bill.
- * Secretary Bell's attempt to use 1970 census data to determine Title I (Compensatory Education Grants for disadvantaged students) Grants has been temporarily stalled through successful court action. The use of 1970 data would cost Massachusetts 10 million dollars. Paul introduced Senate Resolution 410 opposing this action.
- * A bill will reach the Senate floor this week which will allow military wives to petition the courts for a portion of their ex-husbands' pensions. Currently they are the only group, with the exception of railroad workers' wives, who are expressly excluded from even trying to get a portion of those funds.

ALERT

LEGISLATIVE DEPARTMENT

ECONOMIC DATA REVIEW

LEGISLATIVE ALERT
PAGE FIVE

For Week Ending July 9, 1982

"Within one week we cut spending by \$17 billion and increased revenues by \$98.6 billion, both over a period of three years. We believe that's the kind of action that people have a right to expect."

Senator Robert Dole (R-Kansas)
ABC News' "This Week with David Brinkley"
July 4, 1982

<u>Indicators</u>	<u>1982</u>	<u>1981</u>
ECONOMIC STRENGTH INDICATORS:		
Real GNP (1972 dollars), in billions	I Quarter \$1,484.5	I Quarter \$1,516.4
Real GNP Growth, annual rate	I Quarter -3.7%	I Quarter + 8.6%
Industrial Production Index	May 140.3	May 152.7
Capacity Utilization, mfg.	May 70.8%	May 80.0%
Housing starts, annual rate	May 1,086,000	May 1,172,000
Domestic Auto Sales, annual rate	June 4,594,000	June 5,228,000
Unemployment rate	June 9.5%	June 7.4%
Number of Unemployed	June 10,427,000	June 8,004,000
Business Failures, year to date	July 1 11,978	July 2 8,235
Business Failures, average per week	June 489	June 333

INTEREST RATES:

Prime Rate	July 8 16.50%	July 9 20.50%
Avg. Mortgage Rate	July 2 16.87%	July 3 16.62%
91-day T-bills, new issues	July 6 12.806%	July 6 14.400%
Avg. Municipal Bond Rate	July 1 12.58%	July 2 10.85%

MONEY AND TRADE:

Inflation, annual rate		
Consumer Price Index	May 12.0%	May 9.9%
GNP Deflator	I Quarter 3.8%	I Quarter 9.8%
Money Supply Growth	IV Qtr. 1981 to I Qtr. 1982	IV Qtr. 1980 to I Qtr. 1981
M1, annual rate	+ 6.3%	+ 4.6%
	May	May

Budget News

On June 22nd, the Senate accepted the Conference report on the First Budget Resolution. The report contained spending and revenue measures which reduce the estimated deficit by almost \$60 billion. The plan includes spending cuts of \$25-30 billion for FY83. A major share of these cuts would be in funds for Medicare, Medicaid, welfare, and other programs for the poor. Program totals are shown in the table below.

Budget Blueprint for the Fiscal Year 1983

Budget adopted by House and Senate conferees, and the difference between that budget and those adopted earlier by the House and the Senate. Figures are rounded in billions of dollars.

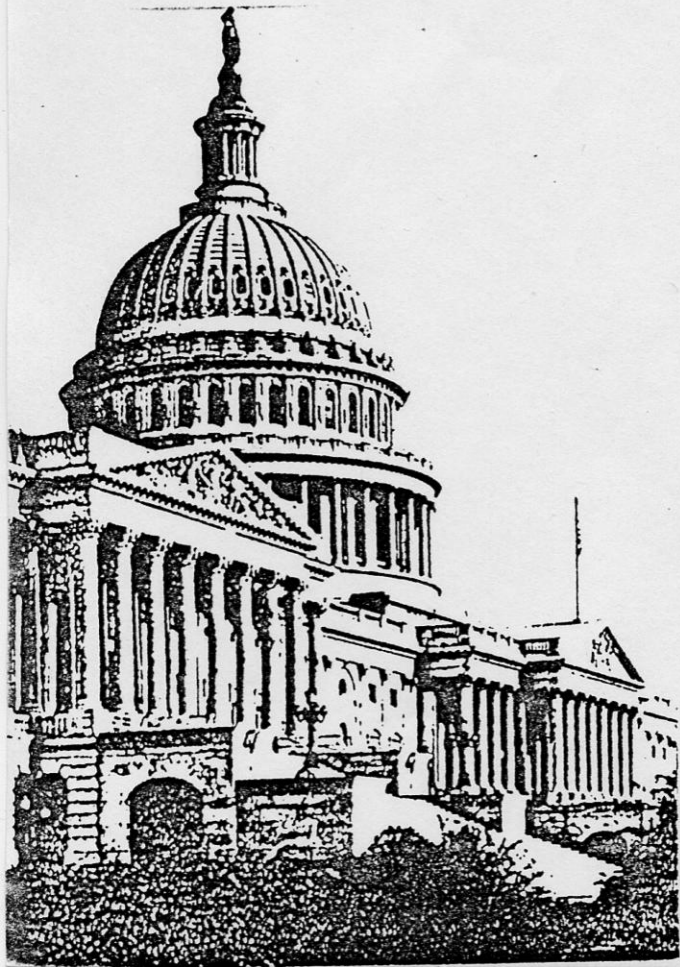
	Conference version	Difference in Senate version	Difference in House version
National defense	\$214.0	- \$1.3	—
International affairs	11.5	- 0.6	+\$0.3
General science, space and technology	7.4	- 0.2	+0.3
Energy	4.5	- 0.5	+0.7
Natural resources and environment	11.0	- 0.5	+0.4
Agriculture	9.0	- 1.1	—
Commerce and housing credit	2.8	- 1.1	+0.9
Transportation	19.9	—	- 0.2
Community and regional development	7.7	—	- 0.1
Education, training, employment and social services	26.2	- 0.8	—
Health	77.7	—	- 0.2
Income security	270.7	- 2.4	+0.8
Veterans' benefits and services	23.8	+ 0.6	- 0.5
Administration of justice	4.7	- 0.3	+0.2
General government	4.7	- 0.2	—
General purpose fiscal assistance	6.5	—	—
Interest	113.3	- 2.2	+1.0
Allowances*	- 2.8	- 0.8	—
Undistributed offsetting receipts	- 43.1	- 3.8	+0.6
TOTAL OUTLAYS	\$769.8	- 15.0	+4.1
REVENUES	665.9	- 2.5	—
DEFICIT	\$103.9	-\$12.5	+\$4.1

*Savings from elimination of waste and abuse

Source: Congressional budget committees

New taxes of over \$20 billion were agreed to in the report. On July 6th, the Senate Finance committee reported a revenue raising package that will raise approximately \$21.1 billion in new taxes. A summary of the revenue raising proposals is shown below.

Paul voted against the budget resolution for its failure to directly address the problem of high deficits generated by the Kemp-Roth tax reduction program and high defense spending. Most budget analysts agree that the measures agreed to in the conference report will realistically produce a deficit for FY83 of over \$125 billion. For perspective, to cover this deficit the Federal government will have to use approximately 62% of all net private savings generated in FY83. This leaves only \$75 billion for the entire economy to use in addressing capital needs, including state and local governments as well as businesses.



Fiscal 1983 Revenue Measures

Here are the main elements of the tax-increase bill approved by the Senate Finance Committee and their revenue gain for the Treasury in fiscal 1983:

Depreciation	\$400 million
Leasing	\$1.4 billion
Corporate minimum tax	\$700 million
Other corporate taxes	\$5.0 billion
Tax compliance tightening	\$4.3 billion
Interest/dividend withholding	\$4.2 billion
Cigarette tax	\$1.2 billion
Airport-airway tax increases	\$1.1 billion
Federal unemployment tax	\$1.4 billion
Other	\$1.4 billion
Total	\$21.1 billion

With unemployment at 9.5% nationally and 8.8% in Massachusetts, and with business failures running at a record rate of one every five minutes of each working day, there are signs that the economy is bottoming out. Stimulus from the July tax cut, and an easing of monetary policy by the Federal Reserve suggest that though the recovery may be slight, the outlook from here to Election Day is a brighter one--unless of course you are a Democratic candidate counting on bad economic news .

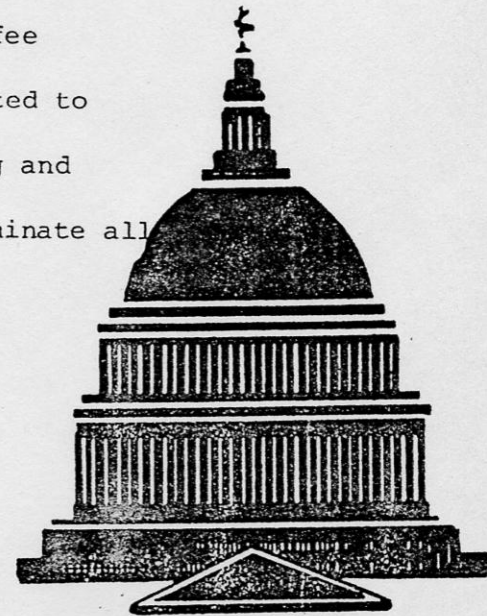
Banking

The Senate Finance Committee has yet to begin markup of the Capital Assistance Plan for thrifts. As currently written, the Senate version is much more stringent than the House legislation. Paul has been working to encourage the Banking Committee to include expanded lending authority for thrifts in the legislation. If that fails, he will attempt to add such authority on the floor.

Economic Development

The Senate Finance Committee chose not to adopt the Tsongas-Chaffee approach to industrial development bond reform. The Committee acted to prevent private firms from taking advantage of both IDB financing and accelerated depreciation provisions. Further, the proposed to eliminate all IDB financing by 1985.

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Urgent Supplemental

After two White House vetoes, the Senate ~~has~~ passed a version of the Urgent Supplemental Appropriations Request that met all of the Administration's requirements before recessing. The House will take up the Senate version this week. They may choose to amend it further risking yet another Presidential veto. Furlough notices have already been issued for some Federal agencies who need action on the urgent supplemental to continue operations. The Department of Health and Human Services faces interrupted operations if the appropriations request is not acted upon by July 30th. Included in the request is \$1.3 billion for student aid, and \$1 billion in food stamps. Appropriations for housing relief have been stripped from the bill because of the Administration's veto actions.

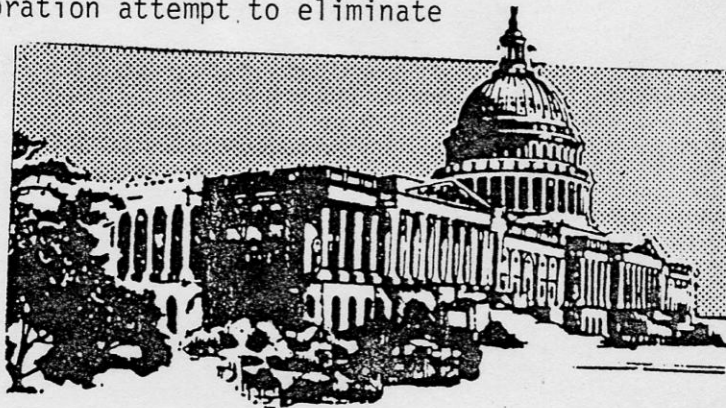
- * The Senate Environment Committee will begin action July 21 on amendments to the CLEAN WATER ACT. Major changes this year are NOT expected. Sen. Chafee is pushing a 4-year reauthorization without "radical changes".
- * Acid rain is still one of the major subjects under consideration in the Clean Air Act mark-up. The Mitchell-Stafford-Moynihan-Chafee approach establishes a 31-state "acid rain mitigation" region east of the Mississippi River. During a 10-year period, those states would be required to reduce SO₂ emissions by 40% or 10 million tons.

* DISTRICT HEATING AND MUNICIPAL RESOURCE RECOVERY

Paul introduced legislation to make these two urban energy technologies eligible for financial assistance from the Synfuels Corporation. Prospects are uncertain. If opponents of the Corporation attempt to eliminate it, we may offer an amendment.

* JOINT R&D VENTURES

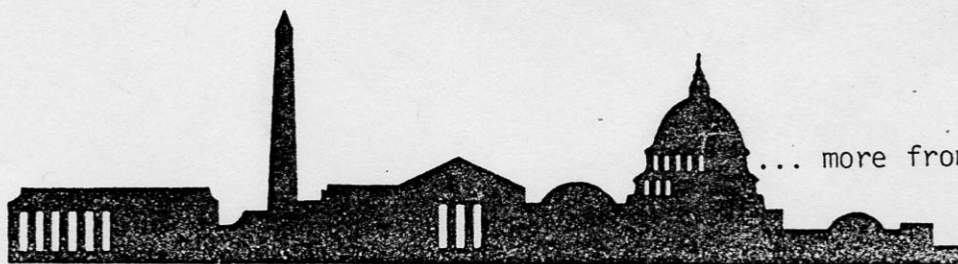
Paul introduced a bill to provide anti-trust protection for such ventures. This was a major recommendation of the Japanese challenge project. The bill would allow companies to share risks so that they could increase the amount and the diversity of their R&D efforts.





"HEY, NO KIDDING!...ANY TIME NOW MY ECONOMIC POLICIES SHOULD START WORKING!"

- * On June 30, Paul joined Sen. Packwood and 33 of his colleagues in a letter to President Reagan urging him to make clear to the 34th annual meeting of the International Whaling Commission, the United States' support for a moratorium on commercial whaling.
- * Legislation introduced by Paul on behalf of a Massachusetts firm involved in polio vaccine research which provides for a land exchange in the Florida Keys Wilderness area in order to allow for the breeding of rhesus monkeys was signed into law by President Reagan on June 30.
- * Paul was given a 100% rating for the first session of the 97th Congress by the American Association of University Women. The only other Senators receiving 100% from AAUW were Sens. Cranston, Sarbanes, Kennedy, Levin, Riegle, Moynihan, Metzenbaum, Pell, and Leahy.



... more from Capitol Hill
soon...