

## Congressional Calendar

### House majority leader blasts high interest rates

Speaking before the National Association of Home Builders' "housing economic summit" on Nov. 7, House majority leader Jim Wright (Tex.) strongly attacked the Federal Reserve's tight money policy as "a narrow, shortsighted, disproven, thoroughly discredited economic theory, that the way to control inflation is to raise interest rates...a policy which, if not altered, is going to drive this economy into the ground, needlessly, foolishly, counterproductively."

The housing summit was called by the Home Builders, specifically in response to Federal Reserve Board Chairman Paul Volcker's hike in interest rates in mid-October. The Home Builders were among the first to attack Volcker's policies as detrimental to the nation. They invited to their summit congressional spokesmen who have expressed concern or opposition to the Volcker policy, such as Senators Lloyd Bentsen (D-Tex.) and Harrison Williams (D-N.J.). Both attacked the Volcker policies but neither were as forceful as Wright.

Wright especially attacked the Federal Reserve Board's insulation from political and economic reality in the United States, "These people, not elected by anybody, well meaning men, no doubt, but people of a limited scope and highly circumscribed opportunity for observation of America, have the power, those on the Federal Reserve Board, utterly to set at naught the careful and deliberate decisions made by the people's elected representatives in the Congress and yes, indeed, by the President of the United States. ...I almost gained

the impression that those in the Federal Reserve Board were deeply disappointed when a month ago the unemployment figures did not reveal an increase in unemployment. I think their reaction was 'what do these people think they're doing? What on earth is wrong with this economy? Why doesn't it respond? We'll show them' and, by God, they did. They raised interest rates again. And now perhaps they are happier because we have seen a small increase in unemployment. There is no more intellectually bereft theory in America today than the philosophy which teaches that the only way you will control inflation is by bringing on a recession."

Wright called on the President to "jawbone" the Fed into lower interest rates, and for the United States to reduce its dependence on imported oil.

### Senator asks ICC to wait on trucking deregulation

Senator Cannon (D-Nev.), chairman of the Senate Commerce Committee which is overseeing the issue of trucking deregulation, has asked the Interstate Commerce Commission to desist from making any regulations that would begin to deregulate the industry until Congress acts on the matter.

In an Oct. 22 speech to a conference of the ICC, Senator Cannon declared: "There are three basic policy decisions that the Commission could make that would jeopardize the legislative process. These are actions I would encourage the Commission to avoid before the Congress acts. First I urge you not to propose any policy changes that would be irreversible. Second, I

would urge you not to adopt policy that treats any particular section of the motor carrier industry differently than the rest unless there are exceptional sound reasons. Third...I would urge the Commission to avoid implementing any policy that would create such a backlash that Congress would be prevented as a practical matter from agreeing with the Commission on the merits."

In exchange for the ICC not taking any action prior to Congressional moves on this issue, Cannon promised that his committee would have some form of legislation ready by June 1.

The Senate committee has held numerous hearings in Washington, D.C. and around the country on the issue and plans further hearings Nov. 16 and 17 in Chicago and Dec. 3 in Reno, Nevada. After the Christmas recess the committee plans to begin drafting legislation.

The House Interstate Commerce Committee plans hearings in Washington, D.C. after the first of the year. Sources on the Senate Commerce Committee report that the Senators on the Committee have been unusually silent on this issue, not wanting to publicly commit themselves to a policy of trucking deregulation.

### \$88 billion synfuels bill passes Senate

President Carter's \$88 billion synthetic fuels legislation passed the Senate on Nov. 8 and is now headed for a tough fight in the House-Senate conference. The House is expected to fight for a much smaller synthetic fuels program.

The bill passed essentially in-

tact, despite the attempt of a strange-bedfellows coalition of liberals and conservatives to substantially water the legislation down.

The final version of the legislation authorizes \$20 billion to be spent over the next five years to initiate a number of synthetic fuel plants, with the remaining \$68 billion to automatically go into effect in 1985, unless Congress objects at that point. The money will be administered through an energy security corporation under the aegis of the Treasury, since funding will be outside of regular department of energy appropriations, coming from new revenues such as the windfall profits tax.

The major showdown on the legislation came on Nov. 7, when the Senate was offered the option of substituting a Senate Banking Committee version of the legislation for the \$88 billion Senate Energy Committee version. The Senate Banking Committee version, backed both by liberal William Proxmire, chairman of the committee, and conservative Jack Garn, ranking Republican on the committee, would have authorized only \$3 billion for start-up projects through a variety of tax credits and purchase guarantees, rather than through the establishment of an entirely new entity.

The Banking Committee bill was endorsed in an earlier press conference by a coalition of liberal and conservative senators, ranging from Colorado Democrat Gary Hart to North Carolina Republican Jesse Helms; it was also endorsed by various environmental groups and by large corporations.

Speaking in support of the banking committee version, Jake Garn (Utah) pointed out that, not

only will billions of dollars be spent by 1990 without the production of a single drop of commercially-usable fuel, but that the production demands placed on the U.S. economy by the projected construction will be impossible to meet. "Achieving a production level on the order of the announced administration goals could require 50 percent of the total existing capability of the (construction) industry...we will need 19,000 more professionals than there will be (in 1985). ...Of the firms that engage in the design and construction of manufacturing process plants, only 21 contracted for work in 1978 have a total accumulated dollar value near the level required by one large commercial synfuels project.

Despite such appeals, the banking committee amendment lost by a vote of 37 to 57, and the entire bill easily passed the Senate the next day.

However, the Senate version differs substantially from the House version. The House bill is similar to the Senate Banking Committee amendment, authorizing only \$3 billion in loan guarantees, tax credits and purchasing agreements and dispensing with the energy security corporation. A Senate source confided that the bills are so totally different, that the House may refuse to go into a joint House-Senate conference and, claiming that it is a completely different bill, send it back to committee.

### **SALT passes Senate committee**

By a vote of 9-6, the Senate Foreign Relations Committee reported the SALT II treaty out to the whole

Senate, laden with "understandings" in the first, second and third degree, but without any of the so-called killer amendments which might have jettisoned the whole treaty process.

The vote was relatively close for what is considered one of the more liberal committees in the Senate, and presages rough going on the floor. Republicans Jake Javits and Chuck Percy joined the Democrats in voting for the treaty, while Democrats John Glenn (Ohio) and Richard Stone (Fla.)—who began the Soviet troops in Cuba tempest-in-a-teapot—voted against with the remaining Republicans including Senate minority leader and presidential contender, Howard Baker.

### **Administration seeks floor action on hospital cost containment bill**

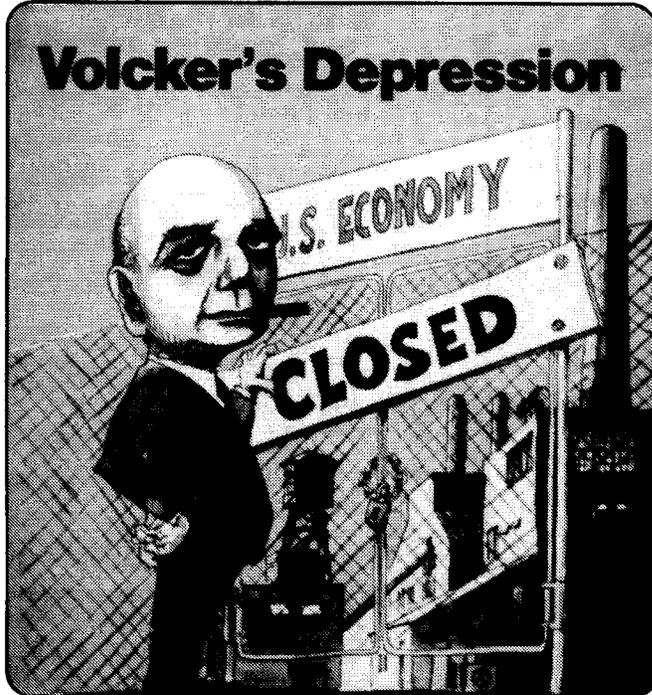
Several times in the last two weeks, the House Rules Committee postponed scheduled votes to move the controversial hospital cost containment bill out of the committee and on to the House floor. Voting was postponed to allow the administration time to lobby for support against a proposed amendment that would take out the mandatory aspects of the legislation.

The bill would place a mandatory limit on hospital costs after one year in which a hospital failed to meet voluntary limits. The legislation could cause a collapse in high technology health care programs, as hospitals scramble to meet the expenditure limits by cutting new equipment purchases, research efforts, etc.

—Barbara Dreyfuss  
and Susan Kokinda

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