

Congressional Closeup by Barbara Dreyfuss and Susan Kokinda

JEC report emphasizes sunrise industries

The Democrats' half of the annual report of the Joint Economic Committee, issued in late February, reflected the view of the JEC's Chairman, Wisconsin liberal Henry Reuss, who has repeatedly stated his determination to hasten the demise of basic industry in favor of post-industrial "sunrise" industries such as electronics and the service sector.

In particular, the report urges the administration to liberalize trade policy in services and high-technology sunrise industries including computers, electronics, and telecommunications.

The Democrats also urge the government to allocate resources to ensure that new "industries crucial to the economy," in the words of one of the JEC's economists, prosper. An example, according to JEC staffers, is the semiconductor industry.

Reuss, who is working with Fed Chairman Paul Volcker to organize support for imposition of credit controls, did not place such a proposal in the JEC report, but the publication calls for credit "conservation." Rather than propose credit expansion to revive productive sectors, the JEC Democrats propose that the President or Fed Chairman call in the 100 top bankers and urge them not to extend credit for unproductive purposes, such as corporate takeovers.

The Democrats also backed labor-management collaboration and presidential authority to impose wage and price controls.

The Republican part of the report called for even deeper budget

cuts than the administration has proposed, and more tax breaks to spur investment. It urged the Fed merely to keep the money supply steady.

Reclamation bill passes House Interior Committee

On Feb. 24, the House Interior Committee passed out the controversial revision of the 1902 Reclamation Act in essentially the form requested by the administration. H.R.5539, as passed by the Committee, includes the following changes to the outmoded "160-acre limitation" on Federally subsidized irrigation water: 1) Increase the limit on farm acreage which is allowed federal irrigation at subsidized rates from 160 acres to 960 acres. Above this limit, users will be charged "full cost" for their water. In the original version of the bill, farmers also had an option to own only 160 acres and receive subsidized water on an unlimited amount of leased land; 2) Allows for absentee ownership of farms receiving subsidized water; and 3) Removes Army Corps of Engineers projects from inclusion under the bill, allowing farmers who receive irrigation water from such projects, which do not have irrigation as their main purpose, to continue at subsidized rates.

Although 97 percent of farms affected by the federal irrigation programs involved in the law are under 960 acres, the remaining 3 percent includes 30 percent of all land involved. It is because of federal irrigation programs that much of the acreage is the most productive in the world, and there is concern among farmers that imposing

enormous new fees would undercut U.S. farm production.

The revised version of the bill did include one defeat for the free-enterprise forces in the administration, preserving the current method of calculating "full cost" for project water. James Watt, in his testimony before the Committee had suggested that the cost include the current cost of interest to the U.S. Treasury. At today's rates, this would add more than 4 percent per year to the calculated "full cost" of water for the larger farms.

Farm supporters were able to force inclusion of a provision in the House bill which would give individuals the option to remain under the old provisions.

The bill is expected to go to the House floor in April. The Senate is working on a different version of the bill, and if both houses pass their bills, a conference committee will have to work out a final version. If Congress does not act, the Department of the Interior, according to court directions, will have to promulgate regulations for carrying out the 1902 act.

NASA key for economic strength, says Schmitt

Senator Harrison Schmitt told a Feb. 23 hearing of his Science, Technology and Space Subcommittee called to review the 1983 budget for NASA, that the agency program is crucial to the nation's economy. "We must continually remind ourselves that science and technology must be an intrinsic part of our economic recovery. . . . We must recognize now, perhaps more than ever, that we cannot afford to use national defense as

the only justification for our own civilian space program. For if we do, we may very well watch our efforts wither away with our economic strength."

Schmitt's warnings were echoed on the House side during continuing hearings in the Science and Technology Committee on the NASA budget.

From the opposite angle, Schmitt has also stated that the military is not taking advantage of the new space capabilities of programs like NASA's Space Transportation System (the Shuttle). Expecting the Senator to make that point, Under Secretary of the Air Force Edward Aldridge Jr. began his testimony on Feb. 24 by stating that it is not true that the military "has no plan for the use of space."

Aldridge outlined the Air Force's plans to build a Consolidated Space Operations Center in Colorado over the next five years, but held fast to agreements which limit the military's contribution to the funding of Shuttle-related technology and activities which they will use along with NASA and the commercial sector.

This discussion was ended by Schmitt with the observation that, "you guys want a free ride. When you have a \$1.4 billion Consolidated Space Operations Center with no Shuttle to fly, what will you do? You're saying, if NASA can't do it—too bad. If Dave Stockman or the Administration won't give NASA the money to do it, you'll say that you've lived up to your part of the agreement."

The new military budget as a whole is premised on a mission defined by Secretary Weinberger in terms of conventional warfare, Rapid Deployment Forces, and

vastly expanded versions of present weapons procurement. In this context, the long-term technological possibilities opened up by space research are, "not a high priority."

Senator Boren asks reprieve for indebted farmers

Farmers will get a reprieve on repaying their Farmer Home Loan Administration loans if legislation introduced March 1 by Sen. David Boren (D-Okla.) is passed. The bill, S.2149, provides for a one-year moratorium on foreclosures of such loans, and a deferral of payment of interest and principal for those temporarily unable to pay their loans. Cosponsors of the bill are Sen. Walter Huddleston (D-Ky.), Roger Jepsen (R-Iowa), Edward Zorinsky (D-Neb.), Dennis Deconcini (D-Ariz.), Sam Nunn (D-Ga.) and J. James Exon (D-Neb.).

In introducing the bill, Senator Boren warned that because of high interest rates and low farm prices, "it would be hard to overestimate the grave nature of the economic situation in agriculture. Agriculture is virtually in a depression now. Farm debt has tripled since 1972. . . . I remind my colleagues that the last depression began on the farm.

"History has demonstrated that a collapse in the general economy has sometimes resulted from the forced liquidation of land and equipment. There will be serious damage to the entire economy if farmers who are basically sound were forced into premature bankruptcy because of the abnormal combination of high interest rates and low prices."

House Republicans oppose education budget cuts

Twenty-one freshmen Republican Congressmen sent a letter to President Reagan in late February, protesting the administration's major cuts in education programs. The Republicans, who have formally established themselves as the Coalition Against Reductions in Education, held a press conference March 1 to emphasize their concerns.

Led by Jim Dunn (R-Mich.), eight members of the group attended the press conference. Dunn, who formed the group, has been particularly concerned about the education cuts because he has eight colleges in his district.

The Congressmen stressed their belief that education has suffered a disproportionate share of the cuts, though there is no agreement among the group about where other cuts should be made in the budget. The group has requested a meeting with either the President or OMB Director David Stockman, as well as House Minority Leader Bob Michel (R-Ill.) and Senate Majority Leader Howard Baker (R-Tenn.) to discuss the issue.

In their letter to Reagan, the coalition emphasized that the education cuts amounted to an 11 percent decrease from 1980 levels, and that by 1983 education funding will be 32 percent below 1980 levels.

In particular they warned that Title I funds, which assist the poor, will be down 36 percent and aid to handicapped will drop 27 percent. Vocational education funds will decline by a whopping 47 percent.