VK 4/29

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

MERYL COMER
VICE PRESIDENT
COMMUNICATIONS DEVELOPMENT

1615 H STREET, N.W.
WASHINGTON, D.C. 20062
202/463-5819

April 22, 1988

Ms. Virginia Knauer
Director
U.S. Office of Consumer Affairs
Washington, D.C. 20201

Dear Ms. Knauer:

Thank you so much for joining us on "Nation's Business Today." Your interview to kick off National Consumer's Week was well received. Much of the consumer awareness is a direct tribute to your public service role. I marvel at the energy you bring to your position and applaud your efforts.

As you know, "Nation's Business Today" is seen every weekday on ESPN from 6:30 a.m. to 8:30 a.m. EST. The audience is composed of upscale, well-educated and influential viewers.

Again, your participation on "Nation's Business Today" was greatly appreciated.

Best wishes.

Sincerely,

Meryl

Meryl Comer

cc: Bob
Bonnie

file

Chamber of Commerce

Office of Special Adviser to the President
for Consumer Affairs
Washington, D.C. 20201

AUG 15 1984

Dear Friend:

We recently provided copies of the enclosed publications, Your Keys to Energy Efficiency and the Consumer's Resource Handbook, to the Chamber of Commerce of the United States headquarters in Washington, D.C. We were advised that many local chambers would find these publications useful as well.

Therefore, it is my pleasure to send the enclosed booklets to you. Should you need additional copies for your staff or for your member companies, please contact my office.

Sincerely,

/S/
Virginia H. Knauer
Special Adviser to the President
for Consumer Affairs

Enclosures

DRUMELT_______
JCDAWSON______
BSTEEVES______

nmf-7-27-84

ƲVANCING VOLUNTARY LEADERSHIP IN A CHANGING WORLD

Chamber of Commerce of the United States

1615 H STREET, N.W.
WASHINGTON, D.C. 20062

OFFICE OF CHAMBER OF COMMERCE RELATIONS
202-463-5580

June 25, 1984

Mrs. Virginia H. Knauer
Special Advisor to the President
and Director, U.S. Office of Consumer Affairs
1009 Premier Building
Washington, D. C. 20201

Dear Mrs. Knauer:

The Office of Chamber of Commerce Relations has made extensive use of your "Keys to Energy Efficiency" and the "Consumers Resource Handbook" as we work with the state and local chambers of commerce across this nation.

Due to the interest in these publications, I would very much like to put a copy into the hands of our state and local chamber of commerce executives. I feel they would be very useful to these key community leaders.

I would appreciate it very much if your office would provide copies of these documents to the 2700 chambers which make up the U.S. Chamber Federation.

If it is possible for your office to accommodate this request, I would appreciate your calling me at 463-5580. Thank you for your assistance.

Sincerely,

Billy P. Mitchell

Billy P. Mitchell, CCE
Manager

cc: Rose F. Bates
Michael Stewart

Call back 7/23

35

file VK 5/23

Consumer Opinion Survey

A Chamber/Gallup Survey of Public Attitudes

May 1983

Survey Research Center
Chamber of Commerce of the United States, 1615 H Street, N.W., Washington, D.C. 20062

Dr. Richard W. Rahn
Vice President and Chief Economist

Dr. John Volpe
Associate Chief Economist

Dr. James R. Morris, Director
Survey Research Center

Mrs. Judy P. M. Lu
Associate Director

Ms. Patricia J. Monahan
Survey Research Assistant

TABLE OF CONTENTS

A. HIGHLIGHTS

Consumer confidence has increased significantly during recent months, as measured by a number of indicators. People are more optimistic about their financial situations and real incomes when they look ahead one year.

The survey also includes the following principal findings.

o By a two to one margin (55 percent to 28 percent), the public thinks the 10 percent tax rate cut should go into effect this July as scheduled.

o Almost half (49 percent) of the public thinks that tax indexing should be allowed to go into effect in 1985 as scheduled, while 20 percent think it should be repealed. Thirty-one percent were uncertain.

o Almost two-thirds (65 percent) think Congress should be required to vote for any tax increases. Only 15 percent think taxes should go up automatically with inflation. One-fifth are undecided.

o Thinking of the deficit, fully one-half of the public favors reducing spending rather than either increasing taxes (3 percent) or both increasing taxes and reducing spending (18 percent). Only 14 percent say the government should do neither.

o Almost seven out of ten people (68 percent) oppose the new law requiring 10 percent of interest and dividends to be withheld for federal income taxes.

o A bare majority of 51 percent favors increasing the minimum wage to provide a higher standard of living to those who earn the minimum. Considering the possible adverse effects on unemployment, particularly among teenagers, 41 percent oppose an increase in the minimum wage.

o A 43 percent plurality thinks the Davis-Bacon Act should be retained so that wages in federally-financed construction projects keep pace with union wage rates. Almost one-third think the Davis-Bacon Act should be repealed because it adds to inflation and reduces job opportunities. Fully one-fourth were undecided.

o Some government programs -- such as the Clean Air Act, the Occupational Safety and Health Act, the minimum wage, and the Davis-Bacon Act -- are seen by 43 percent of the public as at least a somewhat serious cause of unemployment. Thirty percent say the effect on unemployment is not very serious. Twenty-seven percent were undecided.

NOTE: The survey involved 1,509 face-to-face interviews by The Gallup Organization with a representative sample of the U.S. public, 18 years and older, conducted during April 15-18, 1983. It is very probable (95 chances out of 100) that the survey findings are within three percentage points of the figures that would have been obtained if the entire adult population had been interviewed. Because of sample size, the margin of error for subgroups is larger.

B. A RISE IN CONSUMER CONFIDENCE

Consumer confidence has turned up considerably in recent months, as measured by a number of key indicators.

1. Buying Big Items for the Home. The latest quarterly survey of consumers found that only 38 percent think that now is a bad time to buy big-ticket items such as major appliances or furniture for the home. This is down from 50 percent four months earlier. Thirty-seven percent now say that this is a good time -- up from 29 percent four months ago.

GOOD OR BAD TIME FOR PEOPLE TO BUY BIG THINGS FOR THE HOME[1]

(Percent of All Families)

	Mar. 1981	June 1981	Sept. 1981	Dec. 1981	Mar. 1982	June 1982	Oct. 1982	Dec. 1982	Apr. 1983
Good time	34%	31%	27%	27%	34%	37%	26%	29%	37%
Good and bad	14	15	13	11	11	11	14	13	15
Bad time	47	48	55	51	47	45	51	50	38
Don't know	5	6	5	11	8	7	9	8	10
	100%	100%	100%	100%	100%	100%	100%	100%	100%

1 "like major appliances, furniture, or a TV set"

2. Changes in Consumer Expectations About Incomes and Prices. Consumer expectations about their real incomes have been improving during the last year.

Thirty-nine percent now expect their incomes will rise less than prices during the next 12 months, compared with 49 percent in March 1982.

Fifty-one percent expect their incomes will rise the same or more than prices during the next 12 months.

EXPECTED CHANGES IN CONSUMER INCOMES

NEXT 12 MONTHS

(Percent of All Families)

	Mar. 1981	June 1981	Sept. 1981	Dec. 1981	Mar. 1982	June 1982	Oct. 1982	Dec. 1982	Apr. 1983
Incomes will rise:									
Less than prices	61%	57%	60%	50%	49%	48%	45%	44%	39%
Same as prices	25	28	26	32	36	35	38	37	38
More than prices	10	9	9	11	8	11	11	12	13
Don't know	4	6	5	7	7	6	6	7	10
	100%	100%	100%	100%	100%	100%	100%	100%	100%

3. People's Financial Situation. Looking ahead, fully 50 percent expect that at this time next year, they will be financially better off than now, up slightly from 46 percent four months earlier. More than one-fourth (27 percent) volunteered their financial situation would be about the same. Only 16 percent expect to be worse off -- down from 21 percent four months ago. Seven percent were undecided.

4. Expected Changes in House Values. The proportion who expect house values will go "up a lot" during the next couple of years (18 percent) has been stable since the March 1982 survey. Nearly half (49 percent) expect house values will go up a little. Fourteen percent think house values will decline -- down from 19 or 20 percent that prevailed during 1982.

EXPECTED HOUSE VALUES DURING

NEXT COUPLE OF YEARS

(Percent of Respondents)

	Oct. 1980	June 1981	Sept. 1981	Mar. 1982	June 1982	Oct. 1982	Apr. 1983
Up a lot	44%	34%	28%	18%	19%	16%	18%
Up a little	39	46	48	46	47	47	49
Neither up nor down	4	5	8	10	9	12	12
Down	6	10	12	19	20	19	14
Don't know	7	5	4	7	5	6	7
	100%	100%	100%	100%	100%	100%	100%

C. JOBS AND UNEMPLOYMENT

Nearly half (47 percent) think unemployment is the most important problem facing the country today, while only 12 percent say inflation.

People are evenly split between whether there will be more (35 percent) or fewer (38 percent) people out of work in their neighborhood/community six months from now. The rest either expected no change or expressed no opinion.

Respondents who are now working were asked about the likelihood of losing their own jobs or being laid off over the next 12 months. Fully 55 percent of those now working think it not at all likely they will lose their jobs. Another 28 percent think it is not too likely. Only 13 percent of those who are now working think it is either very likely or fairly likely they will lose their jobs or be laid off over the next 12 months.

D. FEDERAL FISCAL POLICIES

1. Public Support for the Upcoming July Tax Rate Cut. By a two to one margin (55 percent to 28 percent), the public thinks the 10 percent tax rate cut should go into effect as scheduled in order to stimulate the economy and create jobs. Twenty-eight percent think it should be postponed in order to reduce the deficit. Support for the tax cut is greatest among people with family incomes of $15,000 and over.

> As you may know, a 10% cut in federal income tax rates is scheduled for next July 1. Some people argue that this tax rate cut should be postponed or eliminated in order to reduce the federal deficit. Other people argue that the tax rate cut should go into effect as scheduled in order to stimulate the economy and create jobs. What do you think -- should the tax rate cut be postponed or go into effect as scheduled?

	Postponed	Go Into Effect As Scheduled	Eliminated Entirely (Volunteered)	Don't Know
All Respondents	28%	55%	5%	12%
By Union Membership[1]				
Union Members	31	57	4	8
Non-Union Members	28	55	5	13
By Family Income				
Less than $15,000	28	49	5	18
$15,000 and over	29	59	4	8

2. Many People Had Not Heard of Tax Indexing. Only one-third (34 percent) had heard or read about this change in the tax law, while a 55 percent majority had not. Respondents were given the following card:

> Under the Economic Recovery Act of 1981, "tax indexing" is scheduled to go into effect in 1985. Personal income tax brackets and exemptions will be automatically adjusted for inflation. This will prevent people from paying higher federal income tax rates just because inflation pushes them into a higher percentage tax bracket.

This card describes a change in the tax law called "tax indexing". Have you happened to hear or read about this change in the tax law?

Yes	34%
No	55
Don't know	11
	100%

[1]In this report, Union Members = respondent, or spouse, or both.

NOTE: Totals may not sum to 100 because of rounding.

3. <u>When Informed, Public Strongly Supports Tax Indexing</u>. After having read the description of the change in the tax law, respondents were asked if they think tax indexing should be repealed or allowed to go into effect as scheduled. By 49 percent to 20 percent, people say that tax indexing should be allowed to go into effect as scheduled in 1985. A large number of people (31 percent) were unable to express an opinion on this issue. Support for tax indexing is greatest among union members and people with family incomes of $15,000 and over.

> All things considered, do you think tax indexing should be <u>repealed</u>, or should it be allowed to go into <u>effect as scheduled</u> in 1985?

	Should Be Repealed	Should Be Allowed To Go Into Effect	Don't Know
All Respondents	20%	49%	31%
By Union Membership			
Union Members	20	55	25
Non-Union Members	20	48	32
By Family Income			
Less than $15,000	20	39	41
$15,000 and over	20	56	24

4. A Large Majority Says Congress Should Be Required to Vote for Any Tax Increases. Only 15 percent think it is better to have taxes go up automatically with inflation, while almost two-thirds (65 percent) of the public think Congress should be required to vote for any tax increases. Among union members, 74 percent support the requirement.

> As explained on this card -- with tax indexing, the tax rates people pay do not go up with inflation. This means that tax rates can only go up if Congress takes action to raise taxes. Without tax indexing, taxes go up automatically with inflation without Congress taking any action. Which do you think is better -- to have taxes go up automatically with inflation, or should Congress be required to vote for any tax increases?

	Have Taxes Go Up Automatically With Inflation	Congress Should Be Required To Vote For Tax Increases	Don't Know
All Respondents	15%	65%	20%
By Union Membership			
Union Members	12	74	14
Non-Union Members	16	63	22
By Family Income			
Less than $15,000	15	57	28
$15,000 and over	15	69	16

5. The Public Favors Reducing Spending Rather Than Raising Taxes. As in previous Chamber/Gallup surveys, one-half of the public continues to favor reducing spending rather than either increasing taxes (3 percent) or both increasing taxes and reducing spending (18 percent). Only 14 percent say the government should do neither and leave the deficit as it is. Support for reducing spending is greatest among union members and among people with family incomes of $15,000 and over.

Respondents were given a card showing projected deficits.

CONGRESSIONAL BUDGET OFFICE ESTIMATES	1983	1988
FEDERAL GOVERNMENT SPENDING	$800 billion	$1,145 billion
FEDERAL GOVERNMENT REVENUES	606 billion	878 billion
BUDGET DEFICIT:	$194 billion	$ 267 billion

The Congressional Budget Office projects that the federal government budget deficit will increase from $194 billion in 1983 to $267 billion in 1988. Thinking of the federal deficit, which of the following would you favor -- raising taxes, reducing spending, both raising taxes and reducing spending, or doing neither and leaving the deficit as it is?

	Raising Taxes	Reducing Spending	Both Raising Taxes And Reducing Spending	Neither	Don't Know
All Respondents	3%	50%	18%	14%	15%
By Union Membership					
Union Members	3	54	17	14	13
Non-Union Members	3	49	18	15	16
By Family Income					
Less than $15,000	3	40	14	19	24
$15,000 and over	3	55	20	11	11

6. Overwhelming Opposition To Withholding of Interest and Dividends. More than two-thirds (68 percent) of the public oppose the new law requiring 10 percent of interest and dividends to be withheld for federal income taxes. Nineteen percent favor the withholding law, while 13 percent are undecided. Opposition to withholding is greatest among union members and people whose family incomes are $15,000 and over.

Respondents were given a card describing the new withholding tax law.

> WITHHOLDING FROM INTEREST AND DIVIDEND PAYMENTS
>
> A change in the tax law, passed last year, requires corporations and financial institutions to withhold for federal income taxes 10% of the interest and dividends they pay to people.
>
> The purpose of this new law is to make sure that people who receive interest and dividends cannot avoid paying at least part of the income tax they owe on them.
>
> A study by the Internal Revenue Service (IRS) in 1981 estimated that taxes were paid on 97% of the interest and dividends on which taxes were due. This estimate was based on a comparison of tax returns with the interest and dividends paid by corporations and financial institutions and reported by them to the IRS.

Last year, Congress passed a law requiring 10% of interest and dividends to be withheld for federal income taxes. Those in favor of the law argue that withholding insures that everyone who receives interest and dividends will pay at least some of the income tax they owe on the interest and dividends. Those opposed to this law argue that almost everyone pays tax on interest and dividends anyway, that withholding imposes an increased paperwork burden, and that it may reduce the amount that people save. Do you favor or oppose the new withholding requirement?

	Favor	Oppose	Don't Know
All Respondents	19%	68%	13%
By Union Membership			
Union Members	18	72	10
Non-Union Members	19	67	14
By Family Income			
Less than $15,000	16	64	20
$15,000 and over	21	70	9

E. GOVERNMENT PROGRAMS AND UNEMPLOYMENT

In interpreting the findings below, it is important to keep in mind that some people may not be fully aware of the effects of government-imposed wage rates on job opportunities and employment, output, prices, and the distribution of income. There is a great need and opportunity to educate the general public in the principles of economics so that more people may understand how the general welfare is advanced through competition in free markets, utilizing the price mechanism to allocate resources and incomes. More businessmen and businesswomen might well support appropriate economic education efforts.

1. Bare Majority Supports An Increased Minimum Wage. By a 51 percent majority, the public favors an increase in the minimum wage rate to insure minimum wage workers a higher standard of living. Considering the unemployment effects, particularly among teenagers, 41 percent oppose an increase in the minimum wage. Support for an increase is greatest among union members.

> The minimum wage was established in 1938. Some people favor increasing the minimum wage, arguing that a higher minimum wage is desirable because it insures minimum wage workers a higher standard of living. Some other people oppose an increase in the minimum wage, arguing that it would prevent some of these workers from finding jobs, and that it would increase unemployment, particularly among teen-agers. What is your opinion -- should the minimum wage be increased, or not?

	Should Be Increased	No, Should Not Be Increased	Don't Know
All Respondents	51%	41%	8%
By Union Membership			
Union Members	63	32	5
Non-Union Members	48	44	9
By Family Income			
Less than $15,000	54	34	12
$15,000 and over	49	46	5

2. Plurality Opposes Repeal of Davis-Bacon Act. A plurality of 43 percent thinks the Davis-Bacon Act should be retained so that wages in federally-financed construction projects keep pace with union wage rates. Almost one-third (32 percent) think the Davis-Bacon Act should be repealed because it adds to inflation and reduces job opportunities. One-fourth expressed no opinion.

Opposition to repeal of Davis-Bacon was greatest among union members and people with family incomes of $15,000 and over.

Respondents were given a card describing the purposes of the Davis-Bacon Act.

THE DAVIS-BACON ACT OF 1931

This act requires contractors on federally-financed construction projects to pay wage rates that are determined to be equal to the prevailing wage rates in the local area. In practice, the Davis-Bacon Act usually means that contractors on these federal projects must pay union wage rates.

This card describes the Davis-Bacon Act. Some people want this act to be repealed because they believe that it adds to inflation and reduces job opportunities. Some other people want the act to stay as it is because they believe it is important that wages in federally-financed construction projects keep pace with union wage rates. What do *you* think -- should the Davis-Bacon Act be repealed, or not?

	Should Be Repealed	Should Not	Don't Know
All Respondents	32%	43%	25%
By Union Membership			
Union Members	24	56	20
Non-Union Members	34	41	26
By Family Income			
Less than $15,000	26	39	35
$15,000 and over	34	46	20

3. Some Government Programs Seen by Many as a Cause of Unemployment. Completely aside from the other desirable or undesirable effects they may have, some government programs -- such as the Clean Air Act, the Occupational Safety and Health Act, the minimum wage, and the Davis-Bacon Act -- are seen by 43 percent of the public as at least a somewhat serious cause of unemployment. Thirty percent expressed the opposite opinion, while fully 27 percent were undecided.

> Some people have raised a question about the extent to which some government programs may have the undesirable effect of increasing unemployment -- for example, the Clean Air Act, the Occupational Safety and Health Act, the minimum wage, and the Davis-Bacon Act. Completely aside from the many desirable or other undesirable effects these kinds of government programs may have -- in your opinion, how serious an effect do government programs of this type have on increasing unemployment -- is the effect of these programs a very serious cause of unemployment, a somewhat serious cause of unemployment, or not a very serious cause of unemployment?

	Very Serious	Somewhat Serious	Not Very Serious	Don't Know
All Respondents	14%	29%	30%	27%
By Union Membership				
Union Members	14	30	27	29
Non-Union Members	14	29	31	26
By Family Income				
Less than $15,000	16	25	27	32
$15,000 and over	13	32	33	22

VK

Lozano -
Lest your
social/human
troops haven't
seen this!
WV

Chamber of Commerce
OF THE
United States of America

1615 H Street, N.W.
Washington, D.C. 20062
202/659-6207

Richard L. Lesher
President

October 30, 1981

OPEN LETTER TO THE MEMBERSHIP

We have a serious problem -- and unless we correct it soon, the President's new economic policy could be derailed before it has even been given a chance to work.

The problem: Congress is showing signs that it may not have the will to keep the President's program on course.

Earlier this year, all of us worked hard and effectively in support of the new Economic Recovery Program. The President's goals -- to reduce the size and cost of government and to increase reliance on the private enterprise system -- were precisely what the business sector had wanted to accomplish for years. As a result of our work, Congress took the first steps in support of the program, by approving reductions of $35 billion in the fiscal-82 budget and by passing the Economic Recovery Tax Act.

But those were only the first steps. We all knew that greater reductions in spending would be required over several years before the federal budget would actually be brought under control.

On September 24, the President proposed additional budget reductions, to help reduce federal borrowing demands which are contributing to high interest rates.

From that moment on, we have detected a sense of panic in Congress -- a backing away from the economic program -- even though the initial elements of the historic tax and budget actions have just started to take effect.

Some of the danger signals:

- There is talk among Democrats and Republicans about delaying your individual tax cuts and cancelling various tax incentives for businesses.

- There is open resistance by many to make any further reductions in the current $722 billion budget, the largest in our history, some $54 billion higher than last year.

NOV 4 1981

- Since Congress returned from the August recess, it has begun moving to restore significant portions of the budget cuts it enacted last spring, like the Social Security minimum benefit. Moreover, pending appropriations bills are an estimated $10.6 billion higher than the President's September proposals.

I am puzzled by the outbreak of cold feet on Capitol Hill, especially among those who supported the President only weeks ago.

They must know that bringing the federal budget under control will take many whacks of the axe -- not just one. After all, the federal budget has doubled since 1975. It has tripled since 1970. This kind of monumental growth cannot be controlled overnight. Yet it must be controlled if the budget is to be balanced and interest rates brought down.

So, why is Congress balking? Why are so many Republicans and conservative Democrats -- those who helped launch the President's program only a few months ago -- now showing a lack of continuing commitment to the historic economic turnaround his program promises?

Frankly, the liberal special interests are outdoing us. Since the President's request in September for additional budget cuts, the legislators have received little mail from back home urging their support -- in stark contrast to the avalanche of voter mail that demanded their support of the earlier budget cuts and the tax bill.

Under those circumstances perhaps it's understandable that a Congressman, concerned about the elections a year from now, might be swayed by all the negative reports in the media and doomsday predictions by the liberal lobbies. He could begin to think that his constituents share those anti-Reagan attitudes -- and that they will vote against him next year if he continues to support the President.

So ... that's the problem we face in Congress, but it can be corrected, if you act promptly.

- WHAT TO DO ABOUT IT

Clearly, what's needed is another outpouring of grass roots communications to Congress -- letters, phone calls, telegrams.

Therefore, please communicate promptly with your Representative and Senators to emphasize your continuing commitment to what the President is trying to accomplish, and your demand that the legislators show the same commitment to further budget cuts needed to reduce the deficit and help bring down interest rates.

That's the general message the legislators need to receive, in volume -- today!

In addition to the general message, a few specifics would be useful in your communications -- to assure that Members of Congress realize you will not be deluded by anything less than their all-out support for bringing the budget under control. Some suggestions:

1. Ask them to oppose any appropriations bill that calls for more spending than the President has requested -- and to support any and all Presidential vetoes of these bills.

2. Ask them to work for a binding Second Budget Resolution for fiscal-82 that represents a firm commitment to real budget control.

3. If Congress has to adopt a so-called "continuing resolution" to fund some spending programs until next year, insist that your legislators support only a resolution that reflects the President's proposals for lowered spending.

4. Demand that they oppose any move to delay or reduce the tax cuts enacted in August.

5. Finally, tell them you believe the President's program is economically sound. But, emphasize that the economic miseries of a generation cannot be corrected overnight. The legislators must be patient -- and persistent in their support of the President.

This is what's needed to keep the Economic Recovery Program on course -- a massive demonstration of business support. And it is urgent that you act promptly.

Sincerely,

Richard L. Lesher

Richard L. Lesher

P.S. Please send a copy of your communication to (1) The President, The White House, Washington, D. C. 20500, and (2) to me, at the address shown on this letter. I would also appreciate a copy of any responses you receive.

HILTON DAVIS
VICE PRESIDENT
LEGISLATIVE AND POLITICAL AFFAIRS

CHAMBER OF COMMERCE OF THE UNITED STATES
1615 H STREET, N.W. / WASHINGTON, D.C. 20062 / 202 659-6140

SEP. 15 1981

Chamber of Commerce of the United States of America

Washington

September 10, 1981

EHD	
RC	WV
JB	
DL	DL
WV	
VK	VK

TO: Members of the Senate

FROM: Hilton Davis, Vice President
Legislative and Political Affairs HD

RE: H.R. 4035, Interior and Related Agencies Appropriations -- Residential Conservation Service Program

On behalf of the more than 170,000 members of the Chamber of Commerce of the United States, I respectfully urge you to vote for the Dole Amendment (No. 526) when H.R. 4035, Interior and Related Agencies Appropriations, is considered on the Senate floor.

H.R. 4035, as passed by the House, contained no funding for the Residential Conservation Service (RCS) program, but the Senate Appropriations Committee amended the bill to provide $7 million for continuation of RCS residential energy audits. Senator Dole's amendment transfers the $7 million from the RCS program to other programs within the energy conservation function. Senator Dole, as well as the Administration, believes the RCS program is unnecessary and should be repealed or discontinued.

The Department of Energy estimates that only seven percent of the eligible customers will request an RCS energy audit. However, to merely implement the program is expected to cost the covered utilities several billion dollars.

* In addition, the RCS program will adversely affect the poor. A recent Oak Ridge National Laboratory study concluded that low- and fixed-income people are unlikely to participate in the RCS program. This means that, because of the federally mandated $15 limitation on the amount utilities may charge for RCS audits (the average cost is $123), the poor will actually be helping to subsidize the RCS audits of middle- and upper-income residences.

We believe existing tax credits and the complete decontrol of oil provide adequate incentives to the consumer to retrofit his/her home. In fact, high energy prices, tax incentives, and state and local energy policies have created an attractive market for insulation contractors, energy management firms, solar system dealers, builders of energy-efficient homes, as well as for utility companies. However, the limitations imposed by the RCS program preclude small businessmen and entrepreneurers in the solar and energy conservation fields from entering the marketplace and providing these important energy-saving services.

The RCS program is a burdensome, costly and unnecessary intrusion by the Federal government. Therefore, I again urge you to support the Dole Amendment (No. 526) when H.R. 4035 reaches the Senate floor.

#

22 SEP 1981

THE NATIONAL CHAMBER'S
LEGISLATIVE STATUS REPORT

FRIDAY, SEPTEMBER 11, 1981

BUDGET ISSUES:

Appropriation Bills - House: Interior reported in Senate; Legislative reported out of House; Treasury passed House; Agriculture passed House; Energy & Water passed House; HUD sent to conference; Commerce, Justice, State, passed House; Transportation passed House; Military Construction reported to House; Defense in House hearings; Foreign Operations in subcommittee markup; Labor/HHS/Educ. in subcommittee markup; D.C. in Subcommittee markup. Senate: full committee markup Sept. 14 on Agriculture; subcommittee markup Sept. 11 on Energy & Water; Interior waiting for floor action; no bills on Defense, Foreign Operations, HHS or D.C. yet; full committee markup on Treasury Sept. 15.

Second Budget Resolution - Under the Budget Act, Congress is to complete action on Second Budget Resolution by September 15, & all reconciliation action pertaining to resolution is to be completed by September 25. Markup is tentatively scheduled by both House & Senate Budget committees for week of September 14 with floor action tentatively planned for week of September 21 & conference action week of September 28. Budget Director Stockman testifies before committees next week.

CETA: Senate Labor & Human Resources Commttee will hold oversight hearings October 20 on implementation of CETA programs.

CLEAN AIR ACT: Instead of submitting specific legislation, White House last month proposed eleven guidelines for Congressional lawmakers to follow in rewriting Clean Air Act (CAA). Act's funding expires September 30. Senate Environment began drafting working paper on Act amendments in late July—no bill yet. Senate Governmental Affairs Intergovernmental Relations Subcommittee cancelled hearings September 16 on state implementation of federal clean air standards. Will reschedule in November. In House, Energy & Commerce Health Subcommittee rescheduled hearings. Meetings on mobile sources on September 21-23; "acid rain" hearing on October 1,2 & 6.

CLEAN WATER/WATER RESOURCES: Senate Environment & Public Works holds markup today on S 975, Chafee's (R-R.I.) S 1274 (CSR) & Moynihan's (D-Mass.) S 1328, which repeals Industrial Cost Exclusion (ICE).

COMPULSORY UNION DUES: New legislation has been introduced to void loophole in Federal Election Campaign Act, which permits use of compulsory union dues for "political purposes." Bills are: S 1550 (CS) introduced in Senate by Helms (R-N.C.) & assigned to Rules Committee & HR 4351 (CS) introduced in House by Dickinson (R-Ala.) & assigned to Administration Committee. Measures designed to guarantee right of voluntary participation in political process by requiring all money used for political purposes come from voluntary contributions.

CONTRIBUTION: Senate Judiciary has scheduled September 15 markup on S 995 (CS). Bill would rectify shortcomings of current practices by more fairly apportioning treble damages among businesses charged with price fixing. Chamber submitted statement last June.

SYMBOLS show Chamber position: CS = support; CSR = support with reservations; CO = oppose; COA = oppose unless amended; CNP = no current position

DAVIS-BACON: Senate floor action possible in September on S 1408, military construction reauthorization measure. Amendment adopted in Senate Armed Services Committee includes one-year waiver of Davis-Bacon pay requirements on new military construction (CS). Nickles (R-Okla.) introduced S 1505 (CS) last July to repeal controversial Act & potentially save government $1 billion annually.

DEBT COLLECTION ACT: Markup possible late September on S 1249 (CS) in Senate Finanee Oversight Subcommittee. Bill reported last July from Senate Governmental Affairs, which shares jurisdiction. Chamber is strong supporter of Debt Collection Act of 1981 as means of removing many obstacles preventing federal government from collecting estimated $25 billion in debts owed by individuals, businesses & other borrowers.

DELINQUENT PAYMENTS ACT: Markup possible in late September on S 1131 (CS), Delinquent Payments Act of 1981, in Senate Governmental Affairs Federal Expenditures Subcommittee. In House, Lagomarsino (R-Calif.) has introduced HR 2036 & English (D-Okla.) has introduced HR 3494 (CS) to Government Operations Committee. No hearing dates scheduled. Legislation designed to minimize tardy bill payment to businesses by government agencies. Recent GAO report found roughly 40% of federal government's bills are paid late.

ECONOMIC REVITALIZATION: House Banking Economic Stabilization Subcommittee plans oversight hearings on revitalization of U.S. economy & government policy towards industry. Hearings planned for September 10 on capital formation, September 15-16 on critical materials & minerals.

EMERGENCY PETROLEUM ALLOCATION ACT: House Energy Fossil Fuels Subcmte. held three days of hearings this week on Emergency Petroleum Allocation Act (EPAA). Existing authority expires September 30. Act provides President authority to control prices of petroleum & crude end-product allocations. Administration indicated earlier this summer that it needed no extension of authority to handle petroleum emergencies beyond existing International Energy Agreement, Defense Production Act & Stategic Petroleum Reserve Act, but some on Hill disagree. McClure (R-Idaho) has introduced S 1053 providing broad administrative powers to President in event of serious disruptions at regional levels.

EQUAL EMPLOYMENT OPPORTUNITIES: House Education & Labor Employment Opportunities Subcommittee continues oversight hearings September 23-24, following meetings held throughout August recess in Houston & Los Angeles.

EXPORT TRADING LEGISLATION: No markup date scheduled yet by House Foreign Affairs Economic Policy Subcommittee on HR 1799 (CSR). Markup expected sometime in September on related antitrust bill, HR 2326 (CSR) in House Judiciary Monopoiles Subcommittee. Senate approved export trading legislation last April with S 734 (CS).

FOREIGN CORRUPT PRACTICES ACT: Senate Banking has markup scheduled for September 15-16 on S 708 (CS), Foreign Trade Simplification Act. Chamber testified last July on bill, which would clarify ambiguities in 1977 Foreign Corrupt Practices Act (FCPA), by removing provisions hindering U.S. trade abroad. House Energy & Commerce Telecommunications Subcommittee will hold general oversight hearings on FCPA September 16 & 22. No action yet taken on HR 2530 (CS).

ILLEGAL ALIEN EMPLOYMENT: House Judiciary Immigration Subcommittee plans hearings on Administration proposals during October; no dates set. In Senate, Judiciary Committee plans hearings September 21 & 30. Hearings will concentrate on immigrant quoutas, exclusion, & employer sanctions. Further hearings on Administration plan to be held sometime in October. White House proposals released last July, call for sanctions against employers who knowingly hire illegal aliens & provides amensty program for over three million illegal aliens currently residing in U.S.

LEGAL SERVICES CORPORATION: Controversial agency survived another round of attack this week as House voted September 9 to approve $241 million in funding for Legal Services Corporation in FY'82. Vote was 272-123, as lawmakers rejected amendment to eliminate funding & force program monies to be handled through block grants to states. Funding was contained in $8.8 billion 1982 appropriations bill for Commerce, Justice & State Departments. Final passage of bill was 246-145, which now goes to Senate.

MERGER POLICY: House Judiciary Monopolies Subcommittee held general oversight hearings in late August partly in reaction to recent wave of corporate mergers. Justice Department estimates its new merger guidelines will be completed by April, 1982, according to Assistant Attorney General Brown. In Senate, Judiciary Committee may hold oversight hearings September 18 & 25, concentrating on economic implications of large mergers & antitrust enforcement policies.

NATURAL GAS POLICY: Administration apparently still prefers bill repealing Title II of Natural Gas Policy Act (NGPA), rather than simply amending title which deals with special pricing rules. Gramm (D-Tex.) introduced HR 4390 (CNP) August 4 to retain price categories, but reduce current number from 23 to 5. Measure would also increase maximum ceiling price for each of five categories & completely decontrol natural gas by January 1, 1985. Current regulations would lift controls on "new" gas by 1985. House Energy & Commerce Conservation Subcommittee held hearing September 10 on natural gas decontrol.

NLRB NOMINATIONS: Senate Labor & Human Resources approved nomination of Robert B. Hunter to fill one of two vacancies on National Labor Relations Board September 10 by voice vote. Consideration of other candidate, John R. Van de Water, postponed until later date.

NUCLEAR LICENSING REFORM: House Rules Committee has scheduled September 22 hearing on bipartisan compromise version of FY'82 Nuclear Regulatory Commission (NRC) authorization bill, HR 4255 (CS). Measure is expected to be offered as substitute for HR 2330. Chamber supports unamended HR 4255. In Senate, floor action expected shortly on NRC authorization measure, S 1207 (CS). Both bills would streamline regulatory & licensing process.

NUCLEAR WASTE: House Interior Energy Subcommittee has markup scheduled on HR 3809 (CSR) for September 17, 22 & 24. Besides Chairman Udall's (R-Ariz.) bill, subcommittee also examining HR 1993, HR 2800 & HR 2881—each representing different approach to managment & disposal of radioactive waste.

OFCCP: Senate Labor & Human Resources Committee has scheduled October 22 oversight hearings dealing with activities related to Office of Federal Contract Compliance Programs (OFCCP) & affirmative action.

OSHA: Senate Labor & Human Resources Investigations & Oversight Subcommittee will hold oversight hearings September 23-24. Panel will examine past performance of Occupational Safety & Health Administration & how agency relates to goals of current Administration. In House, Education & Labor Health Subcommittee plans oversight hearings for September 15 on National Institute of Occupational Safety & Health (NIOSH). Hearings continue September 22 & 29, focusing on labeling standards proposed by OSHA.

PATENT TERM RESTORATION: House Judiciary Courts Subcommittee has rescheduled hearings on HR 1937 (CS) for September 30, October 1 & 7. First hearing held last July. Senate passed similar S 255 (CS) by voice vote July 9. Bills restore time lost to patent owners during government testing periods, thereby ensuring traditional 17-year patents.

REGULATORY REFORM: Senate Governmental Affairs holds markup September 15-16 on S 1080 (CSR). Bill changed substantially by Senate Judiciary & likely to be amended further next week. Four major issues in regulatory reform packages: congressional veto of regulations, executive oversight, cost-benefit analysis & judicial review. Floor fight possible on legislative veto issue, possibly as early as October. Bill currently contains no provision. Floor amendment will be offered by Boren (D-Okla.) & Grassley (R-Iowa). In House, additional hearing held yesterday by Judiciary Administrative Law Subcommittee on HR 746 (CSR). Panel resumes markup on bill September 17.

RESIDENTIAL CONSERVATION PROGRAM: Chamber has contacted members of Senate urging support of Dole (R-Kan.) amendment to HR 4035, Interior & Related Agencies appropriations bill. Bill as passed by House, contained no funding for Residential Conservation Service (RCS) program. But Senate Appropriations Committee amended bill by adding $7 million for continuation of RCS residential energy audits. RCS program is viewed as unnecessary & burdensome by private sector & undue hardship on poor.

SALES REPRESENTATIVES PROTECTION ACT: Markup not yet scheduled, but possible this fall on HR 3496 (CO) by House Energy & Commerce Tourism Subcommittee. Bill would require those who manufacture, produce or import products & use a commissioned sales representative to sell the product, to enter into a contract with this person. Bill is considered onerous because all contract benefits are slated for sales representative & all duties imposed upon principal. Bill also shifts "burden of proof" in legal action from plaintiff to defendant, allowing party to claim injury without burden of establishing cause. No action yet in Senate on S 1399 (CO).

SMALL BUSINESS INNOVATION ACT: House Small Business General Oversight Subcommittee holds hearings on September 15 on HR 4373 (CS), as well as: HR 4326, HR 4343 & HR 3091. Legislation designed to encourage participation of small high-tech firms in federal research & development. Measures would require agencies with R&D budgets exceeding certain level, i.e. $100 million, to set aside 1% of budget for small businesses. These firms currently receive only 3-4% of all federal R&D expenditures. Program would be patterned after actual National Science Foundation program & phased in over three-year period. In Senate, Select-Small Business Committee's Innovation Subcommittee expects markup of S 881 (CS) week of September 14 or 21.

SOCIAL SECURITY: House Ways & Means Social Security Subcommittee holds next hearing September 18 on fraudulent reporting in Disability Program. Hearing held yesterday on controversial "minimum benefit." Challenge expected from some Congressional leaders to Administration's proposal to eliminate $122 monthly benefit. House & Senate conferees agreed July 23 to end benefit despite House-approved non-binding resolution of July 20 to restore benefit by vote of 405-23. Under budget act, benefit will be abolished for all beneficiaries Feb. 1, 1982.

TRADE POLICY: House Ways & Means Trade Subcommittee begins oversight hearings late this month or early October on number of trade issues. First phase of hearings concluded in International Trade Subcommittee of Senate Finance. Hearings last held in July & focused on proposed extension of presidential authority to waive FOIA provision of Trade Act & East-West trade relations. Senate Foreign Relations Economic Policy Subcommittee plans hearings for September 16 to discuss East-West trade relations.

WORKERS' COMPENSATION: Erlenborn (R-Ill.) introduced HR 4387 (CS) before recess. Bill tightens eligibility for Black Lung benefits & returns federal program to state workers' compensation system after February 28, 1983. Erlenborn indicates his bill narrows definition of Black Lung disease & restricts definition of "miner" to those employed directly in mining of coal. Erlenborn also introduced HR 4388 (CS) reforming Federal Employees Compensation Act—workers' compensation program for Federal employees. Bill would tie benefits to percentage of "take-home" pay rather than gross salary, establish waiting periods & lower cost-of-living adjustments.

Tom Augherton, Editor
Legislative Status Report

Action Action Call

ISSUE: CLEAN AIR AMENDMENTS

ACTION NEEDED: Prompt contact with your Senators and Representative(s) urging support for amendments to Clean Air Act which incorporate President Reagan's Eleven Principles.

September 4, 1981

No one objects to the idea of the Clean Air Act -- the basic environmental legislation to protect public health. But, since its passage in 1970, an awareness has developed that the Act is not perfect. Keeping the air clean and the country healthy costs more than it should.

Perhaps at one time we could afford the Act as written. Now, the economy has deteriorated, productivity has declined, and we have double digit inflation. It was this situation that elected Ronald Reagan. The voters responded to his Economic Recovery Program.

So far, Congress has given the President two of the three tools needed for economic recovery: (1) the most massive tax cut in history, to provide new incentives for work and investment, and (2) substantial budget cuts, to reduce the oppressive and excessive cost of government.

The third tool needed is regulatory reform. Although the regulatory burden is being eased slightly by administrative changes, Congress has not yet enacted the necessary legislation. Until it does, regulatory restraints under certain laws are obstacles to the President's efforts. They diminish the effectiveness of the other tools, and impede total economic recovery. The outstanding example is the Clean Air Act.

The first "regulatory test" for Congress is the Clean Air Act. The objective is to amend the Act so that its major goals of national health and well-being are retained -- but so that it works with more flexibility and less delay and does not obstruct economic progress. We <u>can</u> have clean air and economic progress.

WHY A CLEAN AIR ACT?

The basic goals of the Act are:

- attainment and maintenance of sound standards to protect health and welfare;
- uniform standards for new sources to ensure that new facilities are clean;
- protection of excellent air quality in parks and pristine areas; and
- auto emission standards that balance the emissions from mobile and stationary sources.

WHO IS AFFECTED?

The Clean Air Act affects everybody. It inhibits siting of new plants in both rural and urban areas. It reduces economic growth and employment, causing companies to look to foreign plants and imports. It discriminates against small and medium size businesses. It inhibits the development of energy supplies. Its many procedural complexities add to everybody's costs.

A popular misconception is that only "big business" is affected by the Act. What about the local saw mill, drycleaning plant, auto body shop, gasoline station, the developer who cannot put in a new shopping center, or the town council which needs the expanded tax base? All of these, and others, are -- or will be -- affected by the Act. They are affected because the Act does not permit wise use of energy. There are cases after cases where the Act does not permit the installation of more efficient boilers or fuel conversion. A plant cannot replace oil with wood. A cement mill cannot replace oil with coal. An oil company cannot extract heavy oil. A refinery cannot expand to use more domestic crude.

No one intended the Clean Air Act to be so pervasive: it happened because the Act is not working properly. It is actually impeding the attainment of clean air while still adversely affecting the economy.

Impacts on Business: Rural areas often have difficulty attracting new businesses and some provisions of the Clean Air Act make the situation worse. Under present regulations, even new plants, using the best equipment, may not be allowed to locate in rural areas for a number of reasons. At the same time, business cannot always locate in urban areas because of air standards. Thus, the Act contributes to rural poverty, urban decline, and an unhealthy economy.

Several years ago, EPA announced the "bubble concept" which regulates the emissions of a plant as if an imaginary bubble were placed over it, in lieu of regulating emissions from each stack or pipe separately. The concept is good. However, EPA requires double engineering (regular and bubble) before issuing bubble permits. There are other impediments, too, the result: few bubble permits and little progress.

Effects on Employment: A few jobs have been created in regulatory agencies and pollution equipment manufacturing, but many jobs have been lost elsewhere, and new jobs are not created as easily as in the past. Location of new facilities and facility modernization are restricted, employers cannot easily expand, new technology is not easily introduced, and fewer jobs are created.

Effect on Small Business: Some small and medium-size businesses are directly affected by the Act. They must apply for permits the same as any large business. The cost of the application, engineering, capital, delays and confusion are often enormous. Large companies can internally finance the application period and plans; small companies cannot often afford the consultants and delay. The result: discrimination (which no one intended) against small firms.

Consumer Costs: The Clean Air Act's requirements can increase inflation by raising consumer prices. For example, a manufacturer may be able to reduce emissions by 95% and pass on the cost to the consumer. However, a requirement to reduce emissions further, say by 97%, may double the costs with little -- sometimes no -- effect on air quality.

Energy Production: It is important for the country to reduce its dependence on foreign energy sources, but the nation's ability to produce more energy is restricted by the Clean Air Act. Even if the best control measures are used, the creation of facilities in new or old and offshore oil fields (or coal or shale mines, etc.) can be slowed or banned. The stumbling blocks in the Clean Air Act are delays, confusion, and administrative tangles -- not maintenance of health standards. Cleaner energy, cleaner growth and cleaner air -- all are attainable.

Competitiveness: Older factories must be modernized, productivity must increase, new factories must be built -- or foreign products will displace American workers and plants. Under the Act, modernization is hampered. The economy suffers and air quality suffers. If the Act more easily permitted new facilities, better control technology would also be installed. The nation can have economic growth and cleaner air.

CLEAN AIR AND PUBLIC HEALTH

There is no question that Americans deserve, and are entitled to, clean air. The original goal of the Act was to improve the nation's air quality and health. These goals are compatible with economic growth. In fact, a healthy economy would provide new plants and new automobiles, all of which would produce cleaner air than we have now. The present Act works against these goals by stifling new investment.

Business and industry are not proposing gutting the Act nor abandoning the concept of scientifically valid health-based standards, in spite of accusations to the contrary. Public health must not, and need not, be compromised.

OPPOSITION DEVELOPING

Environmental groups see any change in the Clean Air Act as a loss of legislative and regulatory gains they have made in the past decade. They prefer no growth and have made retention of the present Act a major issue. They characterize any attempt to change the present law as "gutting" and a move by industry to pollute. They have organized a letter-writing campaign to the Congress to resist amending the Act.

The environmental groups have a great deal of public support due to lack of understanding on the part of most citizens who fear the extremes -- who fear that changing the Act would bring back smoking chimneys or similar fantasies. Most public opinion polls rate highly not weakening the Act -- and business and industry join in this view. However, the public opinion polls cannot easily determine if the public supports the sort of technical changes which would remove delays and confusion -- lowering costs while maintaining health standards.

AUTOMOBILES

The U.S. Chamber does not become involved in this single industry issue. However, there is an important and essential relation between mobile and stationary sources of emissions. They must be considered together by the Congress to achieve the balance intended in the law. The automobile is often overly blamed as a source of emissions. Importantly, a healthier economy would result in a more rapid turnover of the automotive fleet, putting cleaner cars on the road.

THE PRESIDENT'S ECONOMIC AND CLEAN AIR PROGRAMS

A key point of the President's program is regulatory reform. The Clean Air Act, different from most other environmental laws, gives the EPA administrator little discretion. So many specifics are in the law that regulatory relief must come from Congress. Thus, President Reagan now faces an issue as important as the tax and budget bills. Please see the enclosure for the President's Eleven Principles which should be incorporated into any Clean Air Act amendments.

ACTION NEEDED

The goal now is to persuade Congress to introduce legislation which incorporates the Eleven Principles and to pass a Clean Air Act which meets the objectives of clean air and economic growth.

1. As soon as possible, but certainly during September, write, wire, phone or visit your Senators and Representative(s) and make it clear you want them:

- to support amending the Clean Air Act this fall;
- to support amendments which incorporate the President's Eleven Principles; and
- to insist on prompt action so that the delays, confusion and extra costs to the economy of the present law will cease.

Be sure your Senators and Representative(s) know that the country can have clean air and a healthy economy, too. Tell them that the opposition's arguments that business and industry want to gut the Act, or that any change weakens the Act, are simply UNTRUE.

Ask your Senators and Representative(s) to work toward a bipartisan bill and ask them to pass on your thoughts to members of the appropriate committees. And ask them to write you as to what they intend to do.

2. Send a copy of your communication to others who need to know how strongly you feel about this:

- your mayor and governor, whose organizations also support the sort of amendments we seek, who need changes in the Act so as to create jobs;
- local newspaper editors, who otherwise may hear only from environmental activists or others who oppose growth; and
- the President, The White House, Washington, D.C. 20500, to let him know you are on his side to complete the economic recovery program.

3. We'd appreciate a copy of your communication, too -- plus a copy of any replies you receive. That will help us track, and anticipate, developments in Congress. (Legislative Department, Chamber of Commerce of the U.S., 1615 H Street, N. W., Washington, D. C. 20062).

For additional information, call Linda Woolley or Douglas Walker (202)659-6173

Distribution: Local and State Chamber Congressional Action Committees
Washington Corporate Representatives

President Reagan's Eleven Principles for Amending the Clean Air Act

"- The nation should continue its steady progress toward cleaner air.

- Statutes and regulations should be reasonable and should be related to the economic and physical realities of the particular areas involved.

- The basic concept of the health-based primary standards in the Clean Air Act should be maintained. Cost-benefit analysis should not be included as statutory criteria, but the standards should be based on sound scientific data demonstrating where air quality represents health risks.

- Secondary standards should also continue to be set at the federal level.

- The current program for the Prevention of Significant Deterioration should be maintained for the protection of park and wilderness areas. In other areas, protection should be based on uniform technology requirements for pollution control.

- States should be accorded a full partnership in implementing the nation's standards. The federal government will monitor state achievement of national health and welfare standards.

- A more effective hazardous pollutant program should be established to allow, for the first time, efficient control of the serious health hazards posed by airborne toxic pollutants.

- Research on acid deposition (rain) should be accelerated.

- Deadlines for achieving primary air quality standards should be adjusted to reflect realities in particular areas.

- Automobile standards should be adjusted to more reasonable levels. The limit for nitrogen oxide could be raised to a slightly higher level without affecting air quality goals.

- Pollution control standards for new coal-fired plants should be based on uniform emission standards. Environmental protection should be the criterion."

Congressional Action

Advocacy

SEPTEMBER 14, 1981 WASHINGTON REPORT PAGE 13

Legislative Outlook

Returning Lawmakers Face Full Calendars

By Kay Wheless

Congress returned to Washington last week after a month-long recess. And the calendars lawmakers found on their desks upon returning were full.

With many of the tax- and spending-reduction battles involving President Reagan's Program for Economic Recovery behind them, members will be free to concentrate on other domestic and foreign issues.

Although Congress originally was scheduled to adjourn early in October, Thanksgiving is expected to be a more likely adjournment target.

In all probability, House and Senate leaders will try to crowd consideration of as many bills as possible into the final three months of this session. If, however, the 97th Congress is typical of its predecessors, more legislation will be postponed than passed.

Congressional leaders have tried to balance the legislative schedule, mixing issues that, by law, must be enacted with measures the administration would like to see passed this session.

The prominent issues on this schedule include the following.

BUDGET AND APPROPRIATIONS

This summer's tax- and spending-reduction votes were critical first steps toward putting the country back on the road to economic recovery.

Congress, however, now must approve still-deeper spending cutbacks in the face of continued near-record interest rates and a fiscal-1982 budget deficit that, without action, would be billions of dollars more than the $42.5 billion forecast by the administration.

The president has ordered that these additional reductions be made in social- and defense-spending programs and that there be no sacred cows.

The White House hopes that these additional reductions not only will lessen the budget deficit, but also will brake inflation and force down the high-interest rates that thwart growth in the nation's economy.

These new cuts could be included in the Second Concurrent Resolution on the Budget for Fiscal 1982 that, according to law, must be enacted shortly. This resolution will set binding spending-authority ceilings for the 12-month period beginning Oct. 1.

With this budget resolution, 13 major appropriation bills must continue their way through the House and Senate. These bills will set actual spending levels for federal agencies for the upcoming fiscal year.

Because Democrats are in the majority on the House Appropriations Committee, where appropriation bills must originate, the administration is concerned that these bills may not be consistent with needed spending reductions. The president has warned that, if necessary, he will veto excessive appropriation bills.

Technically, Congress must pass every appropriation bill before this fiscal year ends on Sept. 30, but this chore will be impossible to accomplish.

Congress, therefore, will have to pass a series of continuing resolutions or an omnibus stop-gap funding package to keep dollars flowing to agencies while appropriation debate continues.

FARM PROGRAMS

The nation's basic farm-program legislation, the Food and Agriculture Act of 1977, expires on Sept. 30, about the time when farmers harvest this year's crops.

In view of this deadline, the House and Senate are expected to take up the two reauthorization bills (H.R. 3603 and S. 844) soon.

These similar bills would revise and extend farm commodity-support programs and authorize additional funding for agricultural research, exports and conservation.

Several areas of potential controversy have persisted, however, since the bills were cleared by the House and Senate Agriculture Committees.

The administration believes that both bills would keep price supports for dairy products at levels that are too high. Although the House bill would reduce the dairy-price parity level from the present 80 percent to 75 percent and the Senate bill would further reduce this level to 70 percent, the administration is not satisfied.

The president would like Congress to give the secretary of agriculture authority to adjust the parity level as he wishes, to minimize surpluses.

The White House also is opposed to the legislation's target-price provisions, which would set farm-product price goals.

The president also opposes the measures' deficiency-payment provisions, under which farmers would receive the difference between target prices and actual market prices.

The Senate bill is ready for floor action. When the measure is debated, two controversial amendments are likely to be considered. They would eliminate peanut-acreage allotments and production quotas and sugar price-support loans.

The House Agriculture Committee is expected to send its bill to the Rules Committee shortly.

CLEAN AIR

The administration has singled out the Clean Air Act as a major target of its regulatory-reform effort.

House and Senate members, therefore, have been called upon to produce revisions to this statute that reconcile the goals of clean air and economic growth.

The Clean Air Act currently is administered under hundreds of complex, technical regulations that restrict emissions, set deadlines and mandate standards. As a result, the law's goals have been obscured by confusion and costly delay.

Last month, the White House enumerated 11 principles aimed at producing reasonable pollution controls at less expense. The administration wishes that these principles be incorporated into new clean-air legislation.

The Senate Environment and Public Works Committee has begun work on a draft clean-air bill; mark-up is expected this month.

In the House, two major clean-air bills have been introduced. Rep. James T. Broyhill (R-N.C.) has proposed H.R. 3471, a measure dealing with the Emission Control and Administration titles of the Clean Air Act.

Rep. Bob Traxler (D-Mich.) and John Hiler (R-Ind.) have introduced H.R. 4400, which deals with the act's Mobil Sources of Pollution title.

Hearings on the two House bills are scheduled during September and October.

Action of some sort is almost certain before Sept. 30, when Clean Air Act funding authority expires.

Some action also ought to be taken by Congress before that date on a portion of the Clean Water Act. The section of this act that should be dealt with governs the nation's sewage-treatment grant program.

REGULATORY REFORM

The Omnibus Regulatory Reform bill (S. 1080) could reach the Senate floor next month.

The Senate Judiciary Committee approved this legislation in July, and the Senate Governmental Affairs Committee will continue marking it up this week.

The Senate bill currently requires that agencies do a cost analysis before issuing major rules, those with a compliance price tag of $100 million or more.

In the House, however, the Judiciary Administrative Law Subcommittee still is holding hearings on its omnibus regulatory-reform proposal, H.R. 746. House floor action on the measure is not anticipated this session.

SOCIAL SECURITY

The House and Senate Social Security subcommittees already have begun debating ways to put the nation's principal retirement fund back on sound financial ground.

Members of those panels face the Herculean task of producing a bipartisan cure for a problem that always spurs partisan wrangling.

The House soon will pick up where it left off in July by marking up H.R. 3207, a comprehensive measure that calls for transfusing general-revenue funds into the Social Security system, raising the retirement age, and providing for reduced annual cost-of-living adjustments.

Full House Ways and Means Committee work on this bill is expected to be finished by the end of this month.

In the Senate, staffers kept busy during the August recess drafting a Social Security bill to flesh out an outline drawn earlier by Finance Committee Chairman Robert Dole (R-Kan.).

This legislation should be unveiled when the committee convenes this week.

Both Republicans and Democrats in Congress would like to ignore the politically touchy Social Security issue, but rapidly dwindling funds require that lawmakers tackle this time bomb before they adjourn.

See Outlook — page 16

Congress Expected To Battle Over U.S. Natural Gas Policy

By Talbott C. Smith

Natural gas pricing is a quarrelsome issue. The last gas-pricing battle raged for 40 years before ending in 1978 with congressional approval of the Natural Gas Policy Act.

Nevertheless, the Reagan administration and the 97th Congress are likely to reopen this issue — for some very good reasons.

The administration is formulating a strategy for revamping the three-year-old Natural Gas Policy Act, Public Law 95-671.

This act initiated gradual natural gas price decontrol, so that the price of some natural gas would rise to the free-market price by 1985.

This law, however, also imposed new price controls on some previously uncontrolled gas and immediately decontrolled hard-to-recover gas.

Moreover, the statute restricted certain uses of natural gas.

The Reagan administration believes that the Natural Gas Policy Act is not working as Congress intended. It has caused disparities between the price of natural gas and the price of other fuels.

It also has created irregularities in prices paid by various gas users, especially industrial users.

The Natural Gas Policy Act tied the price of gas to the price of crude oil at a target, or predicted, price in 1985 of $15 a barrel. Crude-oil prices today, however, already are about $30 a barrel. In 1985, therefore, the price charged for natural gas just before controls expire is likely to be much lower than crude-oil prices at that time.

If that is the case, when controls end the price of natural gas would increase dramatically all at once.

■ BACKGROUND

During the winter of 1976, a shortage of natural gas forced closings of schools, factories and non-essential businesses throughout the South and Northeast.

This shortage was caused principally by federally controlled natural gas prices that were unrealistically low. These price controls lessened producers' incentives to explore, drill and deliver new gas.

This shortage also was caused by a quirk in the government's gas-pricing regulations. It provided that gas produced and sold in the same state — so-called intrastate gas — would not be subject to controls.

This quirk produced a glut of high-priced intrastate gas, but caused a shortage in the interstate gas market.

After the 1976 gas shortage, which was worsened by an unusually harsh winter, Congress began formulating legislation that would gradually decontrol prices of natural gas.

After bitter congressional battles, the House and Senate finally passed natural gas decontrol bills. These measures then were debated for six months in the longest House-Senate conference in U.S. history.

The product of this conference committee was labeled the Natural Gas Policy Act.

In August 1978, the Carter administration, working with House Speaker Thomas P. "Tip" O'Neill (D-Mass.), was able to obtain a rule for floor debate that would allow the House to consider together the Natural Gas Policy Act conference report and four other energy-related conference reports.

The president and the speaker believed that if the controversial Natural Gas Policy Act were tied to these other conference reports, fewer representatives would vote against the package.

On the other hand, they believed, if the Natural Gas Policy Act were voted separately, chances were good that the House would reject the measure, thus dealing a setback to the administration.

The Carter-O'Neill assessment was correct. The House did approve the five-conference report package, although it approved the rule to combine them by only one vote.

■ ACT'S SHORTCOMINGS

The Natural Gas Policy Act is bad legislation for five reasons.

First, the deregulation schedule it sets forth is too long and too complex. More than 20 different categories of gas, each with a different price, were established under this act. No one is certain yet why some gas prices are high and other gas prices are low.

Second, the act requires industrial gas users to pay higher prices than anybody else must pay for the same gas — a so-called incremental-pricing scheme.

Third, the Natural Gas Policy Act requires that, for the first time, intrastate gas prices be regulated.

Fourth, as mentioned earlier in this report, under the act the decontrolled price of natural gas in 1985 would be the equivalent of $15 a barrel — the price assumed in 1978 to be the price of oil in 1985. This would lead to a sudden inflationary jump in gas prices.

Fifth, about 40 percent of all natural gas never would be decontrolled under the Natural Gas Policy Act. "Old" gas, natural gas discovered before February 1977, would remain controlled forever unless the statute were amended.

This would encourage use of this cheap, but depletable fuel. It also could allow the cost of producing old gas to rise above its regulated price, leading to well shutdowns.

Because of those flaws, and on the heels of decontrol of all domestic crude oil, President Reagan currently is considering various ways to encourage Congress to reopen debate of the decontrol issue.

Because the 1982 congressional elections are not far away, the president must weigh carefully the political ramifications of early action to accelerate natural gas price decontrol.

The issue of accelerated natural gas price decontrol warrants congressional attention, even if only to examine how the Natural Gas Policy Act can be improved. Oversight hearings, however, have not been scheduled, though some may occur this fall.

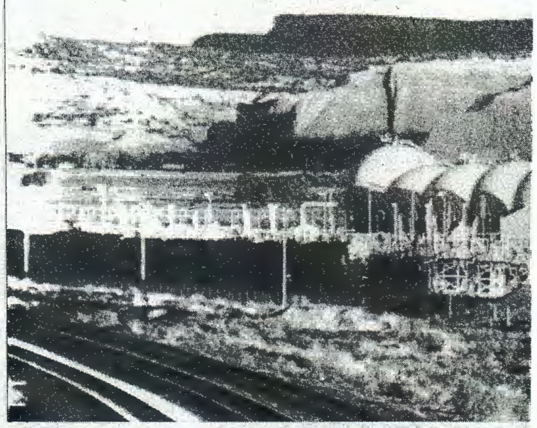
Once re-examined, it is likely that the Natural Gas Policy Act will be changed substantially.

Other laws affecting the use of natural gas also face amendment or repeal.

■ OPTIONS FOR ACTION

A study by the Department of Energy's Office of Policy Planning and Analysis found that, for reasons of national security and economic efficiency, the

The author is the energy and resources policy director for the U.S. Chamber of Commerce.



Decontrol of natural gas prices woul

House, Senate Bills Introduced

Energy Committee Is Key Battlefield

Today's ample oil supplies and relatively low foreign oil prices make it easy to ignore our energy problems.

This oil glut, however, will not continue much longer — certainly not much beyond next year at present rates of consumption.

It is imperative, therefore, that energy issues receive top priority in the Reagan administration. Addressing the natural gas issue would be only one step toward this end. However, it would be a major one.

A bill that would accelerate natural gas price decontrol was introduced Aug. 4 by Rep. Phil Gramm (D-Texas).

This bill, H.R. 4390, serves as the model for any attempt this year to accelerate decontrol and repeal the Fuel Use Act and incremental pricing.

Gramm believes that he can get his bill approved in the House Fossil and Synthetic Fuel Subcommittee, even though this subcommittee is chaired by Rep. Philip Sharp (D-Ind.), who opposes H.R. 4390.

Gramm also is optimistic about shepherding his bill through the full House Energy and Commerce Committee.

Although Gramm's bill is the most comprehensive bill in this area, it is not the only such legislation introduced in this Congress.

Other related measures include:

- **H.R. 2017** — Reps. Gramm, Butler Derrick (D-S.C.) and Tom Corcoran (R-Ill.).
  S. 29 — Sen. Richard Lugar (R-Ind.).

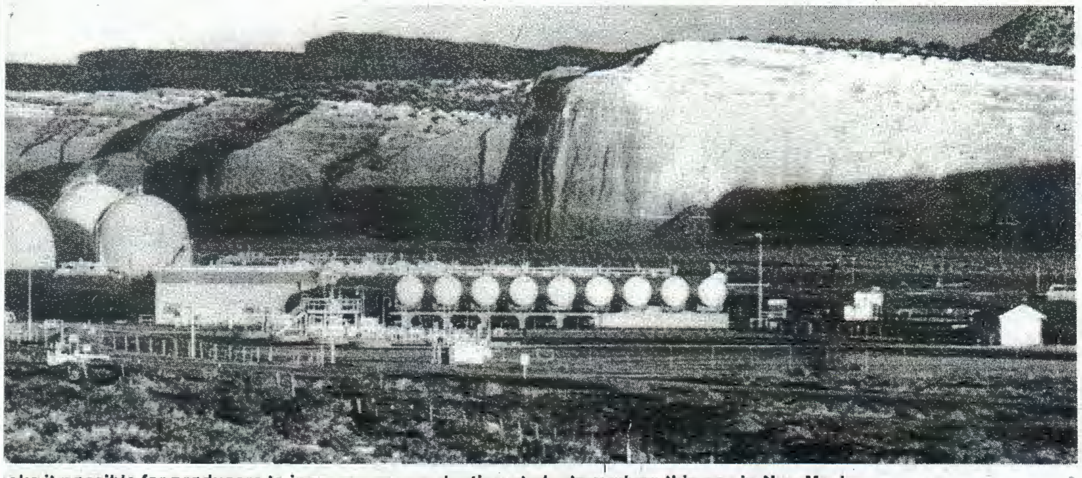
These bills would repeal the incremental-pricing provision of the Natural Gas Policy Act.

- **H.R. 3305** — Reps. Gramm and Corcoran.
  S. 980 — Sens. Lugar and Wendell Ford (D-Ky.).

These bills would repeal all off-gas provisions of the Fuel Use Act, and incremental pricing and would allow gas lighting.

- **H.R. 2019** — Rep. William Dannemeyer (R-Calif.).

This measure would repeal most of the Natural Gas Policy Act and decontrol all gas one month after enactment.



UNIPHOTO

ake it possible for producers to increase gas production at plants such as this one in New Mexico.

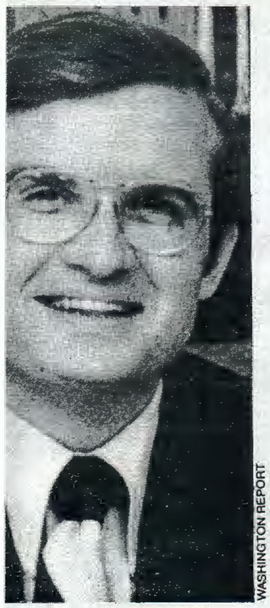
administration should move to accelerate the decontrol schedule.

For political reasons, the DOE office recommended that the administration's decontrol speed-up proposal be made quickly if this Congress is to be persuaded to act.

Some decontrol speed-up options outlined by the Policy Planning and Analysis Office are:

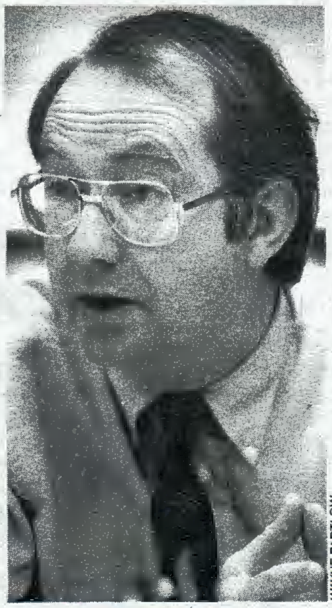
- **Price Control Phaseout by 1985.** This would be achieved by increasing the maximum prices for each of the 20 or so categories of natural gas, so that the maximum price for all gas would reach parity with medium sulfur residual fuel oil (No. 6) within four years.
- **Immediate New Gas Price Decontrol.** Adoption of this option would result in an immediate increase in the maximum lawful price of "new" natural gas, gas discovered after February 1977, to the price of No. 6 fuel oil, the so-called "market clearing" price.

  In addition, it would allow other gas to reach this price level in 1985.
- **Accelerated New Gas Price Decontrol.** Choosing this alternative would bring about decontrol of the price of all new gas in 1982. In addition, it would phase out price controls on all other categories of natural gas by 1985.



WASHINGTON REPORT

Rep. Philip Sharp



WAYNE PARTLOW

Rep. Phil Gramm

Under the first option, a reasonable and even decontrol pattern would be established between 1982 and 1985. The average base (wellhead) price of gas would increase by about 23 percent a year.

DOE's second option would raise the price of the new gas immediately to a regulated level that is close to the market clearing price.

By increasing the price of new gas early, this option would achieve 90 percent of the economic efficiency that would be gained by full decontrol of all natural gas in 1982.

Prices under this option would increase faster in the first year than under DOE's first option, but at a lower rate than under the department's third option.

The third option would result in price increases in the first year almost as large as those that would take place under decontrol of all categories of gas in 1982.

The reason for this is the tendency for new deregulated gas to increase "sufficiently to allow the average wellhead price to balance the market."

The study issued by DOE's Office of Policy Planning and Analysis recommends nothing. It closes, however, with the following:

> "If it is considered advisable to phase in [the] price increases evenly over the 1982-85 time period, schemes [that] increase the maximum lawful prices offer a higher likelihood of success than options [that] deregulate certain categories immediately.
>
> "However, options [that] rely on maximum lawful prices run the risk of undershooting actual market clearing levels, thereby creating a price gap just prior to full decontrol in 1985."

The last paragraph of the Policy Planning and Analysis Office's conclusion describes what is known as "fly-up" — when the maximum lawful price of gas in 1985, which would be undervalued compared to the price of oil at that time, would jump suddenly to about the equivalent price of No. 6 fuel oil.

All of the current administration discussions are geared toward avoiding fly-up while, at the same time, achieving decontrol.

Immediate or accelerated phased decontrol would tend to mitigate the effect of natural gas price fly-up.

■ PROSPECTS FOR ACTION

The U.S. Chamber of Commerce is encouraging the administration to move quickly to accelerate the natural gas decontrol schedule and to rethink the value of incremental pricing and the Fuel Use Act.

Unless the administration moves now, it is unlikely that the 97th Congress will take up this controversial issue, because of the 1982 elections.

Revision of the Clean Air Act is on the administration's and Chamber's legislative agenda.

The effect that a Clean Air Act rewrite would have on gas is unclear. The strategies and efforts, however, for these two major pieces of legislation certainly are interconnected.

■ ACTION YOU CAN TAKE

Encourage the administration and Congress to take up the issue of accelerated natural gas price decontrol now.

Tell them it is imperative that some effort be made to review the progress of decontrol because if current problems with the Natural Gas Policy Act continue, those problems could result in a disaster in 1985.

White House Staff: Eliminate Controls Over Three Years

Other decontrol options have been set forth by White House staff and presented to the Cabinet Council on Natural Resources and Environment, which is led by Secretary of the Interior James B. Watt.

These options, which add to the Department of Energy's options, include:

- Doing nothing.
- Decontrolling all gas prices immediately.
- Phasing out controls over three years.
- Decontrolling "new" gas prices immediately.

The White House staff document, unlike the DOE option paper, contains a recommendation: phase out controls on all gas prices over three years.

This would allow gas prices to rise to a reference point connected to present prices, lessening the danger of dramatically undershooting oil prices in 1985.

This staff document argues that natural gas price increases under a three-year phaseout would be no greater than increases that have taken place over the past three years.

The General Accounting Office reports a 33 percent increase in gas prices from 1978 to the first quarter of 1980, 11 percent more than the rise in the Consumer Price Index over the same period.

It is reported, however, that on Aug. 5 the Cabinet council decided not to recommend three-year phase-out to the president, but, instead, immediate decontrol of new gas and gradual decontrol of old gas.

Immediate decontrol of new gas would encourage new gas production because it would allow producers to charge higher prices.

At the same time, however, it would not dramatically increase the price paid by gas users, because high-priced new gas would continue to be rolled in the gas pipelines with lower-cost, price-controlled old gas.

However, even though the option papers presente to the administration warn that failure to act now could lead to more congressionally passed controls in 1985, the president has not decided what action, if any to take.

President Reagan also has not decided whether to act on related issues, such as repeal of all off-gas provisions in the Fuel Use Act or the incremental-pricing mechanism.

Advocacy

Congressional Action

CONGRESSIONAL ACTION provides timely information on the status of legislation of concern to business, and recommends specific actions readers may take to affect the outcome of that legislation.

CONGRESSIONAL ACTION is written for *Washington Report* by the Legislative Action Department of the Chamber of Commerce of the United States, 1615 H St. N.W., Washington, D.C. 20062.

Questions or comments about editorial material should be addressed to Albert G. Holzinger, Assistant Managing Editor/Advocacy.

Returning Lawmakers Face Full Calendars

Outlook — from page 13

DAVIS-BACON

Business' long-awaited opportunity to gain repeal of the 50-year-old Davis-Bacon Act may be at hand. Recent Davis-Bacon reform efforts by the administration, however, could stall the repeal movement.

The archaic Davis-Bacon Act requires that workers on a federal or federally assisted construction projects be paid the "prevailing" area wage for their craft. This wage often is an excessive, collectively bargained rate.

The repeal effort will be put to the test in late September or October when the Senate debates S. 1408, the military-construction authorization bill for fiscal 1982.

This measure contains a waiver of the Davis-Bacon requirement for military-construction projects authorized under S. 1408. If the waiver survives on organized-labor provoked onslaught, the Treasury would save about $400 million.

The military-construction authorization bill passed by the House earlier does not contain such a waiver. This foreshadows a bitter battle in conference and, possibly, a second battle during debate of the conference report on the House floor.

OTHERS

House and Senate members also must consider the proposed sale of five Airborne Warning and Control Systems surveillance planes to Saudi Arabia. By law, Congress has up to 30 days after receiving a formal notice of sale to disapprove the transaction. The president is scheduled to file this notice Sept. 30.

Also, confirming presidential nominations will occupy senators' time this month. Hearings on nominees to the National Labor Relations Board, Robert Hunter and John Van de Water, already are under way. So are hearings on the nomination of Sandra Day O'Connor as an associate justice of the U.S. Supreme Court.

Unemployment-compensation insurance reform and Foreign Corrupt Practices Act amendments also are likely to appear on the Senate floor this year. House action on these measures, however, is far less certain.

In the House, the Export Trading Act could be considered. The Senate already has passed such a bill, which would improve America's balance of payments by facilitating and promoting formation of export-trading companies.

When reading this or any other legislative outlook, remember that congressional schedules always are subject to change by House and Senate leaders, the administration and current affairs.

CA *will keep you abreast of changes if they occur.*

Help Make Government Pay Bills Promptly

By Mark Schultz

In these times of high inflation and high-interest rates, operating capital is hard to come by.

Although most businesses pay their bills in 30 days or less, 39 percent of the federal government's bills are paid late.

When businesses are late in paying taxes or other fees owed to the government, interest is demanded.

However, when small firms attempt to charge the government interest for late payment, the interest charge often is refused.

■ Small Business Affected

In effect, the federal government is unfairly borrowing up to $11 billion per year from business firms by not paying its bills on time.

Because 90 percent of the everyday commercial products bought by the government come from small distributors and manufacturers, the biggest burden of the slow-pay problem falls on small businesses.

In times of high-interest rates, this can place a severe strain on small concerns.

A representative of the U.S. meat industry recently testified before Congress that, at the end of 1980, his company had military accounts totaling almost $1.3 million — almost one-third of which went unpaid for more than 30 days.

In an industry in which the receipt of raw materials requires almost immediate cash payment, in which payments on invoices are expected within seven days and in which sellers rely on a low rate of profit, a 30-day overdue account can wipe out a sale's entire profit.

■ Legislation Needed

Because small businesses prefer to receive payment on time rather than receive interest on overdue accounts, legislation is needed to develop consistent cash-management habits for the government.

Delinquent payment costs small businesses and the government additional time and money in tracking unpaid bills. Also, late payment discourages many businesses from dealing with the federal government.

In addition, outstanding bills reduce the government's opportunity to benefit from discounts available when payment is made on time.

Currently, government procurement regulations and standard contract-payment clauses neither specify when payment is due nor provide for interest paid on accounts more than 30 days in arrears.

Therefore, legislation is needed to provide built-in incentives to force agencies to become more efficient and improve their cash management, with any interest charges coming directly from their own operating budgets and not from Treasury funds.

■ Bill Would End Obstacles

Sens. John Danforth (R-Mo.) and Lowell Weicker (R-Conn.) have introduced such legislation — the Delinquent Payments Act of 1981 (S. 1131).

This legislation would require the federal government to pay interest on overdue accounts.

Under S. 1131, interest must be paid by the offending agency and cannot be charged back to the Treasury.

The penalty would be paid out of funds already appropriated. The bill authorizes no new appropriations.

S. 1131 represents an important step toward eliminating the obstacles and financial burdens on small companies that do business with the government by supplying needed products or services.

The Senate Governmental Affairs Federal Expenditures Subcommittee, of which Danforth is chairman, has held hearings on S. 1131 and soon will begin marking up the bill.

Similar bills have been introduced in the House by Reps. Robert Lagomarsino (R-Calif.) and Glenn English (D-Okla.)

Those measures, H.R. 2036 and H.R. 3494, respectively, have been referred to the Government Operations Committee.

Government Operations Committee Chairman Jack Brooks (D-Texas) is contemplating holding hearings on this important small-business oriented measure, but no hearings have been scheduled yet.

It is important that you write to your senators and representative right away, urging that they cosponsor this legislation.

When you write to your representative, ask him or her to request immediate House Government Operations Committee hearings on H.R. 2036 and H.R. 3494.

Payments Made More Than 30 Days After Invoice Date•

Federal department or agency••	Percent of invoices paid more than 30 days late	Percent of dollars paid more than 30 days late
Commerce	23.1	70.5
Interior	30.4	43.6
Environmental Protection Agency	33.1	35.8
Housing & Urban Development	33.3	36.8
Army	34.9	15.9
Transportation	62.6	74.4
H.E.W.	69.4	75.0
Civil Service Commission	69.6	33.6
General Services Administration	73.6	56.3

• Does not include cases in which a reason was identified as to why payment was not extended within 30 days.

•• Based on sample of 58 payment centers, 3,263 invoices worth $5.6 million.
—Extracted from GAO Report FGMSD-78-16, Feb. 24, 1978

Congressional Action

Advocacy

MARCH 23, 1982 WASHINGTON REPORT PAGE 9

Legislative Status Capsule

By Eileen Maloney

EMPLOYER SANCTIONS. Comprehensive immigration-reform legislation was introduced last week in both houses. Sen. Simpson (R-Wyo.) and Rep. Mazzoli (D-Ky.) on March 17 submitted S. 2222 and H.R. 5872, respectively.

These bills would require sanctions to be imposed on employers who hire illegal aliens and require all U.S. citizens to carry a national identification card.

The administration's bill (S. 1765), introduced last year, would penalize employers hiring illegal aliens but would not require carrying identification cards.

Additional hearings are expected in the Senate Judiciary's Immigration subcommittee this spring; full committee markup is probable before the summer congressional recess.

The House Immigration subcommittee will await completion of Senate action before beginning work on its proposal.

FIFRA. The House Agriculture Department Operations Subcommittee will try once again to reach a compromise on amendments to the Federal Insecticide, Fungicide and Rodenticide Act. Subcommittee Chairman Brown (D-Calif.) has scheduled markup March 23 on H.R. 5203.

The major issue is public access to health and safety data submitted to the Environmental Protection Agency. Brown hopes to have an agreement worked out so the subcommittee can report the bill after this week's markup.

FREEDOM OF INFORMATION. The Senate Judiciary Committee will begin markup March 23 on a bill that would revise the Freedom of Information Act. S. 1730, introduced by Sen. Hatch (R-Utah), would protect the confidentiality of business records.

No action is expected in the House Government Operations' Individual Rights subcommittee until the Senate has finished action on its bill.

NATURAL GAS POLICY. Senate Energy Committee Chairman McClure (R-Idaho) has planned hearings March 22 and 23 on natural gas policy. The hearings follow in the wake of the administration's decision early this month not to push for natural gas decontrol this year. The committee will focus on regulatory issues and decontrol legislation.

SOCIAL SECURITY DISABILITY. The House Ways and Means' Social Security Subcommittee held two hearings last week on a bill that would extend coverage of the Social Security Act to those terminated from the disability program.

H.R. 5700, introduced by Subcommittee Chairman Pickle (D-Texas), would provide adjustment benefits and vocational training to individuals no longer eligible for disability.

TRADE RECIPROCITY. Legislation intended to encourage other nations to open their markets to U.S. exports will be the topic of a hearing March 24 in the Senate Finance's International Trade Subcommittee.

Bills to be discussed include S. 2094, S. 2071 and H.R. 5457. These measures would require the administration to retaliate against countries not granting the United States reciprocal trade opportunities.

Tell Senators To Quit Stalling On Revision of Clean Air Act

By Kay Wheless

Members of the Senate Environment and Public Works Committee have been debating proposed changes to the Clean Air Act for months but a consensus is nowhere in sight.

Sen. Robert T. Stafford (R-Vt.), the panel's chairman, wants to report a bill to the full Senate by April 1 and is holding two markup sessions a week. It appears, however, that Stafford's self-imposed deadline will not be met.

The committee is using a "working paper" authored by Stafford as its markup vehicle because a comprehensive air-act rewrite never surfaced in the Senate.

Stafford's draft is similar to a House bill that was proposed by Rep. Henry A. Waxman (D-Calif.), chairman of the Health and Environment Subcommittee.

Waxman later scrapped his bill in the face of opposition by proponents of a business-, union- and administration-backed alternative by Democratic Reps. Thomas A. Luken of Ohio and John D. Dingell of Michigan (*see March 1* CA).

While Waxman was willing to acquiesce on many complex and controversial issues, Stafford is demonstrating no such willingness to compromise.

The Senate committee did clear one hurdle to producing a bill last week in agreeing to a so-called Prevention of Significant Deterioration provision (*see page 2*).

This language deals with areas that have already achieved air that is acceptably clean.

However, other hurdles loom ahead, notably acid-rain and hazardous-pollutant provisions.

Under the Stafford acid-rain proposal, 31 states east of the Mississippi River would have to reduce their sulfur-dioxide emissions by almost one half by 1990. These emissions are believed to be precursors of acid rain.

The major cost burden imposed by this proposal would fall on the heavily industrialized Midwest, which is among the nation's most economically distressed areas.

The Stafford hazardous-pollutant provision would require the Environmental Protection Agency to determine whether 37 pollutants are toxic.

If the agency did not act within three years these substances would be assumed to be hazardous and be regulated.

The business community feels that such proposals make little scientific or economic sense. And business is distressed because debate over them is allowing current cumbersome Clean Air Act regulations to remain on the books.

The air act is a significant impediment to business expansion, productivity growth and job creation.

And that is why you must act on the clean-air issue right away.

Contact members of the Senate Environment and Public Works Committee (*listed at left*). Urge them to stop their quibbling and foot dragging.

If this panel's impasse is not broken soon, the Clean Air Act will not be cleaned up until 1983 at the earliest.

When you write these senators, be sure to make known your opposition to Stafford's acid-rain and hazardous-pollutant proposals until more research is conducted on these problems.

And please send a copy of your letters, and the replies you receive, to *CA*.

WAYNE PARTLOW

Sen. Robert T. Stafford (R-Vt.), chairman of the environment committee, discusses clean-air legislation with panel minority leader Sen. Jennings Randolph (D-W.Va.).

Senate Environment and Public Works Committee

Republicans	Democrats
Stafford (Vt.)*	Randolph (W.Va.)
Baker (Tenn.)	Bentsen (Texas)*
Domenici (N.M.)	Burdick (N.D.)*
Chafee (R.I.)*	Hart (Colo.)
Simpson (Wyo.)	Moynihan (N.Y.)*
Abdnor (S.D.)	Mitchell (Maine)*
Symms (Idaho)	Baucus (Mont.)
Gorton (Wash.)	
Murkowski (Alaska)	

*Faces re-election in 1982.

File please under U.S. Chamber

Advocacy

Congressional Action

Correction . . .
An article in the March 1 issue of *Congressional Action* reported that legislation sponsored by Rep. Phil Gramm (D-Texas) would limit federal income-tax deductions for interest paid on mortgages. The Gramm proposal would not apply to mortgages in any way.

Show Congress Business Backs Reaganomics

The size of the federal budget deficit has become the chief concern of most members of Congress. This is true even of those who have repeatedly supported budget-busting government spending programs.

And this preoccupation has sparked introduction of numerous alternatives to President Reagan's proposed budget for fiscal 1983, which would produce a deficit of about $92 billion.

The U.S. Chamber of Commerce is alarmed that some alternatives would undermine the president's economic recovery program.

The Chamber believes the administration is correct in seeking a budget that is consistent with its basic economic program.

It believes the most direct road to economic recovery follows congressional approval of budget cuts even deeper than those proposed by the president (*see below*) and rejection of any major changes in the Economic Recovery Tax Act of 1981.

The public seems to share this belief.

A recent poll conducted for the Chamber by the Gallup organization found that only 4 percent of respondents favored raising taxes as the sole means of reducing the deficit. Only 21 percent favored enactment of a combination of tax increases and spending cuts to stem the flow of government of red ink.

However, more than 50 percent of those polled by Gallup favored spending cuts alone as a method of deficit reduction.

Some senators and representatives think that the business community is waivering in its support of Reaganomics, the Chamber has found.

This notion must be dispelled by you — the grass roots — because the congressional coalition that produced the president's stunning victories in 1981 is fragile.

You are urged, therefore, to communicate the following messages to your members of Congress now, before they make this year's crucial spending and tax decisions.

• Do not waiver from the provisions of last year's tax law, particularly its centerpieces:

— The phased-in 25 percent reduction in income-tax rates for workers and the millions of businesses that pay taxes as individuals.

— The accelerated cost-recovery system for business investment.

Americans need and deserve to retain a greater share of their earnings and the economy needs the infusion of funds into savings and investments.

Any major tampering with the new tax law would delay recovery and risk an even higher budget deficit than the one projected.

• Support the president's proposed budget reductions and seek additional spending cuts.

Urge senators and representatives to give special consideration to curbing past excesses in cost-of-living adjustments (COLAs) in entitlement programs.

They could achieve this by issuing a one-year COLA freeze for individuals with incomes above the poverty line. Entitlement programs such as food stamps award benefits to all those who meet standards set by law.

Also ask your lawmakers to take a careful look at the defense budget to identify where savings could be made that would not interfere significantly with the need to strengthen the nation's defense.

And when you write your senators and representative please send copies of your letters, and the replies you receive, to: The President, The White House, 1600 Pennsylvania Ave. N.W., Washington, D.C. 20500 to encourage Mr. Reagan; and to the Legislative Department, U.S. Chamber of Commerce, 1615 H St. N.W., Washington, D.C. 20062 to help track developments on this critical issue.

Chamber-Suggested Additions to President's Proposed Budget Cuts for Fiscal 1983

Suggested Action	Estimated Savings (in millions of dollars)
Department of Energy	
• Reduce Energy Information Administration funding by 75 percent.	41
• Eliminate Energy Regulatory Administration.	24
Department of Commerce	
• Transfer Consumer Product Safety Commission functions to Commerce Department.	35
Department of Interior	
• Reduce public-lands management funding by 10 percent.	72
Social Security	3,500 (total savings for all suggestions)
• Modify indexation of benefits.	
• Make disability program's family maximum-benefit provision applicable to survivor and retirement cases.	
• Increase waiting period for disability benefits from five months to six months.	
• Eliminate windfall portion of benefits for persons with pensions from non-covered employment.	
• Eliminate dependents benefits in early-retirement cases.	
• Integrate retirement benefits with workers' compensation benefits.	
• And more . . .	
Department of Labor	
• Reform Federal Employee's Compensation Act to gain 30 percent savings.	850
• Reduce aid to state employment services	12

Suggested Action	Estimated Savings (in millions of dollars)
Small Business Administration	
• Eliminate Small Business Development Center program.	14
President's Office of Consumer Affairs	
• Reduce White House staff and return function to agencies.	1
Office of Personnel Management/ General Government	
• Charge for Freedom of Information Act requests.	6
• Charge government employees for parking.	30
• Change definition of disability for federal employees to one used under Social Security.	100-300
International Organizations	16 (total savings for all suggestions)
• Reduce International Fund for Agricultural Development funding and U.N. Educational, Scientific and Cultural Organization contribution by 25 percent.	
• Reduce World Health Organization and Food and Health Organization contributions by 10 percent.	
Housing and Urban Development	
• Consolidate some grant programs.	200
• Reduce research and development funding by 25 percent.	5
Others	
• De-index all federal spending programs.	6,000-26,000
• Repeal Davis-Bacon prevailing-wage law.	1,500- 2,400
Total Savings	12,406 to 33,506

Budget Preoccupation Blocks Van de Water Nomination in Senate

By Albert G. Holzinger

The absence of a sense of urgency, as much as anything else, has bogged down President Reagan's nomination of John D. Van de Water as chairman of the National Labor Relations Board.

However, it is urgent that the Senate approve this nomination soon because budget-related matters are certain to dominate the calendar later.

The Senate Labor and Human Resources Commit-

issue.

Guess who the exec is? DL Dram VK

WASHINGTON REPORT

John D. Van de Water

This inaction is fine with the AFL-CIO, which opposes the nomination of Van de Water. The federation believes the 40-year veteran of the labor-management wars is a business advocate and an "active anti-union partisan."

However, the delay is a source of chagrin to President Reagan and business groups such as the U.S. Chamber of Commerce that reject the union contention that Van de Water is biased.

The NLRB has been handing down anti-management decisions with regularity for years. Senate confirmation of Van de Water for a five-year term as chairman would be an important step toward reversing this trend.

And only you can get the Senate to act on this issue. Write your senators immediately and urge them to consider the Van de Water nomination, either in the Labor Committee or on the floor.

THE WHITE HOUSE

WASHINGTON

April 5, 1982

Dear Mr. Nelson:

Thank you for your recent letter informing me of the visit to Washington of several of your members in early May.

Unfortunately, a glance at my calendar tells me that I am already committed for that time period. May I suggest that you contact Patrice Feinstein, Associate Administrator for the Health Care Finance Administration, for a possible appointment. Ms. Feinstein is very well versed with health care issues, and I know would be more than pleased to share her views. She may be reached on (202) 245-6726.

Sincerely,

Virginia H. Knauer

Virginia H. Knauer
Special Assistant to the President

Mr. Maynard D. Nelson
President
Sacramento Metropolitan
Chamber of Commerce
PO Box 1017
Sacramento, California 95805

OFFICE OF CONSUMER AFFAIRS

VK

DATE 3/23/82

TO : ~~Bob Steeves~~

I agree with Joe. Do you concur? Bil

FROM: Joe Dawson

Here's what the Sacramento Chamber wants to talk about:

Medicare-mediaide status — Helms
Health Care Regs. (gal who came c Davis)
Physician surplus
Barry Plan
FDA drug testing systems
Health care costs — Helms
IRS and HHS differences on depreciation of equipment and building life.

Recommend we turn it down, refer them to somebody at HHS.

I agree – Their questions are too technical – Let someone at HHS do it - - - VK 3-25

From the Office of the President

March 4, 1982

Virginia H. Knauer
Special Asst. to the President and
Director of the Office of Consumer Affairs
436 Old Executive Office Building
Washington, D.C. 20500

Dear Ms. Knauer:

The Sacramento Metropolitan Chamber of Commerce is planning the 12th annual "Capitol to Capitol" visit to Washington, D.C. on May 1-5, 1982.

The purpose of this visit is to express community appreciation for the excellent relationships we enjoy with our military installations and discuss many community issues with our federal officials.

Approximately six of our community members would like to meet informally with you for about 30 minutes anytime Monday, May 3, or Tuesday, May 4, or the morning of Wednesday, May 5.

We are scheduling appointments and an early response would be appreciated. We will furnish you beforehand with the names of the people you will meet and the subjects they wish to discuss.

A reception/dinner will be held in the Caucus Room of the Cannon Building the evening of May 3, 1982. Our four area congressmen, Robert Matsui, Vic Fazio, Norman Shumway, and Gene Chappie will be cohosting the event. An invitation to the dinner will be forthcoming.

We consider the visit most important to our community and hope you will be able to meet with us. If you have any questions regarding the meeting, please contact Diane Muro, (916) 443-3771.

Sincerely,

Maynard Nelson

Maynard D. Nelson

cc: Joe

May 3 - free
May 4 - hold
May 5 - free

MDN:dpm

P.O. BOX 1017 / SACRAMENTO, CALIFORNIA 95805 / 443-3771

8 MAR 1982

APPOINTMENT CONFIRMATION

I have scheduled an appointment with delegates from Sacramento, California

for ______________ on May __________, 1982

(time)

at ____

(location and room number)

Telephone ____________ Name ______________________

Sacramento Metropolitan Chamber of Commerce

Contact Diane Muro

916-443-3771

Nation's Business

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(X)

March 25, 1981

Mrs. Virginia H. Knauer
Special Assistant to the President
Room 436, Old Executive Office Bldg.
Washington, D.C. 20500

Dear Virginia:

We met when I interviewed you for the Nation's Business story on business people whose hobby is antiques.

First, let me congratulate you on your appointment as special assistant to President Reagan -- my kind of guy.

Sat April 25

Second, I'd like to invite you to attend the annual dinner of the White House Correspondents' Association as my guest.

As you know from your previous tour of duty at the White House, the President usually attends this annual dinner and speaks. Many other high administration officials also go.

It's usually a good dinner and good entertainment. This year, Count Basie, as the inclosed announcement says.

The dinner breaks up about 10:30, although a lot of hospitality suite partying does go on later.

I'm no longer on the staff of Nation's Business. I left it two years ago to write speeches for the Commissioner of Customs. But I still do the magazine's monthly feature on business people's hobbies. The magazine calls it Life-Style.

I'd be delighted to have you as my guest at the White House correspondents dinner. If you can make it, please give me a ring (566-2949) soon.

Cordially,

John Costello

John Costello

WHITE HOUSE CORRESPONDENTS' ASSOCIATION
1029 National Press Building
Washington, D.C. 20045

737-2934

March 5, 1981

Fellow Members:

The 67th Annual Dinner of the White House Correspondents' Association will be held on Saturday, April 25, 1981.

THE WASHINGTON HILTON HOTEL
Connecticut at Columbia Road, N.W.

Reception: 6:30 p.m. — Terrace Level
Dinner: 7:30 p.m. — International Ballroom

BLACK TIE

ENTERTAINMENT: "THE MOST EXPLOSIVE FORCE IN JAZZ"

COUNT BASIE
and
His Orchestra

will play for both dinner music and entertainment.

RESERVATIONS: We urge you to get your reservations in early.
All requests, in writing, will be numbered and dated as received, and should include affiliation, contact, telephone number and mailing address.
For the printed program, guests' names should have official or news title, or city of residence if not official.
Program deadline: Monday, April 13.

NOTE: TICKETS WILL CARRY TABLE NUMBERS THIS YEAR, AND MUST BE PRESENTED TO ENTER THE BALLROOM. Each ticket is for one person; assigned seating is by tables of 10.
There is no provision for seating unexpected guests.
Guests receive their tickets directly from you, not at the door.
Tickets will be mailed April 13, if payment has been made.

REFUNDS will be honored only if cancellation is made no later than Monday, April 20.

Members may bring any number of guests. They should be limited to those in official positions, news sources, executives of news organizations, or persons who otherwise perform services for the Association. Spouses should not be invited unless they fit into one of these categories.

DINNER CHAIRMAN

We express sincere thanks to Jack Horner for twenty years of loyal and devoted service to the Association. Jack and Leota Horner will attend the dinner as guests this year.

Sybil Graves succeeds Jack, and can be reached at the Association offices beginning March 9.

ROBERT PIERPOINT
President

From the Office of the
Executive Vice President

March 23, 1981

Virginia Knauer
2029 Connecticut
Apartment 33
Washington, D.C. 20008

Dear Virginia,

You can't imagine how enthusiastic I am about the good news of your return to a leadership role for consumers on the national scene. This comes as no surprise to me, however. Your talents will be productive for the interest of the administration and the people of the United States. You know that anything I can do to be of any assistance will find me a ready private in the "Virginia Knauer army."

Thoroughly enjoyed your publicity in People Magazine. I know that the situation is serious and frustrating, however the coverage in this national media was well done.

Best personal regards.

Sincerely yours,

John T. Kehoe

JK:sn

P.O. BOX 1017 / SACRAMENTO, CALIFORNIA 95805 / 443-3771

March 16, 1981

Mr. Milton E. Mitler
Manager, Media Relations
Chamber of Commerce of the
United States
1615 H Street, NW
Washington, D.C. 20062

Dear Milt:

Thank you for your kind note and do know I'm most appreciate of your support.

Yes, it's good to be back and certainly the job will be a challenging one. In addition to the consumer area, my portfolio includes responsibility for health care issues, disabled persons, safety matters, and the aging.

I look forward to working with you. In the meantime, do let me know if I can be helpful.

Sincerely,

Virginia

Virginia H. Knauer
Special Assistant to the President

ADVANCING VOLUNTARY LEADERSHIP IN A CHANGING WORLD

Chamber of Commerce of the United States

1615 H STREET, N.W.
WASHINGTON, D.C. 20062

March 5, 1981

The Honorable Virginia Knauer
Assistant to the President
for Consumer Affairs
The White House
Washington, D.C. 20500

Dear Virginia:

Congratulations!

I can't think of a better choice. The administration is fortunate that you would agree to accept the position.

Please let me know if I can be of any help to you.

My very best wishes.

Sincerely,

Milton E. Mitler
Manager, Media Relations

Millie —
Copy to each Sister
please

Bob

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release May 2, 1988

REMARKS BY THE PRESIDENT
TO THE UNITED STATES CHAMBER OF COMMERCE

Constitution Hall
Washington, D.C.

11:02 A.M. EDT

THE PRESIDENT: Thank you very much, and thank you, Ed Donley. And a special thank you to Vice Chairman and Chairman-to-be Bill Kanaga and to President Dick Lesher. And to Chairman Ollie Delchamps -- and I hope he's listening in; let me say, get well soon, Ollie. We all want to see you back in the saddle and riding tall. And a thank you to my favorite rock group. (Laughter and applause.)

You know, looking around at you who've been both generals and soldiers in the crusade we brought to Washington years ago, it reminds me of an old Hollywood story. I know you're shocked to hear that. (Laughter.) Anyway, it was on the evening in 1939 when "Gone with the Wind" premiered. And that first showing was in Atlanta -- (applause) -- and Margaret Mitchell, the author of the book, sat next to Clark Gable. And it came to the famous scene in which Scarlett O'Hara is nursing what looks like a single wounded soldier, and the camera pulls back and reveals thousands of Confederate troops, many also injured. And as those thousands appeared on the screen, Gable heard a little gasp next to him. And Mitchell leaned over to him and whispered, "My Lord, Mr. Gable, if we'd had as many soldiers as that, we'd have won the war." (Laughter.)

Well, looking at all of you, I know why we've won so much of our war these last few years. When the history of our time is recorded, I believe that you, the members of the United States Chamber of Commerce, will occupy a place that few can match. I've heard talk over the years about a Reagan revolution, but in many ways I believe it would be better to call what we've done your revolution. You gave us your drive. You gave us your support. And let me say to two personal heroes of mine, Dick Lesher and Richard Rahn -- and I know everyone here will second this -- for eight years here in Washington you have given us energy, wisdom, intellect, and leadership, and that's why we've come so far. (Applause.)

The victory ribbons on your regimental colors read like a list of the great legislative battles over economic policy in this decade: Gramm-Latta, Kemp-Roth, Gramm-Rudman-Hollings. And let me interject my thanks to all of you for also standing with us in a battle we lost -- the battle to sustain my veto of the Grove City legislation.

But to return to economics, today perhaps we're a little blase about our incredible accomplishments, but who in 1979 would have thought it possible that in less than a decade, the top marginal tax rate on personal income would drop from 70 percent to less than half of that; that the era of high inflation be brought to an end; and that without reigniting the inflation we could light the torch of economic growth and see its lustrous beacon shine for longer than has ever been recorded in peacetime.

Eight years ago, in the now-distant epoch of double-digit inflation, 20-percent interest rates, and official handwringing about

MORE

the limits of growth and the fatigue of our national economic mettle, we said -- you and I -- that the way to rebuild America was to restore faith in the greatest constructive force of all -- the American spirit of enterprise. And to those who called for more government planning, more regulations, and even more taxes, we said that, in a nation, as in a man or a woman, economic success is not a matter of bricks, mortar, balance sheets, or subsidies. No, if a national economy is to soar, first the inventive, enterprising, pioneering, dreaming entrepreneurial spirit of the nation's people must soar. And that meant not more regulations, but fewer. Not more government decoration,* but less. And, yes, not higher taxes, but lower taxes.

You know, sometimes I think that government tries to be a little like the politician -- of the opposite party -- who was seeking the oratorical heights and he said, "If they don't stop shearing the sheep that lay the golden egg, they'll pump it dry." (Laughter.)

Well, I can't help remembering the fear and trembling and utter disbelief that greeted the arrival of our creed here in Washington. Sometimes it reminded me of a scene of a horrified crowd in some old science fiction film -- "Attack of the Killer Tomatoes," maybe. (Laughter.)

Well, it occurs to me as I approach the end of my presidency, that the unparalleled resistance that greeted our policies and that we still face -- despite our unparalleled success -- was born of more than an ordinary political clash. After all, the struggle between those wanting more and less government spending was not due to Washington -- new to Washington, I should say. Neither was the struggle between those who wanted higher and lower taxes, or less defense versus a strong defense.

No, our arrival in Washington represented not another skirmish among partisans, but a collision of constellations. As George Gilder has written, in his words, "The central conflict in the economy pits the forces of statist bureaucracy against enterpreneurs." And he adds that on one side are those who believe the economy, the nation, and the world require, as he puts it, "control by large corporations and governments." On the other are those who believe our future depends on "small companies, entrepreneurs, inventors, and creators." And that's his list, not mine.

Yet, before we came to Washington, the powers-that-be saw the economy as a kind of a repertory theater: a few well-known actors -- business, labor, government -- performing a few well-known plays. Well, we said this is not the way the world works; that there's a great surging, yearning, creative energy in this land of questing freedom; and that because of it, America is continually being born anew. New companies, new technologies bloom and have their day. Some grow. Some fade. Some businesses become titanic overnight. Others remain tiny. But just because this process of conception, birth, and growth is so fertile, so diverse, and so dynamic, government cannot regulate it, subsidize it or control it. Government had just better get out of the way and let it happen. (Applause.)

You know, I sympathize with the liberals. When we first started talking about the economy in these terms, they predicted disaster. We predicted growth. And this year more people have been at work than ever before in the history of our country. A greater proportion of the work force has been employed than ever before. And after a decade of a falling roller coaster, real family income has been rising steadily ever since our expansion began more than five years ago.

* direction

Exports are high and climbing -- and in industry after industry, American manufacturing is the world leader. Unemployment is the lowest in almost 14 years and, month after month, brings new words of hundreds of thousands of new American jobs. And over 90 percent of these new jobs are from businesses that are five years old or less; that is, entrepreneurial businesses, just the kind we've been talking about and the liberals dismissed.

You've got to hand it to our critics, though. With all that good news mounting, they didn't give up. When the stock market fell last October, they could hardly wait to dance on the grave. And when I said the economy was strong, they said I was, quote, "irrelevant."

Well, the first quarter economic figures came out last week -- you've seen them. Gross National Product, up; domestic demand, up; personal consumption, up; durable goods spending, up; spending on services, up; business fixed investment, up at a 21 percent annual rate; wages and salaries, up; exports, up. My question is, who's irrelevant now? (Applause.)

It used to be, if you were a liberal and things just weren't going your way here, you could find friends abroad. Well, even that's getting harder. India, France, New Zealand, Australia, and now Great Britain have followed this new path and have adopted the recipe for what some call the "American Miracle." Yes, they've begun to cut tax rates, privatize state-owned industry, and reduce regulations. France even presented the Legion of Honor to a supply-side alumnus of our administration, saying it was, "for the renewal of economic science and policy after a half century of state intervention."

Well, yes, it's hard being a liberal today. It's a little like the story of when Mark Twain, at the time a young and relatively unknown writer, first met Ulysses Grant. General Grant was always a man of few words, and Twain was flustered and couldn't think of a thing to say. And after a long silence between them, Twain stammered, "General, I'm embarrassed. Are you?" Well, the liberals should be embarrassed.

To an economy that is strong and hearty, they're trying to feed a junk-food diet filled with empty calories. Some of the emptiest are in a box marked "The Trade Bill."

The plant closing restriction is the bill's worst provision, although not the only bad one. Mandatory plant closing notification has no place in federal law. It's a subject for labor-management negotiations, not government regulation. (Applause.)

And before they start to argue with me on that, let me remind them -- I was elected president in my union six times. And, by the way, I'm calling it "plant closing" notification because that's what it's called in the press. But it covers wholesalers, retailers, services -- every sector. And it applies to layoffs as well as closings.

You may have seen articles lately saying, "Well, this restriction is not all that bad." Well, yes it is. It's a shackle on smaller companies that want to take the leap and become large -- one more risk, and a big one, if they cross the threshold and fall under the regulation; an important reason to say, let's hold off growing that big for a while. And it's a ticking bomb in the back seat of any medium-sized or larger company that is stripping down and overhauling so it can keep on the track with foreign racers.

The bill's elaborate exemptions, that tell who must give notice and who doesn't have to, will detonate lawsuits sending managers to the courtroom just when they're most needed in the factory pulling their weight. Whenever the choice is a close call about whether a company is so distressed that it doesn't have to give notice, legalities will swamp the crucial economics of holding customer loyalty and maintaining creditor confidence -- and so of saving American jobs.

Well, those who are for the provision insist that it won't hurt us because, after all, many European countries have similar restrictions themselves. Yep, and that's among the reasons for Europe's poor job performance over the last six years. If we had done as poorly, our unemployment rate would be up like theirs -- not down from 10.8 percent to 5.5 percent. What would organized labor say then? Anyone who would copy Europe in this way is no friend to American workers. For America, plant closing restrictions are like playing Russian Roulette, with a machine gun -- a sure loser. I've said it loud and clear again and again, I want to sign the right trade legislation this year. For example, greater protection for intellectual property and greater negotiating authority in the current round of international trade negotiations are good ideas and they're in the bill. But they don't make up for so much else. In the form it was passed, I will veto the trade bill. (Applause.)

The future or the past -- that's what's at stake in the trade bill. And that's what's been at stake in every battle we've fought together these last eight years. In essence, our opponents want to move the United States toward what Latin American economists like Hernando de Soto have called a "mercantilist" system. As Peruvian writer Mario Vargas Llosa has described it, this means, in his words, "a bureaucratized, regulating state that puts the principle of redistribution of wealth over creation of wealth." And as Llosa concludes, redistribution has, quoting, "meant the concessions of privileges and monopolies to small private elites that depend on the state and on which it, in turn, is dependent."

Well, making America's economy more like that may not seem smart -- well, for those who look at the transformation of our industrial base with trepidation, it offers great comfort. Our opponents want to seize the seasons and stop time from flowing by. They look to the future with fear. They fear new technologies, new businesses, new international competition. We look to the future with hope and optimism.

And why shouldn't we? We've made a long journey -- and despite all the predictions of disaster, a good one. We aren't at the end yet, of course. In the years ahead, as we work to reduce further the disincentives in the Tax Code, we should cut the capital gains tax. When you tax something, you get less of it. The capital gains tax is a tax on innovation, and we need more innovation, not less. (Applause.)

We also must get control of federal spending once and for all. Congress has had control of the budget process for 14 years and made a mess of it. One-thousand-page continuing resolutions you can hardly lift --- forget about vetoing by the line; I'm ready to veto by the pound. (Laughter and applause.) But it's time to strengthen the president's hand in the budget process. It's too late for me to have the benefit of this, but it's time to give the presidency what 43 governors have, what I had as Governor of California and used 943 times without getting overridden once -- a line-item veto. (Applause.)

We need a two-year budget cycle and more privatization -- last year Congress cut the Coast Guard and gave the money to Amtrak; I'd rather stop all subsidies to Amtrak and give those dollars to the Coast Guard to fight drugs. (Applause.) And most important, we need a no-fault insurance policy for taxpayers -- insurance against reckless spending -- a balanced budget amendment to the Constitution. (Applause.)

Now, this is just a short distance on the path of our unfinished journey. We're like the pioneers who settled this great land, who struggled across the prairie, who braved the mountain passes and deserts, who conquered a vast frontier. It is love and faith that drive us on -- love of the liberty and opportunity that America has offered so many for so long; faith that we, with our strength and our wit, can, like the pioneers and the patriots before us, help build, preserve, and perpetuate that heritage.

It is a great gift God has given each of us -- making us Americans. (Applause.) Who knows why some are so blessed. It's a mystery we cannot fathom but can only adore -- and be thankful for.

In these last eight years you've shown your thanks by helping to rekindle America's fire of opportunity and optimism, by helping to ensure that it would burn for the generation to come, by feeding the flame that will guide our journey into the future.

Yet the journey is not over, and without you, America could yet turn back. So many hopes rest with you -- so many dreams. And this is a -- my appeal to you, my old comrades in arms, on this, our last gathering of my presidency -- don't let that fire dim; keep America on the path to the future. Do this, not for me, but for this land we love and cherish so well.

Thank you and God bless you all. (Applause.)

END 11:24 A.M. EDT