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# Congressional Quarterly

Weekly Report

The Republican Challenge

## Gubernatorial Forecast





# In This Issue . . .

## Farm Funding Flaw

Agriculture Department officials announced that a change in farm funding embedded in one of the two big money bills passed late in the session won't take effect until fiscal 1989. The result: A key element of the budget "summit" agreement negotiated between Congress and the White House may be at risk. (Page 18)

## Nuclear Arms Crossroads

After a half-decade of debate, Congress and the administration must soon agree on the future of the nation's nuclear-weapons-production program. Complicated questions of safety, cost and engineering have been compounded by arms control politics and U.S.-Soviet relations. (Page 21)

## Key Votes of 1987

On the most important votes taken in the first session of the 100 Congress, an assertive Congress sent a politically crippled President Reagan down to defeat more often than at any other time in his tenure. The partisanship that colored most votes disappeared only when outside forces — the stock market crash, for instance, and the U.S.-Soviet summit meeting — intervened. (Page 24)

## CLARIFICATION

**Pension Provision.** 1987 Weekly Report p. 3192, second column, third paragraph. A provision in the fiscal 1988 reconciliation bill calling for sharing of pension plan surpluses after a plan is terminated was withdrawn by the Senate Finance and House Ways and Means committees. The tax-writing committees took that action after the Senate Labor and Human Resources and House Education and Labor committees rejected the Finance-Ways and Means package of pension reform proposals, including the surplus-sharing provisions, because of disagreements over other issues in the bill.

**Graphics:** Cover — Rich Pottern; pp. 7 (Moore), 9 (Ashcroft), 21, 29 — Ken Heinen; p. 9 (DiPrete) — Eileen McClure; p. 9 (Kunin) — Gillian Randall; p. 9 (Castle) — Curt Richter; p. 18 — Teresa Zabala; p. 23 — Department of Energy; p. 27 — Rockwell International; p. 32 — Jose Lopez/*The New York Times*; p. 33 — American Health Care Association; p. 35 — *Virginian Pilot*, Norfolk, Va.



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# '88 Governors' Races: A Political Barometer

Although this year's 12 gubernatorial elections will be overshadowed by the race for the White House, the contests will give some indication of President Reagan's success as a party-builder and offer a clue to the Republican Party's prospects for winning a U.S. House majority in the next decade.

Every president from Harry S Truman to Jimmy Carter who has served at least one full term has had more governors from his party at the beginning of his administration than at the end. President Reagan, who began his tenure in 1981 with 23 GOP governorships, could buck that trend.

The GOP now holds 24 of the nation's 50 governorships, thanks to a big boost in the 1986 elections, when the party scored a net gain of eight seats. The last time Republicans controlled a larger share of the nation's governorships was prior to the 1970 elections, when they held a majority.

But it will not be easy for the GOP to hold its ground in 1988, because the party is currently in power in eight of the 12 states conducting gubernatorial elections this year. That is a far cry from two years ago, when three-fourths of the 36 seats at stake were in Democratic hands, giving Republicans a large target.

Adding to the GOP's concerns is the fact that gubernatorial developments during 1987 did not bode well for the party. Their candidates struck out in the off-year contests in three Southern states — Kentucky, Louisiana and Mississippi.

And a recurring nightmare for the GOP is the ongoing travail of Arizona Republican Gov. Evan Mecham, who has made so many missteps and enemies during just one year in office that he may face a recall election this spring. (*Mecham's troubles*, box, p. 6)

Given the number of GOP targets, it is not surprising that most activity will be on Republican turf.

Two states electing governors this year — North Carolina and West Virginia — are "Republican turf" only by virtue of the fact that GOP candidates lured them from their traditional Democratic voting habits in Reagan's landslide re-election year of 1984. North Carolina incumbent James G. Martin and West Virginia Gov. Arch A.

Moore Jr. both have tough races ahead of them, and Moore's delay in launching his re-election bid has spawned rumors that he is not up for the fight.

Two of the closest gubernatorial contests in the country are likely to be in states considered solid Republican territory in most elections. In Indiana, where GOP Gov. Robert D. Orr is retiring, Democrats have reason to believe that, after nearly 20 years of Republican rule, the GOP apparatus has atrophied and voters want change.

And in Utah, Democratic optimism is buoyed by the failure of GOP incumbent Norman H. Bangerter to project a dynamic leadership image.

The GOP does have a firm upper hand in half of the states it must defend; incumbents in Delaware, Rhode Island, Missouri and New Hampshire are solid early favorites. And it has a good opportunity in the open Montana race, where Democrats will have trouble finding a candidate who can match the personal appeal enjoyed by their retiring incumbent, Ted Schwinden.

But Montana looks like the GOP's only good chance for a pickup. The Democratic governors in North Dakota, Washington and Vermont are on better terms with their states' business interests than is typical for a Democratic chief executive, and that has helped discourage strong GOP opposition.

Control of the U.S. House is not on most minds in 1988; the Democrats' majority hardly appears threatened. But those concerned with control of the House do have reason to keep an eye on the governors' elections, because most of the chief executives elected this year will still be serving when the congressional redistricting process begins in the early 1990s. The sitting governors will be

favorably positioned to see that the line-drawing is not done to the detriment of their party.

This could be particularly important in larger states that may gain or lose seats. Republican governors in North Carolina and Missouri, for instance, could check those state's traditionally Democratic legislatures. And a Democratic governor of Indiana might be able to prevent a repeat of what happened earlier this decade, when the GOP Legislature and governor colluded on a redistricting plan hostile to Democratic incumbents.

## 1988 Gubernatorial Election Calendar

State	Primary Date †	Candidate Filing Deadline
Indiana	May 3 *	March 4
North Carolina	May 3/May 31	Feb. 1
West Virginia	May 10 *	Feb. 6
Montana	June 7 *	March 24
North Dakota	June 14 *	April 20
Missouri	Aug. 2	March 29
Delaware	Sept. 10	July 29
New Hampshire	Sept. 13	June 10
Rhode Island	Sept. 13	June 30
Utah	Sept. 13	April 15
Vermont	Sept. 13	July 18
Washington	Sept. 20	July 29

\* Presidential primary is held on the same day.

† Where two dates are listed, the first is the primary and the second is the runoff, which is required when no candidate wins a majority in the primary.



## 1988 Occupants of the Nation's Statehouses

Listed below are the governors and governors-elect of the 50 states and the year in which the next election for

each office will be held. The 12 states with 1988 gubernatorial contests are in **boldface**.

Alabama — Guy Hunt (R) 1990  
 Alaska — Steve Cowper (D) 1990  
 Arizona — Evan Mecham (R) 1990  
 Arkansas — Bill Clinton (D) 1990  
 California — George Deukmejian (R) 1990  
 Colorado — Roy R. Romer (D) 1990  
 Connecticut — William A. O'Neill (D) 1990  
**Delaware — Michael N. Castle (R) 1988**  
 Florida — Bob Martinez (R) 1990  
 Georgia — Joe Frank Harris (D) 1990  
 Hawaii — John Waihee (D) 1990  
 Idaho — Cecil D. Andrus (D) 1990  
 Illinois — James R. Thompson (R) 1990  
**Indiana — Robert D. Orr (R) 1988**<sup>1</sup>  
 Iowa — Terry E. Branstad (R) 1990  
 Kansas — Mike Hayden (R) 1990  
 Kentucky — Wallace G. Wilkinson (D) 1991  
 Louisiana — Buddy Roemer (D) 1991<sup>2</sup>  
 Maine — John R. McKernan Jr. (R) 1990  
 Maryland — William Donald Schaefer (D) 1990  
 Massachusetts — Michael S. Dukakis (D) 1990  
 Michigan — James J. Blanchard (D) 1990  
 Minnesota — Rudy Perpich (D) 1990  
 Mississippi — Ray Mabus (D) 1991<sup>3</sup>  
**Missouri — John Ashcroft (R) 1988**

**Montana — Ted Schwinden (D) 1988**<sup>4</sup>  
 Nebraska — Kay A. Orr (R) 1990  
 Nevada — Richard H. Bryan (D) 1990  
**New Hampshire — John H. Sununu (R) 1988**  
 New Jersey — Thomas H. Kean (R) 1989  
 New Mexico — Garrey Carruthers (R) 1990  
 New York — Mario M. Cuomo (D) 1990  
**North Carolina — James G. Martin (R) 1988**  
**North Dakota — George Sinner (D) 1988**  
 Ohio — Richard F. Celeste (D) 1990  
 Oklahoma — Henry Bellmon (R) 1990  
 Oregon — Neil Goldschmidt (D) 1990  
 Pennsylvania — Robert P. Casey (D) 1990  
**Rhode Island — Edward DiPrete (R) 1988**  
 South Carolina — Carroll A. Campbell Jr. (R) 1990  
 South Dakota — George S. Mickelson (R) 1990  
 Tennessee — Ned McWherter (D) 1990  
 Texas — William P. Clements Jr. (R) 1990  
**Utah — Norman H. Bangerter (R) 1988**  
**Vermont — Madeleine M. Kunin (D) 1988**  
 Virginia — Gerald L. Baliles (D) 1989  
**Washington — Booth Gardner (D) 1988**  
**West Virginia — Arch A. Moore Jr. (R) 1988**  
 Wisconsin — Tommy G. Thompson (R) 1990  
 Wyoming — Mike Sullivan (D) 1990

<sup>1</sup> Barred by state law from seeking another term.

<sup>2</sup> Will be sworn in March 14 to succeed Edwin W. Edwards (D).

<sup>3</sup> Will be sworn in Jan. 12 to succeed Bill Allain (D)

<sup>4</sup> Retiring.

### A Party Past Its Prime?

It is difficult to find a state that has been a more solid Republican bastion than Indiana, where the GOP has chalked up five straight gubernatorial victories, starting in 1968. And yet, heading into the 1988 campaign, it is difficult to find a state where Democrats are more optimistic about their chances of taking over a governorship. The hope stems from a perception that, after two decades in power, the vaunted Indiana GOP organization is a step or two slower than it once was, and could be outthrustled by an aggressive Democratic challenge.

The Republicans almost certainly will nominate Lt. Gov. John M. Mutz, 52, of Indianapolis, in the May 3 primary. Despite his clear path to the nomination, Mutz still has much work ahead of him in generating enthusiasm for his campaign, even among some GOP faithful.



*As Indiana Lt. Gov. John M. Mutz, left, tries to extend the GOP's reign, Democratic Secretary of State Evan Bayh says it is time for a change.*



Mutz has considerable experience in state government, having served in the Legislature for 13 years before his election as lieutenant governor in 1980. But that experience may not be a plus in 1988, because he is closely identified with the administration of outgoing two-term Gov. Orr, who has had difficulty endearing himself to the state's voters. Orr's weakness was obvious in 1984, when he barely won re-election even as President Reagan was laying down long coattails in Indiana; Orr took 52 percent of the vote, while Reagan carried the state with 62 percent.

Democrats are hopeful that there will be even stronger sentiment for change four years after Orr's narrow victory, and many in the party think the best man to lead their charge is 32-year-old Secretary of State Evan Bayh, a relatively new face in Indiana politics with a relatively old political name; Birch Bayh, his father, served three terms in the U.S. Senate before losing in 1980. Bayh became the state's most rapidly rising Democratic star after winning his first election in 1986. As a campaigner, he is much more dynamic and telegenic than Mutz.

Although he has primary opposition, Bayh has geared his theme — that it will take a "new broom ... to sweep the statehouse clean" — to the general election. Thanks to his name recognition, politi-

cal connections and support from organized labor, Bayh clearly is the man to beat on the Democratic side.

But there is some sentiment in the Democratic Party that Bayh has risen to the top a little too quickly, and that an older, more seasoned nominee would fare better against Mutz. Senate Democratic leader Frank O'Bannon, 57, of Corydon, hopes to capitalize on Bayh's relative inexperience; he is well-respected in political circles, although the average voter is likely to find him a less captivating campaigner than Bayh. A third Democrat, 50-year-old Kokomo mayor Stephen Daily, is also running. He faces the daunting task of overcoming the name recognition Bayh has as a statewide official and the ties to party insiders that O'Bannon has as a legislative leader.

### A Queasy Feeling

In another state with a strong Republican tilt in most elections, the GOP also finds itself facing some difficulty in 1988. Utah Gov. Bangerter, who was elected in 1984 with 56 percent of the vote, trailed potential Democratic opponents by some 30 percentage points in a mid-1987 newspaper poll.

It is unthinkable that a Democrat could actually defeat a Republican by such a margin in Utah — this has been the GOP's best state in the last three presidential elections — but Bangerter cannot rely on party label to pull him through, because the state has been willing to elect Democratic governors in the past. Before Bangerter's victory, Republicans were shut out from the office for 20 years.

The 54-year-old Bangerter, a genial and low-key man, has not done anything in particular to grate on Utah voters, but he has had trouble convincing them that he is a take-charge governor who does more than react to issues. One matter that may give him some trouble is taxes: He campaigned in 1984 on a promise not to raise taxes for at least two years — a promise he kept. But in his third year, Bangerter had to push for a \$160 million tax hike — the largest single increase in Utah's history.

Bangerter also has had to scramble to make the best of an unexpected hand dealt him by Mother Nature. After he pushed a \$60 million plan to pump water from the overflowing Great Salt Lake in order to reduce flooding problems, the state experienced a stretch of dry weather that began to bring down the lake level naturally. Bangerter argues that the pumping project is a wise long-term investment, and he may persuade voters of its prudence, but in the short term, it did not give him the aura of decisiveness that some had predicted.

The Utah GOP lost a U.S. House seat in 1986 after electing a weak Republican, Rep. David Monson, in 1984, and during 1987, Bangerter's apparent weakness prompted efforts in some Republican circles to recruit an alternative candidate. Though no challenger of note is expected in the Sept. 13 primary, the search activity was no help to Bangerter's image as a leader.

Democrats have a well-known candidate in Ted Wilson, 48, a former mayor of Salt Lake City. Two terms as mayor of the state's largest population center gave Wilson considerable statewide exposure, which he increased in 1982 with a challenge to GOP Sen. Orrin G. Hatch. But he

Gov.  
Norman H.  
Bangerter



Ted  
Wilson



did not fare as well as had been expected against Hatch, taking just 41 percent of the vote. Like a number of Democratic candidates that year, Wilson criticized Reaganomics, but his attacks did not go over as well in Utah as they did in some other states. While that contest gave Wilson an image as standing to the left of most Utah voters, Bangerter's own image problems are a comparable liability.

### The Martin-Jordan Feud

While candidate quality has been a concern for Republicans in Indiana and Utah, it is the odds of history that give pause to the North Carolina GOP. In 1984, James Martin became only the second Republican this century to win the state's top office, and Democrats have been spoiling for a rematch ever since.

Martin, 51, has enjoyed a good measure of popularity in his first term, pleasing many voters by pushing tax cuts in 1985 and calling for changes in education, including a statewide merit-pay system for school teachers. But Martin has come under steady attack from the state's Democrats, and has seen many of his efforts stifled by the heavily Democratic Legislature.

Throughout his term, Martin has been in steady competition for power and headlines with Democratic Lt. Gov. Robert Jordan III, who will try to oust him this year. The 55-year-old Jordan, who presides over the state Senate, has tried to position himself as something of a co-governor, and has been credited with moving a number of initiatives through the Legislature.

Jordan and the Democrats have accused Martin of staying on the sidelines during legislative battles, deriding him as the "sitting governor." Martin handed them some ammunition in 1987 when he took a long-planned sailing vacation before the legislative session had ended. Democrats also have argued that Martin has not done enough to prevent major businesses from leaving the state during his term, citing the closure of major businesses such as the American Tobacco Co. and Fieldcrest Mills.

Martin contends that because of his efforts to recruit

*The chief writer of this preview of the 1988 gubernatorial elections was Peter Bragdon. Dave Kaplan and Caroline Ashley were major contributors.*



# Arizona's Mecham: The Troubles He's Seen

In addition to the one dozen regularly scheduled gubernatorial contests in 1988, there may be a 13th, involving Arizona Gov. Evan Mecham. The embattled Republican, first elected in 1986, almost certainly will face a recall election in May, unless he resigns before the election is called in January.

On Dec. 21, the Maricopa County (Phoenix) recorder said his office had verified more than 240,000 signatures on petitions demanding Mecham's recall — well over the 216,746 required to force an election.

When officials in other counties are finished certifying the signatures collected in their jurisdictions, the focus shifts to Democratic Secretary of State Rose Mofford. On Jan. 24, she will formally notify the governor whether a sufficient number of signatures have been validated to warrant a recall election.

Mecham then will have 10 days to indicate whether he will run in the recall election or resign. If he resigns within five days, Mofford becomes governor and no recall election will be held. If after five days, Mecham has not stated his intentions, there will be an election — possibly on May 17 — whether or not he decides to resign.

A staunch conservative, Mecham has attracted national attention from the first days of his administration, when he rescinded a state holiday honoring the birthday of the Rev. Dr. Martin Luther King Jr. Since then, Mecham's controversial appointments and blunt comments have put him in one squabble after another — with blacks, feminists, gays, Jews, Catholics, Hispanics and others. (*Background, Weekly Report* p. 2734)

Mecham, who was elected in a three-way race with 39.7 percent of the vote, also is the subject of investiga-

tions into his failure to report a \$350,000 campaign loan. Mecham has repaid the loan, and the term of a state grand jury expired before issuing any indictments. But another grand jury is re-examining the loan.

In addition, Mecham's former top aide, ex-Rep. Sam Steiger (R-Ariz., 1967-77), faces charges of extortion and bribery.

The Republican-controlled Arizona House has hired a special counsel to investigate allegations leveled at Mecham; a decision on whether to undertake impeachment proceedings could come in early January.

Mecham, who says he will not resign, contends that the recall effort is a Democratic-led conspiracy. But a number of Republicans have also called on him to resign, including the House GOP whip and the patriarch of Arizona's Republican Party, former Sen. Barry Goldwater. One Republican member of Arizona's congressional delegation concurs: Rep. Jim Kolbe sent a letter to Mecham in late October urging him to resign. Republican Sen. John McCain has asked Mecham to disclose all information about the campaign loan, but has not called on him to resign. GOP Reps.

Jon Kyl, Bob Stump and John J. Rhodes III have opposed the recall process; Stump said that Mecham "has done nothing to warrant a recall."

If removed from office by popular recall, Mecham would become the second governor in U.S. history to be so evicted. In 1921, North Dakota voters ousted Republican Gov. Lynn J. Frazier, the attorney general and the commissioner of agriculture and labor in a renunciation of a GOP splinter group, the populist Nonpartisan League.

—By Dave Kaplan



businesses, North Carolina's unemployment rate is the lowest it has been since 1979. And because Jordan's working relationship with legislative leaders has not been entirely peaceful, Martin has gotten some opportunities to question his effectiveness as a leader.

Both men have some fences to tend within their parties. Martin, who has never been particularly close to the right wing of the state GOP, benefited in 1984 from the hard-core conservative turnout for Sen. Jesse Helms' re-election campaign. Many on the right have been satisfied with Martin, but it remains to be seen how devoted they will be in a year when Helms is not on the ballot.

Democrats, whose disunity helped Martin in 1984, are much more unified in 1988. Many in the party have been treating Jordan as the all-but-certain nominee for the last three years, and his strongest potential opponents have opted out of the May 3 primary.

But Jordan, a business-oriented Democrat, is no cinch to capture the votes of conservative Democrats in the rural eastern part of the state. In 1984, Martin won some key endorsements and votes in eastern Carolina, where Helms

always has run well. And if the Democratic Party's presidential ticket has a pronounced liberal tilt, Democrats in that part of the state will be the first to defect to the GOP line, which could help Martin.

## For Moore, How Much Is Enough?

The GOP also faces a threat to its hold on the governorship in West Virginia, but the outlines of the situation there will not be clear until Arch Moore announces whether he will seek another term.

It has been said that there are two parties in West Virginia — the Democrats and Moore, a colorful veteran of many political wars and the only person to win the West Virginia governorship for the GOP in the past 30 years. In 1984, Moore won an unprecedented third, non-consecutive term as governor. If Moore does choose to meet the Feb. 6 filing deadline, he may find that setting another record — winning a fourth term — is a difficult task.

For one thing, Moore, 64, will have more than just a general election to contend with. Millionaire business executive John R. Raese of Morgantown already has an

nounced he will be a candidate in the Republican primary May 10, regardless of Moore's decision. Raese, 37, has name recognition stemming from his strong campaign for the Senate against outgoing Democratic Gov. John D. Rockefeller IV in 1984, when he took 48 percent of the vote. Also seeking the GOP nomination is state Sen. Jay Wolfe, of Bridgeport, a 32-year-old former Democrat. Elected to the Legislature in 1986, Wolfe is stressing the need for right-to-work legislation and for stopping state-funded abortions.

Raese, who is president of businesses involved in coal mining, construction and newspaper publishing, has never had close ties to Moore. In 1984, he entered the Senate race despite speculation that Moore was considering the contest himself, and in 1986, he defeated Moore's handpicked candidate for the party chairmanship. Raese has said that Moore no longer stands for the "ideals of our party."

Those are strong words against a man who has been considered the embodiment of the state GOP, but Raese is betting that Moore's political appeal has been lessened by the state's persistently high unemployment rate. Moore made a big issue of unemployment in 1984, laying much of the blame on Gov. Rockefeller. But the state's joblessness rate is still double the national average, and Moore has squabbled with the Legislature over how to improve the economic picture.

Democrats have a crowded field. Making another try for the governorship is former state House Speaker Clyde M. See Jr., 46, Moore's 1984 opponent. Though he was shunned by many in organized labor, who regarded him as pro-business, See managed to get 47 percent of the vote four years ago. Longtime state Agriculture Commissioner Gus Douglass, 60, also is running. Thanks to six successful campaigns for commissioner dating back to 1964, Douglass has statewide name recognition as well as ties to rural voters and rank-and-file union members.

Though he lacks the name recognition of See and Douglass, a third Democrat — millionaire insurance company president Gaston Caperton — seems prepared to address that problem with a costly and sophisticated media effort. Caperton, 47, of Charleston, is making his first try for political office, but he may benefit from his longtime friendship with Rockefeller, now the state's junior senator.

Democrat Dan Tonkovich, 41, of Benwood, president of the state Senate, has announced his gubernatorial candidacy and another Democrat in the state Senate, Mario Palumbo, 54, of Charleston, is expected to do likewise soon.

### Life After Schwinden

This year, Democrats in Montana are marking 20 years of continuous control of the governorship, but any festive mood in the party was deflated by the August decision of



***As West Virginia's GOP Gov. Arch A. Moore Jr. contemplates another campaign, foes line up, in his party and on the Democratic side as well.***

**Gov.  
James G.  
Martin**



**Lt. Gov.  
Robert B.  
Jordan III**



Democratic Gov. Ted Schwinden to retire from office after two terms. Schwinden is the state's most popular political figure; his departure left Democrats scrambling for a candidate with the potential to duplicate his success.

Most Democratic attention was initially focused on 1st District Rep. Pat Williams, but he decided against a job change, prompting many others to jump into the contest. The most prominent Democrat in the field is former two-term Gov. Thomas L. Judge, 53. He is widely known, but his involuntary departure from the governorship in 1981 was a clear indication that he is not as strong a candidate as Schwinden: It was Schwinden, then Judge's lieutenant governor, who turned Judge out of office in the 1980 Democratic primary. Judge lost by more than 10,000 votes, in part because his reputation had been tarnished by numerous trips abroad and a well-publicized divorce. Judge was also considered somewhat aloof, a contrast with Schwinden's friendly Western style.

Two other Democrats are likely to figure prominently in the June 7 Democratic primary: Frank B. Morrison Jr., a former state Supreme Court justice, and Attorney General Mike Greely.

Morrison, 50, resigned from the Supreme Court and began his gubernatorial campaign well before Schwinden divulged his plans. His father, Frank B. Morrison, served for three terms as governor of Nebraska in the 1960s. Greely, 47, is expected to decide imminently whether to give up his current job, to which he has been elected three times, to run for governor.

Also in the Democratic race are state Sens. Mike Halligan, 38, of Missoula, and Ted Neuman, 41, of Vaughn, neither of whom can boast the statewide name recognition of Judge, Greely or Morrison. Rounding out the field is Billings evangelist Emmett "Curley" Thornton, 39.

The Republicans have a formidable contender in Secretary of State Jim Waltermire, 38, who appears to hold a comfortable advantage over two other GOP candidates, former state Sen. Stan Stephens, 58, of Havre, and state Rep. Cal Winslow, 38, of Billings. Stephens and Winslow



## Business Ties Help Democrats



Gov. Booth Gardner

Gov. George Sinner

will be hard pressed to overcome the name recognition and popularity of Waltermire, who was elected to a second term in 1984 with more than two-thirds of the vote.

### Sinner's Secret to Success

In neighboring North Dakota, where Democrat George Sinner scored one of the biggest upsets of 1984 by defeating GOP Gov. Allen I. Olson, it is the GOP that is scrambling. Sinner appears well-positioned to win a second term, in large part because of his success in taming normally Republican constituencies.

Within his own party, the 59-year-old Sinner is respected as an intelligent and competent governor, although he does not have the kind of loyal personal following that popular Democratic Rep. Byron L. Dorgan has built with his populist style of politics. The more liberal elements of the party that have boosted Dorgan and Sen. Kent Conrad are quite wary of the pro-business stances taken by Sinner, a wealthy sugar beet farmer from the Red River Valley. But the concern about Sinner's tilt is not sufficient to sustain a primary challenge.

Sinner's emphasis on economic development has been welcomed by coal and oil interests, and many businessmen who would normally play an important role in funding a GOP gubernatorial effort will probably line up behind Sinner. Though GOP presidential candidates tend to do well in North Dakota, Sinner's performance in 1984 suggests he will not lose sleep over coattails. As Reagan swept the state with 65 percent of the vote, Sinner won 55 percent, running 21 points ahead of Walter F. Mondale.

Republican state Sen. Bruce Bakewell, 48, a rancher from Fortuna, has announced his candidacy against Sinner.

### Gardner's Charm

Another business-oriented Democratic incumbent also appears to be doing well: In Washington State, where voters have not re-elected a governor since 1972, Booth Gardner, heir to a Northwest lumber fortune, may be able to halt the revolving-door syndrome that helped him edge GOP Gov. John Spellman out of office in 1984.

Gardner, 51, has enjoyed high popularity ratings throughout his term, thanks as much to his affable nature as to his substantive accomplishments. As a businessman-turned-politician, he has won important support in the Seattle business community, a traditional source of GOP funding.

But the outlook for Gardner is not quite as rosy as for

Sinner. Though he campaigned on a promise to run state government more like a business, Gardner has not come across as a take-charge manager. Known for his folksy good humor, he has seemed unwilling to fight for success. "Legislation is a contact sport; I'm better at non-contact sports," he has said. Fortunately for Gardner, the highly decentralized power structure in the Legislature has caused so many problems for previous governors that the public may be lowering its expectations of what a chief executive can do.

Gardner also has been criticized for vacillating on pursuing tax "reform" — a code word for establishing a state income tax, in the view of many Washingtonians. After calling for a bipartisan effort to study taxes, he appeared to back away from the issue when some Republicans balked.

The two leading contenders in the Sept. 20 Republican primary are state Rep. Bob Williams, 45, of Longview and Norm Maleng, 49, the prosecutor in King County, which includes Seattle. Maleng, whose strength is among establishment Republicans, may benefit from his base in the state's most populous county. Williams has made a name for himself in the Legislature for his expertise on budget matters. But in November, either would face a considerable challenge in matching Gardner's money, recognition and personality.

### Incumbents Bask in Good Times

Political fortunes in several Eastern states appear to be tracking economic fortunes. In the New England and mid-Atlantic states holding gubernatorial elections in 1988, economies are going strong and, for the most part, so are the incumbents.

Still, New Hampshire Democrats, losers in every gubernatorial and Senate election since 1980, harbor some hope of unseating GOP Gov. John H. Sununu. They were encouraged by the 1986 gubernatorial contest, when their nominee, Paul McEachern, managed 46 percent against Sununu. Given that he had won a second term in 1984 with two-thirds of the vote, Sununu's 1986 margin was a clear sign the governor has some weaknesses.

McEachern made the 1986 contest a referendum on the controversial Seabrook nuclear power plant, which is opposed by many voters who fear utility rate increases if the costly plant comes on line. Sununu, 48, has been a devoted supporter of the plant, standing firm even after the 1986 Chernobyl nuclear accident heightened concern about reactor safety and prompted some other Republicans to distance themselves from the governor on Seabrook.

Though the plant is still as hotly debated as ever, the outcome two years ago seems to have convinced McEachern that Seabrook alone will not oust Sununu. For 1988, the 50-year-old Portsmouth attorney is trying to broaden his appeal by focusing more on other issues; he says Sununu has not done enough to address problems stemming from economic growth, including traffic congestion, groundwater contamination and school crowding.

This is McEachern's third gubernatorial bid; in 1984, he lost in his party's primary. He may face opposition in the Sept. 13 Democratic primary from Nashua Mayor James Donchess, 38, but is likely to have more solid party support in 1988 because of his strong 1986 showing. It will be difficult, however, for him to add enough pro-McEachern votes to the anti-Seabrook vote to unseat a GOP incumbent in a strong Republican state. Sununu, seeking to become the first New Hampshire governor to serve four two-year terms, is a smart, aggressive politician who can point to a booming economy and a state budget surplus built during his tenure.

Sununu has taken an increasingly active role in national politics in recent years, and now is chairman of the National Governors' Association. Some view his pursuits as a sign that he is restless with handling only New Hampshire issues, but his outside involvement also may signal that he is secure enough at home to pursue other interests.

### Kunin on a Roll

There likely will be less suspense in Vermont, where only one incumbent governor has been defeated this century. After narrow victories in 1984 and 1986, Democratic Gov. Madeleine M. Kunin looks set to win a third term and reaffirm her party's growing strength in rural Vermont, once a Yankee Republican bastion. Since 1984, when Kunin won 50.02 percent to become the state's fourth Democratic governor, the GOP has lost the lieutenant governorship and control of both houses of the Legislature.

Republicans have tried repeatedly to tag Kunin as an anti-business governor, but that argument has been undermined by the state's economic growth. During Kunin's tenure, a budget deficit of more than \$3 million has turned into a \$60 million surplus.

Kunin, 54, also has been successful at getting her way with the Legislature. In 1987 she won passage of an education package that included a sizable boost in state funding.

Running for the GOP is state Rep. Mike Bernhardt, 50, who as House minority leader has criticized Kunin for excessive centralization of the economy and education. Bernhardt may face competition in the Sept. 13 primary from Secretary of State Jim Douglas, 36.

Unlike 1986, Kunin probably will not have to contend with an independent candidacy from socialist Mayor Bernard Sanders of Burlington. Sanders, who kept Kunin's vote down to a 47 percent plurality in a three-way race two years ago, instead may run for the House.

### No Takers

In Rhode Island, the once-dominant Democratic Party again finds itself searching for a candidate strong enough to compete with GOP incumbent Edward DiPrete, who ended 16 years of Democratic rule when he was elected in 1984.

Sustained economic prosperity has produced a large budget surplus and enabled DiPrete to work cooperatively with the Democratic legislature to allocate millions of dollars for a variety of social and municipal programs, while also pushing through a tax cut.

As DiPrete, 53, aims for a third term, Democrats

find themselves in a position familiar to the GOP not too long ago — without a strong candidate or the money to finance a credible challenge. One possible nominee is municipal court Judge Keven McKenna, 42, a former state representative and president of the 1986 Constitutional Council.

Delaware Democrats can empathize with their brethren in Rhode Island. No one yet appears much interested in fighting for the nomination to oppose popular Republican Gov. Michael N. Castle.

Like DiPrete, Castle has presided over a strong economy. In 1987, one of the Delaware Legislature's biggest battles was over how much taxes should be reduced. And Castle, 48, has received bipartisan praise for his efforts to promote land-use planning and to change the state's welfare system.

With Castle's re-election considered all but a foregone conclusion, Democrats are searching for a candidate who will be able to keep his vote margin down.

But few have been eager to take on a seemingly impossible race. Currently, their best hope is state Sen. Harris B. McDowell III, 47, of Wilmington. But McDowell, who serves as majority whip in the Senate, has not committed himself to the campaign.

In Missouri, Democrats also face a popular incumbent. The strength of Republican Gov. John Ashcroft as he prepares to seek a second term is just another example of the state's increasing Republicanism; the GOP has won most statewide offices in recent years and now holds both U.S. Senate seats.

Ashcroft, 45, a devoutly religious, gospel-singing Republican, demonstrated widespread appeal in 1984, when he was elected with 57 percent of the vote — the largest tally for a Republican gubernatorial candidate in Missouri in more than a century. He has since increased his popularity, presiding over a generally strong economy, and working harmoniously with leaders of the Democratic-controlled Legislature.

But if Ashcroft looks strong, Democrats may have a credible candidate in Betty Hearnese, 60, a state legislator and state party chairman. Hearnese, who is expected to announce in the near future, is no stranger to the governor's office. Her husband, Warren E. Hearnese, served as governor from 1965 to 1973, when Democrats still dominated the state. Name recognition and party connections should give her a boost over her strongest primary rival, 54-year-old state Sen. Harry Wiggins of Kansas City.

### Incumbents Looking Strong



Gov. Madeleine M. Kunin



Gov. Edward DiPrete



Gov. Michael N. Castle



Gov. John Ashcroft



# Many Labor-HHS Programs Win Fund Increases

After settling prolonged fights over language regarding AIDS education and whether federal funds may be used for abortion counseling, House and Senate conferees agreed to appropriate \$128.2 billion for the Departments of Labor, Health and Human Services (HHS), and Education and for related agencies.

The funding for fiscal 1988 and, in a few cases, fiscal 1989 and 1990, was approved as part of the massive continuing appropriations measure (H J Res 395 — PL 100-202) signed by the president Dec. 22.

Of the \$127.1 billion to be spent in fiscal 1988, only \$37.7 billion is for discretionary activities over which congressional appropriators had control. The rest is for entitlement programs, including Medicare, unemployment compensation and Aid to Families with Dependent Children (AFDC).

The House passed the Labor-HHS-Education section of the bill as HR 3058 Aug. 5; the Senate passed the bill Oct. 14. (*Senate, House action, 1987 Weekly Report pp. 2519, 1790*)

Conferees were forced to trim the measure as a result of the Nov. 20 budget summit agreement between White House and congressional negotiators. Ultimately, with time running out during an all-day session Dec. 16, conferees reached their targets by slicing each discretionary item by 4.26 percent.

Even with the cuts, however, many programs received increases from their fiscal 1987 levels, and overall totals were considerably higher than those sought by the Reagan administration. The administration's budget proposal in most cases sought to reduce funding from, or to freeze it at, the previous year's levels.

## AIDS Gets Priority

Some of the major recipients of new funding were programs within HHS aimed at combating the deadly disease AIDS. A total of \$906 million was appropriated for HHS anti-AIDS efforts (not including anti-AIDS activities of the Food and Drug Ad-

—By Julie Rovner



Concern over AIDS led Congress to give large increases to medical research.

ministration, funded under the agriculture section of the bill). Nearly half of that total is earmarked for activities within the National Institutes of Health. While the House and Senate had originally approved approximately \$946 million to fight AIDS, the final total still nearly doubled fiscal 1987 funding of \$479 million and was significantly higher than the administration's proposed \$766 million.

A major funding increase went to the Centers for Disease Control (CDC), which are playing a key role in tracking the AIDS epidemic. Congress ignored an administration request to cut CDC funding from \$456 million in fiscal 1987 to \$440 million, instead voting to provide nearly \$772 million. Of that total, \$305 million is earmarked for AIDS information, research, testing and other activities.

Congress also spurned administration proposals to reduce or eliminate funding for a variety of programs within the Department of Education.

Instead of reducing funding for education for the handicapped by \$200 million from its fiscal 1987 level of \$1.7 billion, for example, Congress voted to increase it by almost the same amount.

Similarly, Congress boosted funding for student aid, including Pell grants and the work-study program, from \$5.48 billion in fiscal 1987 to \$5.54 billion, despite an administration request of \$3.3 billion.

And Congress refused to eliminate funding for vocational education programs as requested by the administration, instead raising funding from fiscal 1987's \$988 million to nearly \$1.1 billion.

## Energy Aid Trimmed

One of the main funding disputes between House and Senate negotiators was over the level provided for the Low Income Home Energy Assistance Program, which helps those meeting certain income requirements pay heating and air-conditioning bills and weatherize their homes.

The House voted to continue the program at its fiscal 1987 level of \$1.8 billion, while the Senate approved \$1.2 billion, taking the position that states could make up the difference from any funds they would receive through settlement of lawsuits involving overcharges by oil companies.

But despite the pleas of the nation's governors, who argued in a letter to conferees that oil-overcharge funds "are not available to replace lost federal appropriations," and a letter signed by 187 House members, conferees provided \$1.5 billion, a cut of \$300 million.

Conferees wrangled over policy as well as money.

The White House used its veto threats to kill a provision added in the Senate that would prohibit the administration from implementing new regulations for the federal family-

planning program, Title X. The program has been operating without an authorization since the last one expired at the end of fiscal 1985. (*Background, 1987 Weekly Report p. 2241*)

Proposed regulations published in September would bar Title X providers — already statutorily prohibited from using federal funds for abortions — from making abortion referrals, mentioning abortion as an option to a woman with an unintended pregnancy, or using non-federal money for abortions or abortion-related services unless facilities are physically and financially separate.

The proposed regulations were applauded by anti-abortion groups, which have long charged that Title X grantees are illegally using federal funds to encourage abortion, but condemned by physician and family-planning groups, which argued that not mentioning abortion as an option violates a patient's right to informed consent. More than 130 members of Congress objected as well, charging that Congress has on several occasions refused to make the changes envisioned under the new rules.

Lowell P. Weicker Jr. of Connecticut, ranking Republican on the Senate Appropriations subcommittee that

handled the Labor-HHS-Education bill and a longtime supporter of Title X, added language to the bill that would have barred the administration from making changes in the operation of the program — effectively blocking the new regulations.

The language went unchallenged in the Senate but it was not unnoticed by the administration, which made it the only item in the Labor-HHS section against which a veto threat was lodged.

Although several conferees said that Weicker's position was supported by everyone in the room except House subcommittee Chairman William H. Natcher, D-Ky., and Rep. Vin Weber, R-Minn., ultimately the language was struck from the bill.

Instead, members added language to the conference report stating that "the Senate conferees and some House conferees believe that changes to existing law must be achieved through shared adherence to the constitutional process and express disagreement with the executive's bypassing that process through a regulatory device."

That leaves the administration free to publish the regulations, which will likely occur early in 1988, according to HHS officials. A number of

family-planning groups, led by the National Family Planning and Reproductive Health Association Inc., have announced their intention to fight in court the implementation of the new regulations.

### Compromise on AIDS

Conferees also altered language added on the Senate floor by Jesse Helms, R-N.C., that would prohibit CDC from providing funds for AIDS education, information, or prevention materials and activities "that promote or encourage, directly or indirectly, homosexual sexual activities."

The House Oct. 20 voted 368-47 on a non-binding motion to instruct conferees to retain the Helms language. But many members, including a number who voted in favor of the language, later expressed concern that it could be used to cut off needed education aimed at the group hit hardest by the epidemic. (*1987 Weekly Report p. 2617*)

Eventually the word "indirectly" was dropped from the requirement, and language was added to the report stating that the provision "should not be construed to prohibit descriptions of methods to reduce the risk of [AIDS] transmission," nor to limit the activities of grantees using non-federal funds.

## Final Provisions, Fiscal 1988 Labor-HHS Appropriations

Following are the amounts of fiscal 1988 (and in some cases fiscal 1989 and 1990) budget authority for the Departments of Labor, Health and Human Services, Education and related agencies requested by President Reagan, approved

by the House and Senate, and appropriated in the omnibus continuing appropriations resolution (H J Res 395 — PL 100-202) cleared by Congress and signed by the president Dec. 22 (*in thousands of dollars*):

	Budget Request <sup>1</sup>	House- Passed Bill <sup>2</sup>	Senate- Passed Bill	Final Amount
<b>Labor</b>				
Employment and Training				
Administration				
Program Administration	\$ 73,691	\$ 73,896	\$ 74,027	\$ 70,872
Training and Employment Services	3,285,548	3,697,685	3,939,201	3,805,133
Community Service Employment				
for Older Americans	326,000	(defer)	346,000	331,260
Federal and State Unemployment Benefits	164,400	164,400	164,400	163,403
Advance to Unemployment Trust Fund	30,000	30,000	30,000	30,000
Labor Management Services	82,073	81,192	80,192	76,776
Employment Standards				
Administration	1,080,635	1,160,660	1,076,777	1,070,434
Occupational Safety and				
Health Administration	245,860	244,001	247,901	235,474
Mine Safety and Health				
Administration	167,288	164,874	169,765	160,193
Bureau of Labor Statistics	185,286	184,833	183,833	176,481
Departmental Management	160,241	158,265	158,741	151,980
<b>Total, Labor Department</b>	<b>\$ 5,801,022</b>	<b>\$ 5,959,806</b>	<b>\$ 6,470,837</b>	<b>\$ 6,272,006</b>



# **Appropriations - 3**

	<b>Budget Request <sup>1</sup></b>	<b>House- Passed Bill <sup>2</sup></b>	<b>Senate- Passed Bill</b>	<b>Final Amount</b>
<b>Department of Health and Human Services (HHS)</b>				
Consolidated AIDS Funding	766,391 <sup>3</sup>	945,430 <sup>3</sup>	— <sup>3</sup>	— <sup>3</sup>
Health Resources and Services Medical Facilities Guarantee and Loan Fund	1,244,436	1,343,476	1,645,813	1,556,265
Centers for Disease Control	22,000	22,000	22,000	22,000
National Institutes of Health	440,445	221,977	802,987	771,772
Cancer	1,217,927	1,448,411	1,527,054	1,469,327
Heart, Lung and Blood	801,064	990,808	1,000,349	965,536
Dental Research	105,266	128,965	131,559	126,297
Diabetes, Digestive and Kidney Diseases	440,504	563,768	549,784	534,733
Neurological and Communicative Disorders and Stroke	420,250	554,039	550,172	534,692
Allergy and Infectious Diseases	349,429	439,667	661,458	638,800
General Medical Sciences	482,004	666,037	653,117	632,676
Child Health and Human Development	312,604	405,673	408,334	396,811
Eye	184,564	234,382	231,529	224,947
Environmental Health Sciences	196,856	225,724	220,709	215,666
Aging	155,797	203,034	199,642	194,746
Arthritis and Musculoskeletal and Skin Diseases	123,009	154,632	153,867	147,679
Research Resources	254,754	338,991	367,415	368,153
National Center for Nursing Research	15,997	24,744	23,566	23,380
John E. Fogarty Center	11,166	12,128	15,866	15,651
National Library of Medicine	64,399	71,465	70,399	67,910
Office of the Director	49,819	71,389	61,284	61,819
Buildings and Facilities	5,000	30,000	50,000	47,870
Alcohol, Drug Abuse and Mental Health Administration	983,456	401,782	1,469,313	1,373,727
St. Elizabeths Hospital	68,312	68,312	68,312	65,402
(Advance for future years)	(24,000)	(0)	(0)	(0)
Assistant Secretary for Health	200,364	89,176	207,785	195,913
(Advance for future years)	(100,350)	(0)	(0)	(0)
Health Care Financing Administration	46,752,750	48,941,580	48,412,580	48,937,211
(Advance for future years)	(69,676,000)	(8,000,000)	(8,000,000)	(8,000,000)
Social Security Administration				
Payments to Social Security				
Trust Funds	105,298	105,298	105,298	105,298
(Advance for future years)	(93,291)	(0)	(0)	(0)
Black Lung Payments	651,452	651,452	663,452	663,452
(Advance for future years)	(1,082,640)	(250,000)	(250,000)	(250,000)
Supplemental Security Income	9,537,933	9,535,384	9,535,384	9,535,384
(Advance for future years)	(14,786,224)	(3,000,000)	(3,000,000)	(3,000,000)
Family Support Administration				
Family Support Payments	7,763,053	8,644,385	8,644,385	8,644,385
(Advance for future years)	(12,781,810)	(2,500,000)	(2,500,000)	(2,500,000)
Low-Income Energy Assistance	1,237,000	1,822,265	1,237,000	1,531,840
Refugee and Entrant Assistance	253,329	320,885	389,597	346,933
Work Incentive Program	0	(defer)	96,669	92,551
Community Services	310,000	408,200	407,000	382,290
Program Administration	75,796	74,913	83,619	79,464
Assistant Secretary for Human Development	5,659,406	5,152,634 <sup>2</sup>	6,082,963	5,966,710
Departmental Management	128,059	125,880	130,380	124,825
<b>Total, HHS, Fiscal 1988</b>	<b>\$ 81,389,889</b>	<b>\$ 85,438,886 <sup>2</sup></b>	<b>\$ 86,880,641</b>	<b>\$ 87,062,115</b>
(Advance for future years)	(98,544,315) <sup>1</sup>	(13,750,000)	(13,750,000)	(13,750,000)

**Appropriations - 4**

	<b>Budget Request <sup>1</sup></b>	<b>House- Passed Bill <sup>2</sup></b>	<b>Senate- Passed Bill</b>	<b>Final Amount</b>
<b>Education Department</b>				
Compensatory Education	4,144,163	4,603,000	4,486,000	4,336,543
Impact Aid	548,000	757,500	701,000	708,476
Special Programs	784,337	921,314	1,120,687	1,040,312
Bilingual Education	143,095	198,981	200,283	191,751
Handicapped Education	1,488,181	1,913,800	1,966,990	1,869,019
Rehabilitation Services	1,401,123	1,561,940	1,619,395	1,590,400
Vocational and Adult Education	130,000	1,029,600	1,072,450	1,005,557
Student Financial Assistance	3,336,000	5,806,000	5,837,098	5,544,792
Guaranteed Student Loans	1,176,574	2,425,000	2,935,600	2,565,000
Higher Education	176,111	584,450	512,448	534,471
College Construction				
Loan Insurance	(0)	20,000	20,000	19,148
Education Research and Statistics	70,231	73,801	69,231	67,526
Libraries	(0)	144,500	136,600	135,089
Special Institutions	271,740	284,300	276,730	271,258
Departmental management	316,000	312,427	312,427	299,118
<b>Total, Education Department</b>	<b>\$ 13,985,555</b>	<b>\$ 20,636,613 <sup>2</sup></b>	<b>\$ 21,266,939</b>	<b>\$ 20,178,460</b>
<b>Related Agencies</b>				
ACTION	152,997	162,191	173,491	163,085
Corporation for Public Broadcasting				
(Fiscal 1990 advance)	(132,000)	(238,000)	(248,000)	(232,648)
Federal Mediation and Conciliation Service	24,920	25,601	25,601	24,510
Federal Mine Safety and Health Review Commission	4,139	4,080	4,080	3,906
National Commission on Libraries and Information Science	791	750	791	718
National Council on the Handicapped	932	932	932	892
National Labor Relations Board	141,580	139,019	139,019	133,097
National Mediation Board	4,873	7,316	7,316	7,004
Occupational Safety and Health Review Commission	6,232	6,147	6,147	5,885
Railroad Retirement Board	279,100	371,100	371,100	355,423
(Fiscal 1989 advance)	(3,100)	(0)	(0)	(0)
Soldiers' and Airmen's Home	37,080	36,647	54,435	51,324
U.S. Institute of Peace	3,310	(0)	5,000	4,308
<b>Total, Related Agencies</b>	<b>\$ 655,954 <sup>1</sup></b>	<b>\$ 753,783</b>	<b>\$ 787,912</b>	<b>\$ 750,152</b>
(Fiscal 1989 advance)	(3,100)	(0)	(0)	(0)
(Fiscal 1990 advance)	(132,000)	(238,000)	(248,000)	(232,648)
<b>TOTAL, Fiscal 1988</b>	<b>\$ 101,832,420</b>	<b>\$ 112,789,088 <sup>2</sup></b>	<b>\$ 115,406,329</b>	<b>\$ 114,262,733</b>
(Fiscal 1989 advance)	(84,469,423) <sup>1</sup>	(13,750,000)	(13,750,000)	(13,750,000)
(Fiscal 1990 advance)	(14,209,992)	(238,000)	(248,000)	(232,648)
<b>GRAND TOTAL</b>	<b>\$ 200,511,835</b>	<b>\$ 126,777,088</b>	<b>\$ 129,404,329</b>	<b>\$ 128,245,381</b>

<sup>1</sup> The administration requested full advance funding for 1989 and partial advance funding for 1990 for a number of entitlement programs.

<sup>2</sup> The House bill deferred funding unauthorized programs.

<sup>3</sup> House accounting treats AIDS funding as a separate account, rather than including it in various agency totals.

**Rural Speed Limit Can Be Raised:**

# Transportation Spending Plan Bans Smoking on Brief Flights

Congress cleared a \$10.6 billion transportation spending package for fiscal 1988 that includes a two-year ban on smoking on domestic flights scheduled to last no more than two hours.

The package was folded into the continuing resolution (PL 100-202) signed by President Reagan Dec. 22. It fell \$500 million short of the \$11.1 billion transportation measure (HR 2890) passed by the Senate earlier this year and \$300 million short of the House version of the bill. (*Continuing resolution, 1987 Weekly Report p. 3185; appropriations bills, 1987 Weekly Report pp. 2658, 1576*)

The cuts affect virtually all transportation programs, including high-priority efforts to upgrade the air-traffic-control system. Lawmakers made them to comply with a deficit-reduction pact reached in November by the White House and congressional leaders. "We made the best of a not-very-happy situation," said William Lehman, D-Fla., chairman of the House Transportation Appropriations Subcommittee.

The bill includes \$1.73 billion for mass-transit formula grants and \$580 million in subsidies for the Amtrak national passenger railroad — programs that the White House had sought to eliminate. The package also sets caps, totaling \$14.5 billion, on spending from various trust funds supporting aviation, highway and mass-transit programs.

The smoking ban would affect about four-fifths of all domestic flights. Negotiators compromised between a House plan to permanently prohibit smoking on flights of two hours or less and a Senate proposal to ban for two years smoking on flights of 90 minutes or less.

Even though the House and Senate each had voted for some sort of ban, the tobacco industry and members of tobacco-industry states made a last-ditch effort to kill the proposals in conference. But House conferees Dec. 18 rejected a motion by Rep. W. G. "Bill" Hefner, D-N.C., to strike a ban from the package.

—By Paul Starobin

Pro-ban forces were led by flight attendants and a coalition of health groups, including the American Cancer Society. Proponents contended that the health of non-smokers was damaged by exposure to cigarette smoke in airplane cabins. Their claims were buttressed by a National Academy of Sciences study recommending a ban on smoking on all flights.

Supporters attributed their victory in part to growing public awareness of the health risks of smoking as well as a greater willingness on the part of non-smokers to assert their "right" not to have to breathe unhealthy air.

Some suggested a key to victory was a personal distaste among lawmakers for smoking on flights. "No one flies more than members of Congress," said Matthew Myers, staff director for the Coalition on Smoking or Health.

## Speed Limit

Conferees also worked out a deal on a Senate plan, not contained in the House bill, to allow states to raise the speed limit to 65 mph on rural highways, primarily state turnpikes, that meet the same design standards as Interstate highways. Earlier in the year Congress enacted a highway reauthorization bill (PL 100-17) that permitted states to raise the speed limit to 65 mph on rural Interstate highways. (*1987 Weekly Report p. 604*)

Opponents, including Lehman, viewed further relaxation of limits as a safety threat. They pointed to preliminary data gathered by federal highway safety officials indicating an increase of more than 50 percent in fatalities on rural Interstates on which the speed limit has been raised to 65 mph.

Ultimately, conferees agreed to allow the 65 mph limit in the first 20 eligible states that apply to the Department of Transportation. More than 40 states contain rural roads eligible for the higher limits. Other than highways in Alaska, which have an exemption from meeting Interstate design specifications, eligible roads must be divided, have four lanes and be reachable only through access ramps.

Negotiators on the transportation segment of the continuing resolution began meeting the week of Dec. 14. They had instructions from the full Appropriations conference to come up with savings of nearly \$400 million in outlays. First, however, they tentatively agreed to a package containing \$11.06 billion in new budget authority. The agreement generally split funding differences between the House and Senate bills.

Working off the new set of numbers, lawmakers agreed to reach the \$400 million target through a 3 percent cut in Federal Aviation Administration (FAA) funds to operate the air-traffic-control system, a 4 percent cut in Amtrak subsidies and funds for operating the Coast Guard and other agencies, and a 5 percent cut in all other programs, including capital programs such as road construction.

Members initially hoped such cuts could be minimized by a plan to sell some \$240 million worth of railroad stock held by the federal government. But the Congressional Budget Office and the White House's Office of Management and Budget ruled that proceeds from such a sale could not be counted toward the deficit-reduction target.

## Special Projects

Pressure to cut funds notwithstanding, members included in the final package nearly \$100 million for 15 special highway "demonstration" projects for particular states and districts. They also listed in the report some 40 airport construction projects to which they said the FAA should give high funding priority.

Among such projects was a \$25 million plan for a new cargo airport in the Fort Worth district of House Speaker Jim Wright, D-Texas. The project is controversial within the FAA because, unlike other plans for new construction, it does not seek to meet existing regional demand for flight services but to stimulate new demands. Paul Galis, director of the FAA's Office of Airport Planning and Programming, said he was not aware of any other airport project that has been funded by the FAA on "economic-development" grounds. (*1987 Weekly Report p. 2581*)

Wright's project was also the only one for which conferees made a specific funding recommendation — \$25 million — to the FAA.

The outcome of the transportation negotiations left one member of



Congress particularly unhappy — the chairman of the House Public Works and Transportation Committee, James J. Howard, D-N.J.

Congress' leading opponent of higher speed limits, Howard viewed action on airline smoking and the speed limit as an encroachment by appropriators on the legislative jurisdiction of his committee.

Howard also was upset that conferees rejected his bid for a provision aimed at forcing the federal government to pay owners of billboards along federal highways if local communities force the owners to reduce the size or height of their signs.

Howard argued that the plan was simply a "technical correction" to the

highway reauthorization bill, consistent with that law's requirement for cash compensation when a community forces the removal of a billboard.

Others, however, saw the Howard proposal as a major policy change that would weaken efforts to control the spread of billboards.

Leaders of the Coalition for Scenic Beauty, an anti-billboard group, said the plan would effectively gut local ordinances since no federal funds were available to provide the required cash compensation.

Coalition leaders pointed to Howard as a major beneficiary of political contributions from the billboard industry. According to group leaders, the industry gave Howard some

\$50,000 in contributions over a period stretching from March 1985 to November 1986.

But a Howard spokesman said "there has never been any indication that he [Howard] has taken any position because of a small amount of political contributions, or even a large amount."

After appropriators turned him down, Howard tried, unsuccessfully, to insert the billboard provision into a budget reconciliation bill (HR 3545) cleared by Congress Dec. 22. He also failed in a bid to stick into that bill a plan to prevent states experiencing higher fatalities on roads now posted at 65 mph from shifting to higher limits on non-Interstate rural highways. ■

## Fiscal 1988 Transportation Funds

Following are the amounts (*in thousands of dollars*) of fiscal 1988 budget authority for the Transportation Department and related agencies requested by President

Reagan, passed by the House and Senate in separate appropriations bills and as signed into law in the continuing resolution (H J Res 395 — PL 100-202).

	Budget Request	House- Passed	Senate- Passed	Continuing Resolution
<b>Department of Transportation</b>				
Office of the Secretary	\$ 68,406	\$ 78,850	\$ 87,500	\$ 66,297
Coast Guard	2,718,667	2,613,400	2,691,683	2,505,626
Federal Aviation Administration	4,786,401	4,626,550	4,696,602	4,445,521
Federal Highway Administration	24,744	119,400	54,310	130,614
National Highway Traffic Safety Administration	90,008	96,750	89,920	92,880
Federal Railroad Administration	12,766	699,225	683,660	667,531
Urban Mass Transportation Administration	130,000	2,246,119	2,143,370	2,084,552
St. Lawrence Seaway	11,665	11,500	11,375	10,806
Research and Special Programs Administration	22,643	22,100	22,767	21,382
Office of the Inspector General	30,100	29,300	28,828	27,898
<b>Subtotal</b>	<b>\$ 7,895,400</b>	<b>\$ 10,543,194</b>	<b>\$ 10,510,015</b>	<b>\$ 10,053,107</b>
<b>Related Agencies</b>				
Architectural and Transportation Review Board	2,040	2,000	1,970	1,891
Aviation Safety Commission	—	—	—	—
National Transportation Safety Board	23,560	25,400	25,000	24,000
Interstate Commerce Commission	47,979	46,625	46,040	44,294
Panama Canal Commission	467,050	456,200	459,170	440,803
Department of the Treasury	10,800	10,700	10,585	9,880
U.S. Railway Association	—	—	—	—
Washington Metropolitan Area Transit Authority	51,664	51,664	51,664	49,080
Congressional Award Board	—	—	275	—
<b>Subtotal</b>	<b>\$ 603,093</b>	<b>\$ 592,589</b>	<b>\$ 594,704</b>	<b>\$ 569,948</b>
General Reduction	—	-214,322	—	—
<b>TOTAL</b>	<b>\$ 8,498,493</b>	<b>\$ 10,921,461</b>	<b>\$ 11,104,719</b>	<b>\$ 10,623,055</b>

SOURCE: House and Senate Appropriations committees

**Immigration Controversy Avoided:**

# Commerce, Justice, State Get \$13.9 Billion

Fiscal 1988 funding for the Commerce, State and Justice departments and the federal judiciary was included as part of the omnibus fiscal 1988 continuing appropriations resolution (H J Res 395 — PL 100-202) that President Reagan signed Dec. 22.

The new law provided \$13.9 billion for these departments and 18 related agencies. The administration had requested \$14.8 billion. (*Chart, p. 17*)

The House passed a separate appropriations bill (HR 2763) July 1, funding the agencies at \$13.8 billion. The Senate Appropriations Committee approved \$14.28 billion Sept. 23, but the bill was never acted upon by

the full Senate. (*1987 Weekly Report pp. 2316, 1447*)

As it has throughout the Reagan administration, Congress appropriated funding for items the president opposed. Chief among them are \$305.5 million for the Legal Services Corporation, which provides legal help to the poor; \$182 million for the Economic Development Administration, which provides seed money to communities for projects to stimulate employment; and \$70 million for programs to help states deal with juvenile delinquency.

Two immigration-related issues that threatened the appropriations measure were left out of the version

that became law. A deal between opposing senators postponed until 1988 a Senate fight over delaying the deportation of Salvadorans and Nicaraguans living illegally in the United States.

And on the other matter, conferees rejected a proposal that the administration and many members opposed. This one, which was sponsored by Rep. Edward R. Roybal, D-Calif., would have required the Immigration and Naturalization Service to give legal status to all members of a foreigner's family if one of the members qualified to live here legally under a year-old immigration law. (*1987 Weekly Report p. 3119*)

## Fiscal 1988 Legislative Appropriations

Spending for Congress' own operations will increase by 1.3 percent in fiscal 1988. The governmentwide appropriations bill (H J Res 395 — PL 100-202) enacted Dec. 22 included \$1.745 billion for the legislative branch. In fiscal 1987, \$1.722 billion was appropriated.

The 1988 total includes \$337 million for the Senate, a 3 percent increase from fiscal 1987, largely due to growth in members' budgets for staff salaries, while House spending was cut slightly to \$513 million.

To comply with the Nov. 20 White House-congressional agreement to reduce the deficit, negotiators cut spending in many areas below levels included in the

separate legislative branch appropriations bills (HR 2714) approved June 29 by the House and Sept. 30 by the Senate. (*1987 Weekly Report pp. 2404, 1446*)

Conferees agreed to include \$82 million for the franking privilege, which allows members to send mail for free — a prized election-year benefit. That is far below a \$134 million cost estimate made earlier this year. If actual mail costs exceed what Congress appropriates, the Postal Service will have to swallow the loss.

Conferees dropped a Senate provision to require roll-call votes on pay increases. In 1987, members got two raises under procedures that avoided votes.

	Budget Request	House	Senate	Final
<b>Congressional Operations</b>				
Senate	\$ 347,297,800	—	\$ 348,534,800	\$ 337,314,000
House of Representatives	570,329,000	529,639,500	529,639,500	513,786,500
Joint Items	147,520,000	112,982,000	98,983,000	94,981,000
Office of Technology Assessment	19,270,000	16,435,000	17,464,000	16,901,000
Biomedical Ethics Board	—	—	500,000	100,000
Congressional Award Board	—	—	—	189,000
Congressional Budget Office	18,988,000	18,148,000	18,481,000	17,886,000
Architect of the Capitol	126,644,000	77,243,000	103,800,000	100,565,000
Congressional Research Service	47,251,000	43,000,000	44,453,000	43,022,000
Government Printing Office (congressional printing)	72,700,000	70,900,000	72,700,000	70,359,000
<b>Subtotal</b>	<b>\$ 1,349,999,800</b>	<b>\$ 868,347,500</b>	<b>\$ 1,234,555,300</b>	<b>\$ 1,195,103,500</b>
<b>Related Agencies</b>				
Botanic Garden	2,448,000	2,295,000	2,295,000	2,221,000
Library of Congress	211,800,000	197,535,000	198,531,000	191,998,000
Architect of the Capitol (library buildings)	7,618,000	6,770,000	6,820,000	6,741,000
Copyright Royalty Tribunal	179,000	133,000	133,000	129,000
Government Printing Office (non-congressional printing)	26,500,000	19,800,000	19,800,000	19,162,000
General Accounting Office	379,497,000	334,777,000	340,820,000	329,847,000
<b>Subtotal</b>	<b>\$ 628,042,000</b>	<b>\$ 561,310,000</b>	<b>\$ 568,399,000</b>	<b>\$ 550,098,000</b>
<b>TOTAL</b>	<b>\$ 1,978,041,800</b>	<b>\$ 1,429,657,500</b>	<b>\$ 1,802,954,300</b>	<b>\$1,745,201,500</b>

# Funding Breakdown for Commerce/Justice/State

Following are the fiscal 1988 appropriations, in budget authority, for the Commerce, Justice and State depart-

ments, the federal judiciary and related agencies, as cleared by Congress Dec. 22 (in thousands of dollars):

	Final Budget Request	Final Appropriation		Final Budget Request	Final Appropriation
<b>Commerce Department</b>			<b>Related Agencies</b>		
General Administration	\$ 42,374	\$ 39,204	Christopher Columbus		
Bureau of the Census	478,289	441,279	Jubilee Commission	\$ 220	\$ 212
Economic and Statistical Analysis	32,947	32,079	Civil Rights Commission	9,800	5,707
Economic Development Administration	—	205,229	Commission on the Bicentennial of the Constitution	14,750	21,000
International Trade Administration	197,138	161,432	Equal Employment Opportunity Commission	193,457	179,812
Export Administration	—	37,465	Legal Services Corporation *	305,500	305,500
Minority Business Development Agency	4,620	39,705	State Justice Institute	12,892	10,980
U.S. Travel and Tourism Administration	3,000	11,724			
National Oceanic and Atmospheric Administration	1,046,001	1,140,944	<b>Subtotal</b>	<b>\$ 536,619</b>	<b>\$ 523,211</b>
Patent and Trademark Office	135,542	120,000	<b>State Department</b>		
National Bureau of Standards	138,625	144,783	Administration of Foreign Affairs	2,737,141	2,121,600
National Telecommunications and Information Administration	14,718	35,104	International Organizations and Conferences	606,927	515,400
<b>Subtotal</b>	<b>\$ 2,093,254</b>	<b>\$ 2,408,948</b>	International Commissions	32,706	28,291
<b>Related Agencies</b>			U.S. Bilateral Science and Technology Agreements	1,000	1,900
Federal Communications Commission	107,250	99,613	The Asia Foundation	5,733	13,700
Federal Maritime Commission	14,500	13,585	Soviet-East European Research and Training	2,500	4,600
Federal Trade Commission	69,850	66,243	Fishermen's Guaranty Fund	1,800	1,725
International Trade Commission	35,386	34,750	Fishermen's Protective Fund	1,000	959
Marine Mammal Commission	906	953			
Maritime Administration	67,739	76,463	<b>Subtotal</b>	<b>\$ 3,388,807</b>	<b>\$ 2,688,175</b>
Office of the U.S. Trade Representative	15,141	15,229	<b>Related Agencies</b>		
Securities and Exchange Commission	145,036	135,221	Arms Control and Disarmament Agency	32,700	30,100
Small Business Administration	379,257	414,985	Board for International Broadcasting	203,573	185,000
<b>Subtotal</b>	<b>\$ 835,065</b>	<b>\$ 857,042</b>	Israel Radio Relay Station	—	34,000
<b>Justice Department</b>			Commission on Security and Cooperation in Europe	770	701
General Administration	103,513	88,360	Commission on Migration	—	870
Working Capital Fund	4,000	—	Japan-U.S. Trust Fund	1,400	1,200
U.S. Parole Commission	12,253	11,665	U.S. Information Agency	941,857	820,021
Legal Activities	1,295,611	1,123,142			
Federal Bureau of Investigation	1,484,421	1,388,492	<b>Subtotal</b>	<b>\$ 1,180,300</b>	<b>\$ 1,071,892</b>
Drug Enforcement Administration	522,047	494,076	<b>The Judiciary *</b>		
Immigration and Naturalization Service	838,828	741,114	Supreme Court	18,703	17,357
Federal Prison System	981,694	931,080	U.S. Court of Appeals for the Federal Circuit	8,098	7,430
Office of Justice Programs	78,303	229,075	U.S. Court of International Trade	8,211	7,768
Foreign Claims Settlement	510	500	Court of Appeals, District Courts, other services	1,374,378	1,250,535
<b>Subtotal</b>	<b>\$ 5,321,180</b>	<b>\$ 5,007,504</b>	Administrative Office of the U.S. Courts	33,666	31,167
			Federal Judicial Center	12,022	10,548
			U.S. Sentencing Commission	5,600	5,129
			<b>Subtotal</b>	<b>\$ 1,460,678</b>	<b>\$ 1,329,934</b>
			<b>GRAND TOTAL</b>	<b>\$ 14,815,903</b>	<b>\$ 13,886,706</b>

\* Request submitted directly to Congress.

SOURCES: Senate and House Appropriations committees



# CCC to Abide by Whitten in Funding Dispute

A running battle over how to pay for farm programs — a potentially important issue in efforts to enforce White House-congressional budget agreements — now seems likely to continue at least until the next fiscal year.

Officials at the Agriculture Department said the week of Dec. 28 that a new method for funding the Commodity Credit Corporation (CCC), tucked away in one of two big budget bills passed by Congress and signed Dec. 22 by President Reagan, cannot take effect until fiscal 1989.

The new funding mechanism was designed to avoid the need for a mid-year supplemental appropriation to keep the CCC afloat. Without it, an understanding reached at the 1987 budget summit between administration and congressional leaders to avoid supplementals could easily unravel.

Senate Agriculture and Budget committee leaders had tried to get around the need for a supplemental by providing for "indefinite" spending authority for the agency in an omnibus deficit-reduction measure (HR 3545 — PL 100-203), known as a reconciliation bill. Indefinite authority would allow the agency to tap the Treasury for as much as needed to cover its costs throughout the year.

Agriculture Committee Chairman Patrick J. Leahy, D-Vt., said the open-ended authority was the only way to ensure that the CCC, the agency that channels price- and income-support payments to farmers, would not shut down in the middle of the year.

But at the same time that Congress approved Leahy's indefinite funding method in the reconciliation bill, it also passed a more conventional appropriations measure for the CCC. This one was embedded in a catchall spending bill (H J Res 395 — PL 100-202), known as a continuing resolution.

The continuing resolution comes under the special province of Jamie L. Whitten, D-Miss., chairman of the Appropriations Committee and its Subcommittee on Agriculture. Whitten has used his power over CCC funding to calculated advantage,

## *Foes Hope to Prevail In Next Budget Cycle*

keeping a hand in farm programs and maintaining a firm grip over the supplemental appropriations process. As he has done in past years, Whitten again insisted on giving the CCC a definite appropriation in the continuing resolution for fiscal 1988. This year he tightened the agency's discretion even further, itemizing the spending authority among various accounts.

When President Reagan signed the two budget bills in reverse order, making reconciliation the last to become law, some Senate staffers argued that the indefinite funding mechanism would override Whitten's restrictive appropriation for the CCC.

But Agriculture Department officials said they are bound by the appropriating language, which takes precedence over the reconciliation bill's less specific "authorizing" language.

"In effect, Congress was writing itself a memo in the reconciliation bill," said Steven B. Dewhurst, director of the Agriculture Department's budget office. "But Congress didn't follow that. It approved a provision [for definite appropriations], and that's the law."

Dewhurst said only natural and economic forces can forestall a need for a CCC supplemental before the fiscal year ends in September 1988. No amount of legislative technique or statutory sleight-of-hand will prevent it.

"Our guess right now is there will be a sufficient amount of money to make it through the end of the year — God willing," Dewhurst said.

But the CCC will still be subject to the vagaries of the farm economy and the weather. Sudden changes in prices or production could drive the costs of farm programs well beyond current expectations, forcing the administration to return to Congress with a supplemental funding request, just as it has in five of the past six years. (1987 *Weekly Report* pp. 3187, 3151; background, p. 1052)

The situation could be different next year. A provision in the reconciliation bill requiring the Appropriations committees to follow the indefinite funding method in future appropriations for the CCC could tie Whitten's hands, say his antagonists in the Senate. Leahy plans to seek a ruling from the General Accounting Office on which law takes precedence.

"It could set up a floor fight during next year's budget cycle," said John Podesta, a legal aide to Leahy.

But the question remains whether Congress would choose to abandon the CCC supplemental, a "must-pass" vehicle used by urban and rural members alike to carry controversial legislation and other pet projects that could not muster a majority of votes on their own. The "turf" battle between Leahy and Whitten may seem inconsequential by comparison.

"We intend to pursue it," Podesta said. "This was more of a skirmish than a real battle. But my sense is, it's an ongoing fight."



***Senate Agriculture Committee Chairman Patrick J. Leahy included a new funding mechanism in the reconciliation bill in an attempt to avoid a supplemental CCC appropriation.***

—By David Rapp



# Major Provisions of Housing Authorization Bill

With a surprise, last-minute compromise, the House and Senate agreed before adjournment to the first federal housing bill (S 825) since 1980. The package would authorize \$30.3 billion for federal housing and community development programs in fiscal years 1988-89. (1987 Weekly Report p. 3205)

As cleared by Congress Dec. 22, S 825 would:

## General

- **Term of Extension.** Authorize the programs and activities covered under the bill for a period of two fiscal years ending Sept. 30, 1989, except in those instances noted.
- **Overall Spending.** Authorize the spending of \$15 billion for programs authorized in the Department of Housing and Urban Development (HUD) and the Farmers Home Administration (FmHA) during fiscal year 1988. A 2 percent inflation adjustment would raise the authorization aggregate to \$15.3 billion in fiscal 1989.

## Housing Assistance Programs

- **Low-Income Housing Funds.** Authorize an aggregate of \$7.17 billion in fiscal 1988 and \$7.3 billion in fiscal 1989 for low-income housing assistance, other than rural housing programs.
- **Vouchers.** Authorize \$2.4 billion in fiscal 1988 and \$2.46 billion in fiscal 1989 for existing certificates and vouchers assisting low-income residents in paying rent under Section 8 of the U.S. Housing Act of 1937. Through Section 8, the federal government subsidizes low-income residents' use of properties that the government does not own.
- **Comprehensive Improvement Assistance Program (CIAP).** Authorize \$1.7 billion and \$1.73 billion for CIAP grants for rehabilitating and improving existing units of assisted housing for low-income residents.
- **Elderly and Handicapped.** Authorize \$1.68 billion and \$1.71 billion for housing for the elderly and the handicapped under Section 8 of the 1937 act and Section 202 of the U.S. Housing Act of 1959.
- **Operating Subsidies for Low-Income Housing.** Authorize \$1.5 billion and \$1.53 billion under Section 9 of the 1937 act for federal contributions to the operation of public-housing projects. The subsidies are accompanied by a new, "performance-funding" system to reward well-managed projects.
- **Section 202 Elderly/Handicapped Loans.** Authorize \$622 million and \$630 million for direct loans for the elderly and handicapped under Section 202 of the 1959 act.
- **Public and Indian Housing Grants.** Authorize \$481 million and \$490 million for public and Indian housing grants, of which not more than \$145.7 million will be available each year for Indian housing.
- **Moderate Rehabilitation.** Authorize \$400 million and \$407.6 million for moderate rehabilitation of existing units of Section 8 housing.
- **Property Disposition.** Authorize \$301.7 million and \$307.4 million for expenses incurred by public-housing authorities in the demolition or other disposition of public housing available through existing contracts under Section 8. The bill grants a right of first refusal to state and local governments that might purchase such housing.
- **Rental Rehabilitation Grants.** Authorize \$125 million in each

fiscal year for rehabilitating units of rental housing, with the size of the grant limited to a maximum of \$5,000 for an efficiency apartment, \$6,500 for a single bedroom, \$7,500 for two bedrooms and \$8,500 for units with three or more bedrooms.

- **Section 8 Loan Management.** Authorize \$187 million and \$190.7 million for managing Section 8 loans.
- **Housing Development Action Grants (HoDAG).** Authorize \$75 million in each year for the Housing Development Action Grant program. The program would end after two years.
- **Urban Homesteading.** Authorize \$12 million and \$13 million for the program under which prospective homeowners, especially low-income persons, receive assistance in rehabilitating homes using their own labor and resources.
- **Neighborhood Reinvestment Corporation.** Reorganize this source of local-improvement funds and authorize \$19 million each year for its activities.
- **Solar Bank.** Eliminate the \$3 million financing mechanism for projects employing solar energy.
- **Congregate Services.** Authorize \$10 million in each of the fiscal years for the Congregate Housing Services program, which assists the elderly who live in federally assisted housing but do not need the services of a nursing home. The bill makes the program permanent. The conference report specifies that no particular number of meals is mandatory so long as nutritional needs are met.
- **Public-Housing Child Care.** Authorize \$5 million and \$5.2 million from Community Development Block Grant funds for demonstration grants to public-housing authorities to provide child care to low-income families.

## Regulatory Changes

- **Lead Paint Abatement.** Require inspection for, and abatement of, lead-based paint in publicly owned, federally assisted housing constructed (or substantially rehabilitated) prior to 1978 in which a child of seven years or younger resides.
- **Resident Managers.** Provide incentives and rules for resident managers in public housing to improve maintenance and involve residents in repair and improvements.
- **Restricted Eligibility for Aliens.** Restrict eligibility for assisted housing to citizens and documented aliens. Current residents will not be evicted if they are members of a household whose head is a citizen or documented alien. Termination of assistance to the ineligible may be deferred for six-month periods (for up to three years) to permit an orderly transfer of tenants.
- **Restraint of Section 8 Prepayment.** Permit prepayment of federally assisted mortgage loans by owners of low-income rental housing (and the termination of commitments to make the housing available to low-income residents) when such owners have a prepayment plan approved by HUD.  
  
The conference report indicates, however, that HUD would be expected not to terminate the owners' commitments unless the needs of those displaced by such a conversion could be met. And the bill includes incentives (such as insurance for a second mortgage) to owners to extend use of the property by low-income tenants.
- **Flood Insurance.** Liberalize assistance in obtaining flood insurance for residential structures in imminent danger of collapse. However, the program would be terminated after two years.

- **Non-Profit Agencies.** Authorize non-profit organizations to receive federal aid in buying housing at fair-market prices (for the purpose of renting to low-income residents) from owners who are prepaying their existing mortgage loans.
- **Demolition Restraints.** Prohibit the demolition, or other disposition, of public housing unless one-for-one replacement is provided to meet continuing housing needs or unless substitute Section 8 subsidies are available. The bill also provides for relocation reimbursement for affected residents.
- **Eviction for Non-Payment of Rent.** Preserve current rules permitting landlords to evict tenants for non-payment of rent without a House-proposed requirement for a prior, formal review of tenants' situations.
- **Voucher Adjustment.** Reserve a portion of the voucher funds provided in the bill for an adjustment pool to compensate for higher-than-normal rent increases experienced by those receiving such assistance. HUD would not have discretion to distribute the funds unless demand exceeded the amount available.
- **Phase-in of Rent Increases.** Permit graduated rental increases for tenants whose incomes increase, subject to exemption requests by public-housing authorities.
- **Set-Aside for Lowest-Income Residents.** Continue current requirement that 95 percent of all units provided since 1981 be made available to families with incomes below 50 percent of the median income for their area. The requirement was amended to allow public-housing authorities to meet the target in the aggregate and to request waivers.
- **Voluntary Standards for Modular Housing.** Authorize HUD to allocate \$50,000 to the National Institute of Building Sciences to study the creation of voluntary pre-emptive national codes for modular housing.

## Rural Housing

- **Spending Levels.** Authorize \$1.77 billion and \$1.79 billion for home loan programs and \$52 million and \$53 million for housing grants.
- **Moderate-Income Rural Loans.** Initiate a demonstration project by which at least 5 percent (but no more than 10 percent) of guaranteed rural home loans are earmarked for buyers earning up to 115 percent of the area's median income.
- **RRAP Contracts.** Increase the authorization for Rural Rental Assistance Payment Contracts (RRAP) to \$275 million in fiscal 1988 and \$280 million in fiscal 1989 to cover existing contracts, renew expiring contracts and add new contracts.
- **FmHA Rural Vouchers.** Authorize a two-year demonstration program in up to five states with up to 7,500 vouchers in each of the two fiscal years.
- **Restraint of Rural Housing Pre-payment.** Permit the Farmers Home Administration (FmHA) to seek to sell assisted housing in rural areas to any qualified non-profit organization or public agency before accepting the current owner's bid to prepay or refinance an FmHA loan under contract before Dec. 21, 1979.

## Community Development

- **General Spending Levels.** Authorize \$3 billion each year for Community Development Block Grants (CDBG) and \$225 million each year for Urban Development Action Grants (UDAG).
- **Restricted Use of UDAG.** Prohibit the use of UDAG money to relocate an industrial or commercial facility from a community eligible for HUD assistance to a community ineligible for such assistance. Exceptions would be allowed if the HUD secretary determined the relocation would not have a significant adverse effect on the employment or economic base of the community from which the relocation took place.
- **Anti-Displacement Regulations.** Prohibit the use of CDBG or

UDAG funds in projects that would displace low- and moderate-income tenants, unless the grantees provided replacement housing and paid relocation costs. Replacement housing would have to be one-for-one in value and guaranteed to be available for at least 10 years.

The provision of 10-year-available housing could be waived if the HUD secretary found that the area had enough habitable and affordable housing for affected households. But grantees would still have to bear relocation costs and pay subsidies to hold the shelter costs of the displaced individuals to 30 percent of income or less for five years. Grantees could offer such households the alternative of a lump-sum payment of equal value. The anti-displacement regulations are scheduled to take effect on Oct. 1, 1988.

- **Nehemiah Program.** Authorize \$25 million in fiscal 1988 and \$100 million in fiscal 1989 for the Housing Opportunity Grant program, called the Nehemiah program after its Brooklyn prototype. The program would offer grants to non-profit entities, which would administer interest-free home loans with down payments of 10 percent. The authorization would end after two years.

The loans would be available on one-to-four-family buildings. To qualify, a family must earn no more than the median income for a family of four in the area. Where local governments can demonstrate to HUD that an exception is necessary for neighborhood stability, up to 15 percent of the families in a given project may earn up to 115 percent of that median.

- **Enterprise Zones.** Authorize HUD to designate 100 enterprise zones in which state and local governments are willing to cooperate in reducing taxes, governmental fees and bureaucratic involvement while increasing the delivery of public services to encourage economic development.

The bill requires that one-third of these 100 designated zones must be located in non-metropolitan areas or areas with populations of less than 50,000.

The zones must retain their designation for 25 years, with reviews every four years. The bill provides \$1 million each year for the program.

## Federal Mortgage Insurance

- **Permanent FHA Insurance Authority.** Grant permanent authority to the Federal Housing Administration (FHA) to insure home mortgage loans.
- **Principal Insurance Limit.** Authorize FHA to insure \$100 billion in principal insurance in fiscal 1988 and \$104 billion in fiscal year 1989.
- **Permanent Authority for FNMA.** Grant permanent authority to the Federal National Mortgage Association (FNMA) to purchase second mortgages on single-family properties.
- **Extend GNMA Authority.** Authorize the Government National Mortgage Association (GNMA) to provide secondary mortgage market financing to FHA and Veterans Administration home loans to a ceiling of \$150 billion in fiscal 1988 and \$156 billion in fiscal 1989.
- **FHA Credit Check.** Require FHA to perform a credit check on any purchaser assuming an existing FHA mortgage loan.
- **Increase FHA Insurance of ARMs.** Increase the insurance authority of FHA on adjustable rate mortgages (ARMs) to equal 30 percent of the previous year's insurance volume.
- **Home Equity Conversions for Elderly.** Create a demonstration program allowing the elderly to meet housing or other basic costs by converting a portion of their equity to cash. The bill would cap variable interest rates on such conversion loans at 5 points above the original rate.

—By Ronald D. Elving



**DOE Reactors Old, Unreliable:**

# Congress Faces Major Decision On Nuclear-Weapons Reactors

The United States faces a major turning point in its nuclear-weapons-production program, and a period of decision making seems to be near.

The reactors that make U.S. bomb material are getting old and beginning to fail. For five years, Congress and the administration have debated whether, where and how to build new ones. Questions of safety, cost and engineering have buffeted this nuclear debate, which not surprisingly generates some controversy.

But the decision also has become wrapped up in high-voltage matters of arms control and the U.S. posture in efforts to negotiate nuclear-arms reductions with the Soviet Union.

On one side stand advocates of a strong national defense, who warn that the United States is facing imminent deterioration of its nuclear arsenal. "The nation's materials-production complex is aged, and therefore very fragile," Steve Symms, R-Idaho, said during a Senate debate in September. "We must begin now, not only to plan for replacements for these reactors, but to build them, as quickly and safely as possible."

On the other side are advocates for rapid progress on arms control, who argue the country should seize what they consider a unique opportunity to stop the arms race. "If we make major new commitments to plutonium-production facilities," declared a new arms control coalition in November, "the nuclear arms race will be that much more difficult to stop."

Depending on the outcome of the debate, the government could see a curtailment of its flexibility to engage in a renewed arms race — or to negotiate amidst the threat of forcing the Soviets into a new round of arms-production competition. On the other hand, a major breakthrough in the U.S.-Soviet strategic arms reduction talks (START), as some have pre-

dicted in the wake of December's superpower summit in Washington, could influence the U.S. debate on nuclear-weapons production. One goal of those talks is to reduce the number of nuclear warheads in both sides' arsenals; that in turn could diminish the need for further arms production.

This arms-production debate hasn't seeped into the public consciousness. There was hardly a ripple of national awareness in December when Congress took a small first step toward building a new reactor for producing nuclear explosives. The 1988 Department of Defense authorization bill (PL 100-180), signed into law by

The materials that go into nuclear weapons — enriched uranium, plutonium, tritium, deuterium and others — are manufactured in a complex of reactors and industrial plants run by the Department of Energy (DOE). The defense-production reactors all are located on two sprawling federal nuclear reservations — one at Hanford, Wash., and one on the banks of the Savannah River near Barnwell, S.C.

Plutonium is needed to make nuclear warheads. This toxic substance, which also emits deadly radiation, is made by putting isotopes of uranium, as fuel rods, into a nuclear reactor, where they are bombarded with neutrons in a controlled nuclear chain reaction.

Most DOE production plants are devoted either to refining the uranium that goes into the production reactors or refining the resulting plutonium into the metal pieces that go into warheads. This finished plutonium is

***"The nation's materials-production complex is aged, and therefore very fragile."***

**—Sen. Steve Symms, R-Idaho**



President Reagan Dec. 4, set aside \$10 million for that purpose. Though a minute sum against the program's ultimate cost, it did represent a tentative commitment to another two or three decades of bomb building. (1987 *Weekly Report* p. 2945)

## Plutonium Stockpile

The focus of the arms-production issue is on two materials — the metallic element plutonium, which releases the energy for a nuclear explosion when its atoms are split (fission); and tritium, a radioactive isotope of hydrogen with atoms three times the mass of normal hydrogen atoms. Of the two, tritium poses the more difficult production and political problems.

what small nations or terrorists would have to steal to make a weapon.

The U.S. stockpile of plutonium 239, the isotope in weapons, totals about 100 metric tons. Most of it is in the roughly 25,000 warheads in the U.S. arsenal. Plutonium lasts for a long time; its half-life (the period when half is lost to radioactive decay) is 24,360 years.

Today, defense-production reactors produce only about 1,000 pounds of plutonium a year, increasing the total stockpile by about one-two-hundredth, or 0.5 percent, each year. Thus, most of the plutonium going into U.S. warheads does not come from DOE production reactors but is recovered from existing warheads that

—By Joseph A. Davis

have become obsolete. Nuclear-arms reduction could affect this process. Under the intermediate-range nuclear force treaty signed by Reagan and Soviet leader Mikhail S. Gorbachev Dec. 8, almost 500 U.S. warheads could be dismantled, yielding up to 4,400 pounds of plutonium, or some four years of production at current levels.

### Moratorium Sought

Anti-nuclear and environmental groups Nov. 5 mounted a campaign they call "Plutonium Challenge." They advocated a two-year moratorium on plutonium production and a U.S. challenge to the Soviet Union to negotiate a bilateral, verifiable end to production of plutonium and highly enriched uranium, another material from which warheads can be made.

"The United States risks nothing and has much to gain from our proposal," the group said in a Nov. 4 open letter to Reagan and Congress. "We want to . . . urge you to take a bold initiative for world security."

Some establishment heavyweights have signed on to this idea. They include: Peter A. Bradford, former commissioner of the Nuclear Regulatory Commission; William Colby, former CIA director; and Paul Warnke, former assistant secretary of defense and former director of the U.S. Arms Control and Disarmament Agency.

Other signatories included individuals from peace, anti-nuclear and environmental groups, including Physicians for Social Responsibility, SANE/Freeze, Natural Resources Defense Council, Union of Concerned Scientists, Greenpeace and the Environmental Policy Institute.

Unilateral U.S. action, they argued, "would create worldwide public pressure on the Soviets" to negotiate a permanent bilateral cutoff. Meanwhile, the pause would give the U.S. time to consider whether it really needs new production reactors.

### H-Bomb Fuel

But plutonium is only the trigger for the most devastating nuclear warheads. Their explosive energy comes not from the fission of plutonium but from the joining, or fusion, of two hydrogen atoms.

And that requires tritium, which for technical reasons seems to be the really critical material in the production of thermonuclear warheads. Its key role is not so much as a fuel but as a booster; it enables lighter warheads

to achieve higher explosive yields — a strategic advantage when multiple warheads are being lifted on a single rocket vehicle.

Unlike plutonium, tritium breaks down quickly, with a half-life of only 12.5 years. That means the potency of U.S. warheads is constantly wearing down through radioactive decay. At some point, the warhead must be recharged with fresh tritium.

But it is uncertain whether the U.S. will be able to produce enough fresh tritium to keep up with the country's need. Some lawmakers fear a future shortfall of tritium could effectively disarm the U.S. over the next decade or so. The problem is that current facilities for producing the crucial material are wearing down fast.

Production of tritium has historically been accomplished in some of the same reactors at Hanford and Savannah River that produce plutonium. But the N reactor at Hanford, the last one left in operation (although currently shut down), is not considered much good for tritium production. So in recent years all of the military's tritium has been produced in a single reactor, the C reactor at Savannah River. An accident in March 1985 and serious cracking in the reactor tank shut that reactor down for good. Production was shifted over to the P reactor there, which is now dedicated to tritium.

Those Savannah River reactors will not last forever; safety and engineering problems related to their advanced age (they were started up in the 1950s) make their retirement an imminent prospect. How many more years they can run is unclear, but they have exceeded their design life.

There is concern within DOE, and among some members of Congress, that the shutdown of those reactors, planned or unplanned, could happen well before any new production reactor is up and running. It takes about 10 years to build a full-scale new production reactor.

Whether those worries are justified, however, depends on several key points, the answers to which are either classified or unclear: how much tritium the nation has, how much it needs, how soon the nation needs it and — importantly — whether there are other ways to get it than from defense plutonium reactors.

Would the nation be vulnerable? "I don't believe it," said David Albright, a physicist with the Federation of American Scientists, an arms control group whose roots go back to

the 1940s. How much tritium would the nation need and how soon? "We can only guess," he says.

One uncertainty is how much of a reserve of tritium exists in the individual warheads, or in the production pipeline. Some tritium is scavenged from old weapons as they are dismantled, and this could extend the time before fresh tritium is needed.

"If we really are starting to get reductions, then I'm not sure where the problem is," Albright said. "One or two years isn't going to matter — or even three or four . . . as long as progress is made on arms control."

Robert Alvarez, a nuclear expert with the Environmental Policy Institute, questions whether plutonium-production reactors are needed to make tritium. Even power plants can produce tritium, he says; but though he concedes the nation could get its tritium this way in a crisis, he is against "turning a commercial reactor into a bomb factory." That, he says, would be "destroying the technological and institutional barriers between atoms for peace and atoms for war." Technically, plutonium could also be recovered from spent commercial fuel — a commodity nobody knows what to do with. Anti-nuclear groups oppose that because it could encourage small nations with power reactors to reprocess their own fuel and build nuclear weapons.

Alvarez and Albright both suggest that a production reactor for tritium, but not plutonium, could prove a better solution. They say it could be smaller, cheaper, cleaner, safer and on-line appreciably faster.

Another group, the Nuclear Control Institute, is now proposing that the decay of tritium, the so-called "Tritium Factor," be used as a forcing mechanism, a kind of clock to set the pace of START negotiations. They propose stopping tritium production entirely on both sides, subject to safeguards and verification. They say each side could keep reactors on standby in case negotiations failed.

### Defense Bill Decision

The Department of Defense (DOD) authorization bill enacted by Congress in December set aside \$10 million to begin construction of a new reactor. It was part of a more elaborate deal in which Congress authorized \$10 million more for operating expenses and specified that the new reactor was to be located at either the Hanford or the Savannah River sites.

That decision still appears preliminary. The plant's mission and cost have not been defined. The plant has not been designed. No site has been chosen for it. Not a spadeful of dirt will be turned this year. The money will mostly be spent on early design and siting studies.

But the money is labeled "construction" money, and construction authorization often is the point of no return in a project's life. "Once it becomes a line item," said Albright, "it will be harder to get a debate on whether we really need this."

But there probably will be at least one more debate before the project truly reaches the point of no return.

The DOD authorization bill requires DOE to submit to Congress by Dec. 15, 1988, a long-term plan for modernizing its entire nationwide weapons-production complex. That may lead to the "thorough assessment of the future of DOE's nuclear production complex" that the Plutonium Challenge groups have called for. It is likely to put off any real decision until the next administration.

### Leaky and Creaky?

The next few years could see the question of new production reactors forced. Safety, engineering and economic concerns may make it difficult to keep running the existing production reactors at Hanford and Savannah River. All suffer growing deterioration of the pipes, steel or graphite they are made from, and their safety features grow increasingly obsolete compared with what is expected of commercial power reactors today.

In fact, DOE has had to cut down operation of the remaining reactors at Savannah River to 50 percent power or less because of concern they may not be safe at full power.

A report released Oct. 29 under the aegis of the National Academy of Sciences enumerated a number of serious safety problems with the production reactors.

Part of the problem, the report stated, is that DOE has delegated much of the responsibility for safety to its contractors who actually run the plants. The report recommended that DOE stiffen its own plant oversight and form an independent oversight body to keep the agency from becoming too cozy with its contractors.

To make things worse, the main contractor that has run Savannah River for all these decades, E. I. du Pont de Nemours Co., just walked



All of the tritium used in U.S. nuclear weapons is produced in a reactor run by the federal government at the Savannah River complex in South Carolina.

away from the contract.

Alvarez stresses the economic costs of the program. He points to \$250 million budget estimates for shoring up the Hanford N reactor and says: "From a sheer economic viewpoint it doesn't make sense to plow a quarter billion into getting this thing started up . . . so that it could be shut down in three or four years."

The estimated cost of the two new production reactors proposed by DOE is between \$10 billion and \$24 billion.

### Political Factors

Ultimately, home-district politics and committee jurisdiction may have as much weight in the decision as safety, diplomacy and national nuclear security.

While some members have competed to keep nuclear dumps or power plants out of their states, others have scrambled for years to win or keep any new production plant in their states. Their efforts, and their committee clout, will strongly influence what reactor gets built where.

People living near existing nuclear plants often favor them, because they provide thousands of jobs. A little farther away, however, people get many of the safety concerns without any of the employment benefits. Support or opposition for a plant by members of Congress usually follows suit.

Sen. Mark O. Hatfield, R-Ore., ranking minority member and former chairman of the Appropriations Committee, comes from a state that harbors hostility to the Hanford facility across the border. He pushed for the closure of the N reactor and is well

situated to block siting of a new production reactor there.

On the other hand, James A. McClure, R-Idaho, and Strom Thurmond, R-S.C., have led their delegations' efforts to win a new production reactor for their states. The Idaho National Engineering Laboratory, a nuclear processing facility, is the largest employer in the state, not counting agriculture.

McClure now seems to have lost the bid for the first production reactor. But he won funding in the DOD authorization bill for a Special Isotope Separation plant (\$65 million for operating costs and \$20 million for construction — more than the administration requested and more than went to the new reactor). That facility will eventually cost about \$1 billion to build and run for five years.

McClure and fellow Idahoan Symms are calling for a two-reactor policy — two different technological approaches in two different locations. From a policy viewpoint, the idea is "not to put all your eggs in one basket," as a McClure aide put it. The idea is that a two-reactor system would not leave materials production at the mercy of a technical glitch or an accident.

But from a parochial viewpoint, it could give Idaho a chance at a production reactor. McClure is another Appropriations superpower who enjoys a good position from which to look out for his state's interests. Like Hatfield, he is a senior member of the Appropriations Subcommittee on Energy and Water, which handles DOE nuclear facilities, and also on the Energy Committee, which handles non-military nuclear matters.



# Reagan Took a Beating on Key Votes in 1987

The key House and Senate votes of 1987 bare the battle scars of a yearlong confrontation between a weakened president and an emboldened Congress.

Underscoring a dramatic shift in the balance of power in Washington, President Reagan was on the losing end of more important roll calls than at any time in his administration.

The major votes of the 100th Congress' first session set a bitterly partisan tone that eased only when outside forces intervened. The Oct. 19 stock market crash broke a long-standing budget impasse, driving warring parties into a bipartisan summit that wrote a deficit-reduction plan. The scheduled visit of Soviet leader Mikhail S. Gorbachev pressured administration officials into settling arms control fights with Congress before the December meeting, driving them to compromise on an extraordinary series of amendments rebuffing administration policy.

But until those developments helped close fissures between the White House and Capitol Hill, pivotal decisions in Congress were driven by the politics of confrontation.

Budget votes were more partisan than ever. Arms control battles split Democrat from Republican, Congress from Reagan. The veto threat was about the only currency Reagan could spend in a Democratic-dominated Congress.

The devaluation of Reagan's political coin was apparent throughout the year. For the first time, Reagan lost more pivotal votes than he won in both the House and the Senate.

Of the 29 roll calls in 1987 selected by Congressional Quarterly as key votes, Reagan took a clear stand on 16; of those, he won only two. That 12.5 percent success rate is a precipitous drop from Reagan's high in 1981, when he won 87 percent of CQ's key votes on which he had staked out a position. His 1986 success rate was 65 percent.

The votes singled out by CQ provide a snapshot of the major issues facing members in 1987, but there are gaps in the picture that speak volumes about the way Congress does business. Some of the most controversial choices of 1987 — including decisions to raise taxes and to continue aiding the anti-government contras in Nicaragua — never came to a direct, free-standing vote on the House or Senate floor, but were made in omnibus bills that allow members to hide a multitude of choices in a single vote.

The confrontational tone of the 100th Congress was set from the first months of the year, when the House and Senate easily passed sewage-treatment and highway bills over Reagan's veto. The bills included too many hometown favors to be a good test of Republicans' loyalty to the president, but test them he did.

Reagan cast the fight over the highway bill, in particular, as a measure of his clout in the wake of the Iran-contra scandal and the 1986 elections in which Democrats recaptured the Senate majority. But he could not turn the single vote he needed to sustain the highway bill veto.

Reagan's losses were not limited to quixotic fights against pork-laden bills. His allies' dream of extending Reagan's conservative legacy into the 21st century turned

into a recurring nightmare: The Senate rejected the Supreme Court nomination of Robert H. Bork, and then Reagan's second choice, Douglas H. Ginsburg, withdrew after admitting he had smoked marijuana.

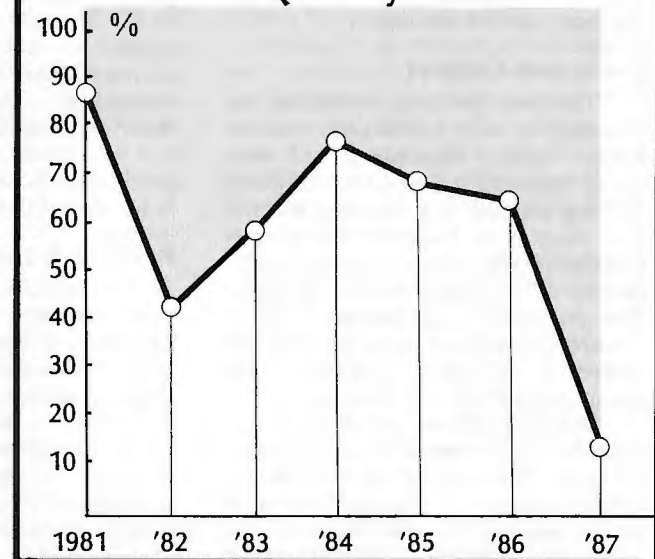
The House and Senate flouted Reagan's will by approving trade bills he considered protectionist and arms control amendments that brazenly contradicted his policies.

Congress also drove Reagan to sign a bill he believed unconstitutional — a measure reauthorizing the use of special prosecutors to investigate executive-branch wrongdoing.

The year's major votes hit the highlights of the Democratic agenda going into an election year. Democratic leaders won votes that left their party's imprint on trade legislation and expanded health insurance for the elderly.

But these votes also revealed constraints on Democrats'

**President Reagan's Success Rate  
On CQ's Key Votes**



ability to control Congress' agenda. Democrats alone could pass a budget resolution. But it was not so easy for Democrats alone to enact the tax increases and spending cuts needed to carry out that budget. When House Democrats tried, their "reconciliation" bill passed by only one vote.

In the Senate, Democrats found themselves repeatedly frustrated by a cohesive Republican minority. The GOP had enough votes to force major changes in an omnibus housing bill and to block action on a campaign-finance measure.

Despite their return to a majority, Democrats were playing on a fiscal landscape transformed by six years of Reaganism. The presence of a budget-conscious generation of Democrats was clear when the House agreed to major cuts in a midyear appropriations bill. These votes dramatized how much had changed since Democrats last dominated Congress: Most everyone, it seems, has become a fiscal conservative.

—By Janet Hook

## Senate Key Votes

### 1. Clean Water

As one of its first actions, the newly Democratic Senate confronted President Reagan over sewage-treatment funding and overrode his veto, setting a tone for relations with the White House over the entire year.

The bill (HR 1 — PL 100-4) was popular with both parties because sewage-plant-construction funds go to every state and almost every district in the nation. The bill authorized a 10-year program of federal aid to state and local governments for construction of sewage plants. Reagan had wanted to end sewer spending despite a 1981 promise to maintain it. Fiscal conservatives at the Office of Management and Budget and the White House objected, not just to spending the money, but to the idea that sewage treatment should be a federal responsibility rather than a state and local one. Committee leaders in the House and Senate wanted to phase the program out gradually over 10 years.

The measure was a renewal of the Clean Water Act of 1972 (PL 92-500), and support from both environmental and industry groups gave it an added "motherhood" aura. Members had the attractive chance to vote for the environment and at the same time bring home federal dollars.

Because the override was a certainty from the start, Reagan's veto and Congress' vote to enact the bill anyway were more expressions of attitude than tests of strength.

When the House and Senate had passed the bill the first time, as S 1128, in October 1986, the votes had been 408-0 and 96-0, respectively.

Reagan pocket-vetoed that bill at the end of the 99th Congress. The House voted a second time to pass the bill, 406-8, on Jan. 8. The Senate followed suit with a 93-6 vote on Jan. 21.

When Reagan vetoed the bill this time, he called it a budget buster, "loaded with waste and larded with pork."

The Senate vote to override was the final test, not so much on the merits of the bill, but of whether Senate Republicans would be loyal to the president of their own party on an issue he had declared important to him.

The Senate voted to override on Feb. 4, 86-14; R 32-13; D 54-1 (ND 36-1, SD 18-0). (*1987 Weekly Report* p. 240; *House key vote 1*)

### 2. Highway and Mass-Transit Funds

With not one vote to spare, the Senate April 2 agreed to override President Reagan's veto of a bill (HR 2 — PL 100-17) reauthorizing \$88 billion for highway and mass transit programs. The vote was 67-33; R 13-33; D 54-0 (ND 36-0, SD 18-0).

Hoping to alter perceptions that his influence on Capitol Hill was waning in the wake of revelations from the Iran-contra scandal and Democrats' recapture of the Senate in the November elections, Reagan fought hard to avert defeat. On the day of the vote he made a dramatic trip to Capitol Hill to plead with Republican senators for their support. The president viewed the measure as a "budget-buster" laden with "pork-barrel" projects targeted at particular states and districts.

Reagan's trip was aimed especially at 13 Republicans who the day before had defied the White House in a 65-35 vote to sustain the veto. That tally notwithstanding, Majority

## How Votes Were Selected

Congressional Quarterly each year selects a series of key votes on major issues.

**Selection of Issues.** An issue is judged by the extent it represents one or more of the following:

- A matter of major controversy.
- A matter of presidential or political power.
- A decision of potentially great impact on the nation and lives of Americans.

**Selection of Votes.** For each group of related votes on an issue, one key vote usually is chosen. This is the vote that, in the opinion of Congressional Quarterly editors, was important in determining the outcome.

In the description of the key votes, the designation "ND" denotes Northern Democrats and "SD" denotes Southern Democrats.

Leader Robert C. Byrd, D-W.Va., successfully pushed for a new vote to try to garner the two-thirds needed to override.

But none of the Republican defectors was willing to change his mind. Some cited road projects important to their states; some pointed to a provision relaxing the speed limit on certain federal highways; six of the thirteen were up for re-election in 1988 and were concerned about the prospect of lost construction jobs if no highway bill were cleared. Authorizations had expired the previous fall, leaving states with limited funds.

The episode also marked a rather painful initiation into the Senate for freshman Terry Sanford, D-N.C. On the first override vote, Sanford infuriated his Democratic colleagues by supporting the White House.

Sanford said he was convinced the bill was bad for North Carolina. But after talking to Byrd and others, he changed his mind, saying he had come to believe the package was the best that could be obtained under the circumstances. Some thought he had simply capitulated to party pressure. In any event, Sanford sided with fellow Democrats on the second and override vote. (*1987 Weekly Report* p. 604)

### 3. Farm Aid

Efforts to rewrite the government's basic farm policy, which seemed inevitable earlier in the year, were effectively killed on the Senate floor April 23 when Agriculture Committee leaders convincingly defeated the first major assault on the 1985 farm bill (PL 99-198), the five-year authorization law for federal farm programs.

The occasion was a routine piece of farm legislation (HR 1157) authorizing one-time disaster payments to farmers, but everyone dissatisfied with the 1985 farm bill had viewed it at one time or another as a vehicle for making big changes in farm policy. The Reagan administration was pushing for big cuts in farmers' income-supports, while populist Midwesterners wanted to put a stop to the downward course of commodity price-supports and return the country to a highly protective agriculture policy. But Agriculture Chairman Patrick J. Leahy, D-Vt., and ranking member Richard G. Lugar, R-Ind., argued instead to "stay the course" of the five-year farm bill.





Efforts to rewrite the government's basic farm policy were effectively killed on the Senate floor April 23 when an assault on the 1985 farm bill was convincingly defeated.

When HR 1157 came to the floor, the would-be reformers lay back, waiting for the first such amendment to be offered. Finally, in the only open floor confrontation, Rudy Boschwitz, R-Minn., offered an amendment to waive Senate budget restrictions and approve a new kind of price-support mechanism for soybeans. The Senate rejected it 33-63: R 18-25; D 15-38 (ND 5-30, SD 10-8).

The defeat signaled that the Senate was not likely to go along with any changes in farm law, particularly those involving new spending. No other amendments came to the floor, and the move to overhaul the farm bill quickly dissipated. The early victory for Leahy and Lugar established a yearlong ability to fight off major assaults on federal farm programs in 1987. (1987 Weekly Report p. 787)

#### 4. Budget Resolution

With near-total opposition from Republicans, the Senate May 6 passed a Democratic fiscal 1988 budget resolution (H Con Res 93). In a first for the party, all Senate Democrats voted for the \$1 trillion budget, with the exception of an absent Albert Gore Jr. of Tennessee, who had supported the budget in a preliminary vote earlier in the day. The final vote was 56-42: R 3-42; D 53-0 (ND 36-0, SD 17-0).

Only three Northeastern Republicans voted with the Democrats: John H. Chafee of Rhode Island, Robert T. Stafford of Vermont and Lowell P. Weicker Jr. of Connecticut.

The vote was a major achievement for Lawton Chiles, D-Fla., in his first year as Budget Committee chairman.

Chiles was credited with reconciling sharply conflicting demands from conservative Democrats, who were seeking more for defense spending, and party liberals who pressed for fewer cuts in domestic programs. The clash over priorities typically produces a split Democratic vote on the budget.

Chiles said it was possible to put together a compromise in 1987 because as Democrats talked privately, "We began to sort of grow together, to realize that we were a majority party now, and we couldn't afford the luxury of voting no."

The Democrats were also aware that they had to muster solid party support if they were to pass the budget. Republicans, who had been sitting out negotiations on the fiscal 1988 budget, had made it clear they would not help. J. James Exon, D-Neb., said: "When we realized that Republicans were determined not to help us one iota, that, more than anything else, helped bring the Democrats together."

The partisan split was in sharp contrast to the vote in 1986, when Chiles and Pete V. Domenici, R-N.M., then chairman of the Republican-controlled Budget Committee, assembled a strong bipartisan majority in favor of the fiscal 1987 budget resolution.

H Con Res 93 set \$1.160 trillion in new budget authority and called for \$18.3 billion in unspecified new taxes. (1987 Weekly Report p. 890)

#### 5. Trade Bill

The mounting U.S. trade deficit — \$156.2 billion in 1986 — was much more of a bipartisan concern in the Senate than in the House. Perhaps as a result, the Senate's version of an omnibus trade bill (HR 3) was somewhat more restrained in its effort to get tough with U.S. trading partners.

Nevertheless, after a month of floor action in June and July, the Senate bill was still ripe for attack from the administration, which mounted a strong, last-minute drive to have Republicans, at least, cast "no, but" votes on the bill — votes that would send a message to House-Senate conferees that the bill would have to be radically changed before it would be acceptable to President Reagan.

Among the administration's objections were trade provisions that would mandate retaliation against foreign unfair trade practices and mandate relief for firms and workers harmed by rising imports. But at the top of the administration hit list was a provision requiring firms to give advance notice before closing a plant or laying off large numbers of workers.

Despite the pressure, more than two-thirds of the Senate voted in favor of the bill July 21. It passed 71-27: R 19-27; D 52-0 (ND 35-0, SD 17-0). Casting some doubt on the strength of GOP support, however, was a "yes, but" letter signed by 16 of the Republicans who voted for the bill. It was not the vote the administration had asked for, but it carried the same message to conferees that the 16 senators wanted some changes. (1987 Weekly Report p. 1633)

#### 6. Gramm-Rudman Fix

The Senate July 31 defeated an attempt by J. Bennett Johnston, D-La., to stiffen proposed targets for reducing the budget deficit. Defeat of the Johnston amendment opened the way for passage of a revised version of the 1985 Gramm-Rudman-Hollings deficit-reduction law.

Revisions to Gramm-Rudman were attached to a bill (H J Res 324) extending the federal debt ceiling. The Gramm-Rudman rewrite included changes in the enforcement mechanism, which had been invalidated in 1986 by the Supreme Court. It also relaxed the targets for deficit reduction.

Republicans initially ridiculed Democrats' suggestions that the targets be eased, but they came around, pleading pragmatism. By summer, Republicans were determined to spare President Reagan and themselves the pre-election embarrassment of missing the original Gramm-Rudman targets. At the same time, Democrats in both chambers were looking for some relief from a requirement to raise \$18 billion in taxes that had been set in the fiscal 1988 budget resolution.

This frail link between GOP interests and those of some Democrats was challenged when the Gramm-Rudman amendments came to the Senate floor July 31. Johnston and his allies tried to stiffen the targets to require at least \$36 billion in cuts in fiscal 1988. (The target eventually set in the final bill was \$23 billion.) They said that neither Reagan nor nervous Democrats should put off politically difficult budget decisions until after the 1988 elections.

A victory for Johnston could have destabilized the Gramm-Rudman coalition. Sponsors of the rewrite feared desertions by senators who did not want to be recorded against tougher deficit targets. Phil Gramm, R-Texas, Budget Committee Chairman Lawton Chiles, D-Fla., and Pete V. Domenici, R-N.M., insisted that their reconstitution of Gramm-Rudman would be effective in forcing Reagan and the Congress into early compromise on deficit reduction.

Johnston finally lost 41-52: R 0-45; D 41-7 (ND 29-2, SD 12-5). He received no Republican votes. (1987 *Weekly Report* p. 1718)

## 7. Campaign Finance

Despite repeated efforts to cut off debate, the Senate failed to break a three-month Republican filibuster against a measure (S 2) to overhaul federal campaign-finance law. The seven cloture votes taken to cut off debate were the most ever attempted on a single question, reflecting the dogged determination of Majority Leader Robert C. Byrd, D-W.Va., in backing the measure.

Responding in part to criticism of the high costs of the 1986 Senate campaigns, the Democratic leadership had made campaign-finance legislation a top priority. The measure would have imposed voluntary limits on congressional-campaign spending with public funds for candidates who accepted the limits. It also would have limited the role of political action committees. In backing the bill, Democrats portrayed themselves as advocates of "good government." But many GOP senators had reservations to public funding of congressional campaigns at a time of high budget deficits. Republicans also were concerned that attempts to limit campaign spending would threaten their electoral chances and their party's ability to recapture a Senate majority.

The measure prompted bitterly divisive debate, with cloture votes splitting consistently along party lines. By the time the seventh was taken, only three Republicans had joined the Democratic majority in voting to break the filibuster; only two Democrats supported the filibuster. Falling nine votes short of the 60 needed, the Sept. 15 vote on the final motion to invoke cloture was 51-44: R 3-42; D 48-2 (ND 34-0, SD 14-2).

After the seventh cloture vote failed, Byrd shelved the

bill but vowed to come back to the issue in 1988, when he hoped election year pressure would generate more support.

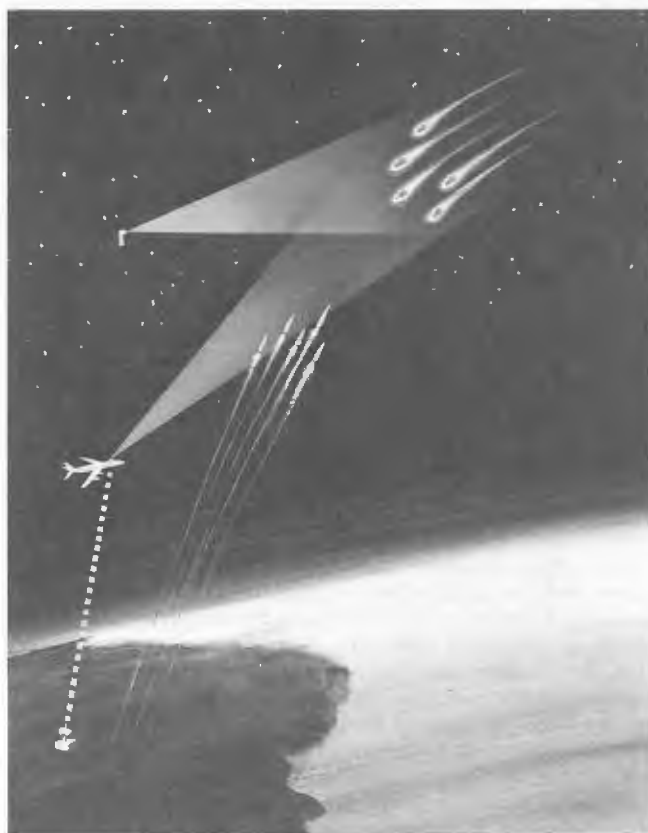
The stalemate over the campaign-finance bill was a symbol of the limits of Democrats' "control" of the Senate after the 1986 elections. Although the Democrats regained a majority of seats, a cohesive Republican minority repeatedly stymied the Democratic majority by putting up the 41 votes needed to sustain filibusters or to block other procedural moves that required a 60-vote majority. (1987 *Weekly Report* p. 2252)

## 8. Strategic Defense Initiative

In 1987's key political battle over the strategic defense initiative (SDI) — President Reagan's program to develop a nationwide anti-ballistic missile (ABM) defense — the Senate crushed an administration effort to finesse the conflict between the program and the 1972 U.S.-Soviet treaty limiting ABM systems.

Ever since Reagan inaugurated the program in March 1983, he has set as its goal the very kind of ABM system the treaty was designed to bar: one designed to protect the entire population against missile attack, not merely a few hundred heavily armored missile launchers and military headquarters. But by 1983, the Reagan team already had taken a heavy political pounding for appearing hostile to arms control efforts. To buffer SDI against the pro-arms control backlash, Reagan and his aides said repeatedly that for years to come, the program would be conducted in accord with the limits of the treaty.

Late in 1985, the administration declared that the



In a blow to President Reagan's plan to accelerate the strategic defense initiative, the Senate voted to bar tests of the space-based weapons without prior congressional approval.



treaty could be interpreted to permit certain tests in space of ABM weapons. That was contrary to the view held by most observers since the ABM treaty was signed.

The administration's new interpretation drew sharp protests from Capitol Hill and allied governments. Reagan defused the protests by announcing that SDI tests would continue to be governed by the more restrictive "traditional" reading of the treaty.

The issue came to a boil again late in 1986, when Defense Secretary Caspar W. Weinberger and some other officials began pressing Reagan to accelerate the timetable for SDI deployment and thus require tests that would violate the traditional interpretation.

In March 1987, Armed Services Committee Chairman Sam Nunn, D-Ga., a highly influential voice in defense debates, concluded, after a review of the ABM negotiations and of the 1972 Senate debate on approval of the treaty, that the administration's new interpretation was unfounded.

When the Armed Services panel marked up the fiscal 1988 defense authorization bill in April, Nunn and Carl Levin, D-Mich., added to it a provision that would bar ABM tests in space unless Congress gave prior approval.

Republicans vehemently opposed the move and blocked Senate action on the bill for nearly four months, demanding that the Levin-Nunn provision be stricken. But Nunn and Majority Leader Robert C. Byrd, D-W.Va., held firm, and the issue was joined on the Senate floor in mid-September. When John W. Warner, Va., the Armed Services Committee's senior Republican, moved to delete the Levin-Nunn provision from the bill, eight centrist Republicans joined an overwhelming majority of Democrats to table (kill) the motion by a vote of 58-38: R 8-37; D 50-1 (ND 34-0, SD 16-1), Sept. 17, 1987. (*1987 Weekly Report* p. 2228)

## **9. Nuclear-Test Ban**

In its first vote on the issue, the Senate rejected by a hefty margin an amendment to the fiscal 1988 defense authorization bill that would have barred all but the smallest nuclear test explosions.

A nuclear-test ban long had been the priority goal of grass-roots arms control activists, who saw it as a first step toward a freeze on the testing, production and deployment of nuclear weapons.

The test ban gained political momentum rapidly in the House during 1986, and the chamber attached it to the annual defense authorization bill in August of that year by a ratio of almost 5-3. Senate conferees adamantly opposed the provision, and it was dropped on the eve of President Reagan's October 1986 meeting in Iceland with Soviet leader Mikhail S. Gorbachev.

In 1987, the House again attached a test ban to the annual defense authorization measure, and arms control advocates hoped to round up the 41 Senate votes needed to cut off an expected filibuster. But the vote came a week after the Senate had clobbered Reagan on the issue of interpreting the SDI treaty and only a few days after Soviet Foreign Minister Eduard Shevardnadze visited him to pin down details of the upcoming Reagan-Gorbachev meeting in Washington. Under those circumstances, several centrists voted "nay," and the amendment by Mark O. Hatfield, R-Ore., to ban during 1988-89 nuclear-test explosions with an explosive power of more than 1 kiloton, was tabled (killed) 61-36: R 40-6; D 21-30 (ND 7-27, SD 14-3), Sept. 24, 1987. (*1987 Weekly Report* p. 2291)

## **10. SALT II Limits**

Three weeks after it dealt President Reagan a major blow over the issue of interpreting the 1972 anti-missile treaty, the Senate repudiated another of his key arms control positions: It added to the annual defense authorization bill a provision requiring continued compliance with certain provisions of the unratified 1979 U.S.-Soviet strategic arms limitation treaty (SALT II).

At issue were so-called "sublimits" in the accord that would have allowed each country no more than:

- 820 intercontinental ballistic missiles (ICBMs) equipped with multiple warheads (MIRVs);
- 1,200 ICBMs and sea-launched ballistic missiles with MIRVs;
- 1,320 MIRVed missiles of either type and bombers equipped to carry long-range cruise missiles.

After the Soviet invasion of Afghanistan prompted President Carter to drop his effort to secure Senate approval of SALT II early in 1980, the U.S. and Soviet governments announced they would informally observe the treaty's limits on a reciprocal basis.

Though Reagan had long condemned SALT II as too favorable to the Soviet Union, he continued the policy of informal compliance until 1986. Then, charging Soviet violations of the SALT II limits and of other arms control agreements, he ended the compliance policy.

Beginning in November 1986, the deployment of cruise-missile-armed B-52 bombers at the rate of about two per month put U.S. forces over the limit of 1,320 MIRVed missiles and bombers.

Dale Bumpers, D-Ark., and a bipartisan team of arms control advocates charged that dropping the sublimits played into Moscow's hands, since for years to come the Soviet Union could far outstrip the United States in producing MIRVed missiles. They drafted an amendment to the defense bill mandating a return to the limits.

The administration and its allies countered that Bumpers' position would undermine the president's flexibility to repudiate the treaty or even to threaten to do so as a bargaining tactic in negotiations with the Russians. In the two days before the Senate voted on Bumpers' amendment, the Soviet Union test-fired two ICBMs to within several hundred miles of Hawaii — the first time a Soviet missile test had come so close to U.S. territory. Administration allies hoped this would strengthen their hand.

But when the Senate voted, it approved the Bumpers amendment 57-41: R 8-36; D 49-5 (ND 35-1, SD 14-4), Oct. 2, 1987. (*1987 Weekly Report* p. 2359)

## **11. Persian Gulf Re-flagging**

After several inconclusive votes between July and October on President Reagan's policy of providing U.S. naval escorts for Kuwaiti tankers in the Persian Gulf, the Senate Oct. 21 adopted a compromise resolution that mirrored its ambivalence over Persian Gulf policy and over the broader issue of whether — and how — Congress can control the use of U.S. forces in conflicts that are not declared wars.

In July, both houses cast essentially symbolic votes in favor of delaying the plan to escort the Kuwaiti ships, which were to be "re-flagged" as the property of a dummy U.S. corporation. But the majority in the Senate was too small to cut off a GOP filibuster of the legislation, much less to override the Reagan veto that surely would follow

passage of such a measure.

Similarly, threatened filibusters blocked efforts in the Senate to initiate procedures established by the 1973 War Powers Resolution, under which Reagan would have to end the escorting operation unless Congress approved its extension within 90 days.

Ultimately, proponents of a resolution triggering the War Powers timetable agreed to drop their efforts to attach such a provision to the annual defense authorization bill in return for assurances that the Senate would debate free-standing legislation that would trigger the War Powers Resolution.

When the issue came to the floor in mid-August, Majority Leader Robert C. Byrd, D-W.Va., and John W. Warner, R-Va., offered a substitute that expressed congressional "reservations" about the escorting policy, but also deferred any Senate action on the policy for several months.

Key supporters and critics of the Byrd-Warner measure predicted that its adoption would drain the political steam from further efforts to invoke the War Powers Resolution.

The substitute faced strong bipartisan opposition from liberals, who wanted to invoke the War Powers Resolution, and from conservative Republicans, who opposed any congressional action on Persian Gulf policy.

But it was supported by a coalition of centrists, who were unhappy with the War Powers Resolution, and pro-War Powers liberals, who concluded that efforts to invoke that measure were doomed.

The Byrd-Warner substitute initially was rejected 47-51. But enough Democrats were persuaded to change their votes that it subsequently was adopted by a vote of 54-44: R 13-33; D 41-11 (ND 26-9, SD 15-2), Oct. 21, 1987. (1987 Weekly Report p. 2595)

## 12. Bork Nomination

The Senate Oct. 23 handed President Reagan one of the worst defeats in his presidency when it decisively rejected Robert H. Bork's nomination to the Supreme Court. The vote was 42-58, the largest margin of defeat for any high court nominee. Reagan had made Bork's confirmation one of his highest priorities and had put his personal prestige into an intensive but unsuccessful lobbying effort.

The final Senate action was in many ways anti-climactic. The result was a foregone conclusion — three days before the vote 54 senators had already declared they would vote against Bork.

The final tally included six Republicans against Bork and a solid block of five newly elected Democrats from the South: R 40-6; D 2-52 (ND 0-36, SD 2-16).

Bork's defeat was a blow not only to the president, but also to his conservative supporters, who had hoped the conservative 61-year-old federal judge would help overturn past Supreme Court decisions on abortion and other issues and would extend the Reagan legacy into the 21st century. Reagan already had appointed two other justices and had elevated William H. Rehnquist to chief justice.

Bork's selection touched off opposition of huge proportions that took the White House and Bork's Senate supporters by surprise. Led by the national civil rights community, opponents argued that Bork's 30-year record of writings, speeches and court opinions on the U.S. Court of Appeals for the District of Columbia showed he was a conservative ideologue who would seek to turn back 20



In a personal rebuke to President Reagan, the Senate rejected the Supreme Court nomination of Robert H. Bork.

years of critically important civil rights decisions.

Opposition tactics included heavy grass-roots lobbying, particularly in Southern states, and radio and television ads contending that Bork threatened citizens' right to privacy and women's rights generally.

Bork supporters — and Bork himself — were angered by the opposition, maintaining it distorted his record. Bork's allies said he was superbly qualified for the high court, and they encouraged him not to withdraw despite certain defeat on the Senate floor.

In a dramatic Oct. 9 speech from the White House briefing room, Bork agreed that he should fight to the end. He said he wanted a debate in the Senate about the process and warned that the fight over his nomination had become a political one that endangered the judiciary. (1987 Weekly Report p. 2600)

## 13. Nuclear Waste

Often considered the last bastion of states' rights, the U.S. Senate forced the nation's nuclear waste on a bitterly protesting Nevada — explicitly substituting a political decision for one supposed to be based on science and safety.

In one of the votes by which it did so, the question before the Senate was basic: should the Department of Energy (DOE) be required to make public health and safety the foremost consideration in its choice of a site to be explored as the likely nuclear dump.



The Senate's answer on Nov. 12 was "no." The vote on an amendment by Harry Reid, D-Nev., was 37-56: R 8-35; D 29-21 (ND 21-12, SD 8-9).

Reid, joined by Brock Adams, D-Wash., mounted a two-week filibuster against a nuclear-waste plan being pushed by J. Bennett Johnston, D-La., contained in the fiscal 1988 energy and water appropriations bill (HR 2700). The plan of Johnston, who chairs the Energy Committee as well as the Appropriations Subcommittee on Energy and Water Development, was likely to lead DOE to choose Nevada as the site.

The vote was a high-water mark in the voting strength Reid rallied in his effort to resist Johnston's blitz. On that and several other test votes, he failed to muster the 41 votes needed to block a cloture motion.

Johnston eventually prevailed, after House conferees on the reconciliation bill (HR 3545 — PL 100-203) agreed to put the waste in Nevada. (1987 Weekly Report p. 2815)

## 14. Housing and Community Development

The Senate refused to consider an otherwise popular housing and community development bill (S 825) on Nov. 17 because it contained a budgetary flaw that required a waiver of the budget act.

The key vote came on a motion by Alan Cranston, D-Calif., to waive the 1974 Congressional Budget and Impoundment Control Act. The motion's 57-43 vote was three shy of the 60 required: R 8-38; D 49-5 (ND 31-5, SD 18-0).

The House-Senate conference agreement on the bill would have authorized about \$30.6 billion over two years. But it was vulnerable to a point of order because it contained \$47 million in direct spending not subject to further review in the appropriations process.

William L. Armstrong, R-Colo., raised that point and argued the bill as a whole would also spend far more than it purported to spend — at least \$4 billion more per year.

When Armstrong's point was sustained by the failure to waive the budget act, the conference agreement was dead. The setback stunned the bill's sponsors, who had been confident after the House approved the conference agreement on Nov. 9 by a vote of 391-1.



In a move bitterly opposed by Nevada, Congress approved a plan virtually certain to end in the selection of Yucca Mountain, Nev., as the storage site for the nation's nuclear waste.

In the following weeks, Senate sponsors negotiated changes in the conference agreement and tried to recruit support among GOP senators. They hoped that an amended version of S 825 could garner enough Senate backing to forestall or override a threatened presidential veto. In the final week of the session, a \$30.3 billion amended version proved acceptable to key senators, the White House and to key members of the House, and it was cleared by Congress Dec. 22.

The bill was the first freestanding authorization for housing and community development programs since 1980. In the intervening years, while the GOP controlled the Senate, the two chambers had been unable to agree on a bill. (1987 Weekly Report p. 2889)

## House Key Votes

### 1. Clean Water Funding

The House early in the new session overrode President Reagan's veto of a sewage plant funding bill, setting a tone of confrontation with the White House for the entire year.

The bill (HR 1 — PL 100-4) was politically popular with all members because sewage plant construction funds go to every district in the nation. It authorized a 10-year program of federal aid to state and local governments for construction of sewage plants. Reagan had wanted to end sewer spending to help reduce the deficit and because he felt sewage treatment should be a state and local responsibility rather than a federal one. Committee leaders in the House and Senate were willing to end the program, but wanted to phase it out over 10 years.

When the House and Senate had passed the bill the first time, as S 1128, in October 1986, the votes had been 408-0 and 96-0, respectively. The unanimity had been engineered in hopes of averting a presidential veto.

Reagan pocket-vetoed that bill at the end of the 99th Congress. House Public Works leaders promptly reintroduced it, winning the coveted bill number HR 1 as an expression of the priority it had with the Democratic leadership.

The House voted a second time to pass the bill, 406-8, on Jan. 8. The Senate followed suit with a 93-6 vote on Jan. 21. Reagan promptly vetoed it again.

The final House vote to override the veto on Feb. 3 was 401-26: R 147-26; D 254-0 (ND 170-0, SD 84-0). The Senate voted to override the next day, enacting the bill into law. (1987 Weekly Report p. 240; Senate key vote 1)

### 2. 65 MPH Speed Limit

The House March 18 voted to allow states to raise the speed limit to 65 mph on rural Interstate highways after an emotional debate between those who said higher limits would raise traffic fatalities and those contending that few motorists obeyed the existing 55 mph limit.

The vote came on adoption of a concurrent resolution (H Con Res 77) to amend an \$88 billion highway and mass-transit reauthorization bill (HR 2) with the speed-limit plan. The highway bill went on to become law (PL 100-17) despite a veto by President Reagan. The speed-limit tally was 217-206: R 125-50; D 92-156 (ND 45-121, SD 47-35).

Support for the resolution was led by members from Western districts who said higher limits posed no safety



The House and Senate voted to allow states to raise the speed limit to 65 mph on rural Interstate highways.

threat on the rural Interstates that dominate the region. Dave McCurdy, D-Okla., said the widely flouted 55 mph law amounted to the "1980s equivalent of Prohibition."

Although the 55 mph limit was enacted by Congress in 1974 primarily as a fuel-saving measure, it was defended in 1986 on safety grounds. A coalition of groups representing insurance companies, physicians and chiefs of police said the lower speed limit had saved thousands of lives. Under the 1974 law (PL 93-643), states had either to adopt the limit or to face the loss of up to 10 percent of their federal highway funds.

Leading the fight against higher limits was the chairman of the House Public Works and Transportation Committee, James J. Howard, D-N.J. A principal sponsor of the 1974 measure, Howard made retention of the limit a personal cause. And some lawmakers were clearly nervous about voting against the chairman of a panel responsible for doling out public works projects to their districts. (1987 Weekly Report p. 521)

### 3. Budget Resolution

House Democrats nervously committed themselves to higher taxes on April 9 when, with no GOP votes, they approved a fiscal 1988 budget resolution (H Con Res 93) calling for \$18 billion in new taxes. On the vote for passage, Democratic leaders lost just 19 Democratic votes as the House voted to pass the resolution 230-192: R 0-173, D 230-19 (ND 159-10, SD 71-9).

The vote on the \$1 trillion budget signaled the activist style of the new House Speaker, Jim Wright, D-Texas. Even before he took office, Wright had been calling for a tax increase to help fight the deficit. That was a sharp departure from the tactics of former Speaker Thomas P.

O'Neill Jr., D-Mass. O'Neill had refused to put Democrats on record for a tax increase as long as President Reagan was on the other side.

In debate that suggested themes for the 1988 campaign, Republican Whip Trent Lott of Mississippi counseled GOP members to avoid the tax-laden budget resolution. "You do not ever get in trouble for those budgets which you vote against," Lott said. Democratic Leader Thomas S. Foley of Washington responded: "Don't vote, and you won't get into trouble." What a motto for statesmanship."

For much of the rest of the year, Republicans maintained that Democrats had handed them the tax issue on a platter. The GOP anti-tax stance was broken only at the end of the year when Republicans delivered votes in substantial numbers for two deficit-reduction bills mandated by congressional and White House negotiators in a budget summit.

As passed by the House, the budget resolution called for total budget authority of \$1.142 trillion and outlays of \$1.039 trillion in fiscal 1988. It called for revenues of \$930.9 billion, leaving a deficit of \$107.6 billion. (1987 Weekly Report p. 657)

### 4. MacKay Amendment

In a vote that signaled the growing influence of a group of younger, budget-minded Democrats, the House April 23 voted to reduce a multipurpose spending bill by \$2.2 billion. The vote was on an amendment by Rep. Buddy MacKay, D-Fla., cutting 21 percent from most of the accounts in the fiscal 1987 supplemental appropriations bill. MacKay said the cuts were needed to keep the measure from breaking spending limits set by the fiscal 1987 budget resolution passed the previous summer. The Florida Democrat said he and his allies could not stomach a budget-busting appropriations bill just two weeks after voting for a Democratic-sponsored tax increase in the fiscal 1988 budget resolution. The MacKay amendment was adopted 263-123: R 121-39; D 142-84 (ND 82-69, SD 60-15).

The previous autumn the group of younger Democrats had thwarted plans by Appropriations Committee Chairman Jamie L. Whitten, D-Miss., to revive expiring revenue sharing programs.

MacKay's amendment received strong support from moderates and liberals in both parties; opposition was equally dispersed. House Majority Leader Thomas S. Foley, D-Wash., and Democratic Whip Tony Coelho, D-Calif., voted for the amendment, which had the tacit support of Speaker Jim Wright, D-Texas. Republicans took no official position. (1987 Weekly Report p. 772)

### 5. U.S.-Japan Trade Imbalance

Efforts to correct the failure of U.S. trade policy to staunch a hemorrhaging deficit of imports over exports was at the top of the Democrats' domestic agenda in 1987. Particular ire was directed at the trade practices of Japan — which had a \$58.9 billion trade surplus with the United States in 1986 — and a few other trading partners.

While omnibus trade bills (HR 3) passed both chambers, however, it was only in the House that a specific legislative effort was made to trim Japan's surplus. And that effort, known as the Gephardt amendment, passed by such a narrow margin that it seemed clear it would not survive intact in a final bill.

Rep. Richard A. Gephardt, D-Mo., a candidate for president, had been trying since 1985 to turn Congress'



attention to the rising bilateral trade surpluses of a few U.S. trading partners. In 1986 he had persuaded the House to include a tough provision to ratchet down such surpluses in an omnibus trade bill that eventually died in the Senate Finance Committee.

When the House Ways and Means Committee began considering HR 3 in early 1987, Gephardt held back from offering his anti-surplus language, which had been branded "protectionist" and was sure to draw a presidential veto. Organized labor and House Speaker Jim Wright, D-Texas, favored Gephardt's amendment, but it was widely assumed it would be defeated in committee. Gephardt decided to offer it on the House floor instead.

Gephardt put the amendment through several drafts that removed some of its more controversial elements. But in the end it barely survived its floor test April 29, passing 218-214: R 17-159; D 201-55 (ND 137-34, SD 64-21).

The slim margin in the House, and strong sentiments against the provision in the Senate — even from those who wanted to get tough with the alleged unfair trade practices of Japan and other countries — made it clear that the



House Ways and Means Committee Chairman Dan Rostenkowski, D-Ill., left, confers on the trade bill with U.S. Trade Representative Clayton Yeutter and Rep. Sam Gibbons, D-Fla.

Gephardt amendment would be radically revised in a House-Senate conference committee. That action was not expected until early 1988.

Perhaps because most members believed that the Gephardt language would not survive conference, two-thirds of the House supported the bill on final passage the following day, voting 290-137.

Following the October stock market crash, Republicans tried Nov. 10 to get the House to back off the Gephardt language. But the motion failed 175-239, apparently because Democrats did not want to embarrass Gephardt or Wright. Every Republican who voted for Gephardt the first time did so again. (1987 *Weekly Report* p. 2814; *Senate key vote* 5)

## 6. Savings and Loan Insurance

The House defied the wishes of President Reagan and both parties' leaders May 5 by defeating a five-year, \$15 billion bill (HR 27) to refinance the fund that insures deposits in savings and loans.

Instead, the House approved a refinancing plan worth one-third as much — \$5 billion over two years. The thrift industry had preferred the smaller-scale plan and had lobbied heavily for it. The refinancing cost is to be repaid by the industry.

The White House had said it would veto the smaller plan for bailing out the fund, the Federal Savings and Loan Insurance Corp. (FSLIC), which auditors said was at least \$6 billion in the red. Critics in both parties warned that the smaller fund would prove inadequate and eventually force the federal government to pay off insured depositors with taxpayers' money.

But the industry and its supporters in the House said that FSLIC could not merge or close failing thrifts fast enough to need the bigger amount of money in the near future — so raising the bigger amount would be inefficient.

The key vote came on an amendment offered by Banking Committee Chairman Fernand J. St Germain, D-R.I., that would have raised the amount to \$15 billion. The amendment was defeated 153-258: R 72-98; D 81-160 (ND 62-99, SD 19-61). The scaled-down version was then approved overwhelmingly.

The Senate had passed a \$7.5 billion plan, and the refinancing was increased twice by a House-Senate conference. As signed by President Reagan on Aug. 10, the FSLIC refinancing was set at \$10.8 billion (HR 27 — PL 100-86). (1987 *Weekly Report* p. 924)

## 7. Nuclear-Test Ban

For the second year in a row, the House adopted by a respectable margin an amendment to the fiscal 1988 defense authorization bill that would ban all but the smallest nuclear-weapons tests, provided that the Soviet Union observed a similar restriction and that the Soviet Union and United States each agreed to let the other place monitoring equipment on its territory.

In 1985, grass-roots arms control activists began agitating for a nuclear-test ban as a first step toward a freeze on the development, production and deployment of all nuclear weapons. Other arms control advocates who concentrated on legislative lobbying were initially reluctant to seek congressional support for a test ban, fearing it was too radical a step.

But early in 1986, the proposal showed unanticipated political strength, including the support of some influential centrist Democrats in the House, such as then-Majority Leader Jim Wright, Texas, and House Armed Services Committee Chairman Les Aspin, Wis.

The administration weakened its position politically by refusing even to negotiate with the Soviets about a comprehensive nuclear-test ban, a goal to which every preceding president since Dwight Eisenhower had at least paid lip service.

Moreover, the test-ban advocates led by Democrats Patricia Schroeder, Colo., Edward J. Markey, Mass., and Thomas J. Downey, N.Y., incorporated into their proposal several minor compromises intended to woo centrist support.

As the House approached its first vote on the test ban — as an amendment to the fiscal 1987 defense authorization bill (PL 99-661) in August 1986 — the White House made no concerted effort to oppose it, and it was adopted 234-155.

When the House took up the fiscal 1988 defense bill in May 1987, the political dynamics surrounding the test-ban

issue were substantially unchanged, though the administration had begun negotiating on the subject with the Soviets. Again, the White House made no major effort to fight the test-ban amendment, sponsored in 1987 by Schroeder and Markey.

On May 19, the House rejected 201-220 a Republican alternative that would have allowed the president to waive the ban if it would interfere in the development of improvements in the safety devices built into nuclear weapons. It then approved the Schroeder amendment 234-187: R 26-147; D 208-40 (ND 160-9, SD 48-31). (1987 Weekly Report p. 1066; Senate key vote 9)

## 8. Persian Gulf Re-flagging

In a sharp departure from Congress' traditional reluctance to challenge a military commitment by a president, the House voted July 8 to delay for three months President Reagan's plan to provide naval escorts for Kuwaiti oil tankers in the Persian Gulf.

The administration had agreed in December 1986 to provide escorts for 11 Kuwaiti ships that would be "re-flagged" as the property of a dummy U.S. corporation. Kuwait had backed neighboring Iraq in its seven-year-old war with Iran, and said Iranian attacks on tankers in the gulf were focusing on Kuwaiti ships.

Though administration officials began briefing congressional committees on the plan in March, it drew little attention on Capitol Hill until mid-May, when the U.S. frigate *Stark*, stationed in the Persian Gulf, was attacked, apparently by accident, by an Iraqi jet with the loss of 37 U.S. sailors.

As it drew attention, the escorting plan aroused widespread, bipartisan opposition. But for nearly six weeks after the *Stark* incident, even some of Reagan's strongest liberal critics shied from a direct effort to block the policy, partly out of fear that if Congress opposed the action, Reagan could blame it for any disasters that might befall U.S. forces in the gulf.

But in the last half of June, Mike Lowry, D-Wash., and aides to the Democratic Study Group began pushing for a vote to delay for 90 days the planned re-flagging of the Kuwaiti ships. Lowry cast his proposal as a moderate alternative to outright efforts to block the policy.

The administration played into Lowry's hands by refusing to consider any compromise that would give uneasy members alternatives to supporting Lowry or accepting whole the original escorting plan. That galvanized Democratic leaders into a vigorous effort to pass the Lowry plan as an amendment to the Coast Guard authorization bill (HR 2342).

On July 8, the House rejected 126-283 a substitute that would have barred outright the re-flagging of the Kuwaiti ships. It then adopted the Lowry amendment 222-184: R 22-146; D 200-38 (ND 149-12, SD 51-26), July 8, 1987. (1987 Weekly Report p. 1508; Senate key vote 11)

## 9. Smoking in Airplanes

At the beginning of the 100th Congress, few thought anti-smoking forces had much chance to win passage of a ban on smoking on airplane flights.

But the tobacco lobby proved less formidable than expected, and proponents capitalized on growing public concern over the health risks of smoking. In debate July 13 on a transportation spending bill (HR 2890), the House narrowly adopted an amendment by Richard J. Durbin, D-

Ill., to ban smoking on domestic flights scheduled to last no more than two hours. The vote was 198-193: R 74-91; D 124-102 (ND 102-48, SD 22-54). The Senate later approved a similar plan, and in December President Reagan signed into law a two-year ban on flights of two hours or less as part of the massive fiscal 1988 continuing resolution (H J Res 395 — PL 100-202).

Support for the Durbin amendment ranged from liberals, such as Edward J. Markey, D-Mass., to conservatives, such as Bob Dornan, R-Calif. One proponent, Donald E. "Buz" Lukens, R-Ohio, told colleagues that he had had to undergo six operations for cancer, including one that left a 16-inch scar. A non-smoker, Lukens said, "I know, and all my surgeons agree, that I caught cancer through other people's smoke."

The ban's supporters also pointed to a National Academy of Sciences study citing the risks of exposure to smoke



The House approved a catastrophic-insurance plan far more generous than the one proposed by President Reagan.

in air cabins and calling for a ban on smoking on all flights. Proponents said the risks were especially severe for pregnant women, the elderly and children.

Opposition was led by members from tobacco-growing districts. Carroll Hubbard Jr., D-Ky., branded the Durbin plan "another direct attack upon the tobacco farmers and the tobacco industry." Others argued the plan had nothing to do with transportation spending and fell under the jurisdiction of authorizing committees. (1987 Weekly Report p. 1576)

## 10. Catastrophic-Health Care

It was President Reagan, in his 1986 State of the Union message, who officially put on the national agenda the effort to provide protection from "catastrophic" health

expenses for the nation's elderly.

But a year and a half later, after House Democrats were finished adding and embellishing, the legislative package offered on the floor July 22 bore little resemblance to the one Reagan approved in February.

Although both the Reagan plan and HR 2470, the bill before the House, embodied the same central goal — capping the amount Medicare beneficiaries would have to pay for services covered by the federal health program for the elderly and disabled — the similarities ended just about there.

As approved by two committees and blessed by the leadership, the Democratic package also included provisions aimed at expanding protection for low-income program participants and included several significant new expansions to Medicare coverage, most notably for prescription drugs.

Irritated at the package's growing size and price tag, and skeptical of Democrats' claims that beneficiaries would foot the entire bill for the new benefits, House Republicans decided to craft their own version. But aware of the growing grass-roots support for a program more expansive than the one proposed by Reagan, Republicans included in their alternative a limited prescription-drug plan and tax incentives for private insurance for long-term care.

But the Republican alternative garnered essentially only Republican support. The July 22 vote was 190-242: R 175-1; D 15-241 (ND 5-167, SD 10-74). Then, bucking the president's veto threat, 61 Republicans joined in voting for final passage of HR 2470. (1987 *Weekly Report* p. 1637)

## **11. Nuclear Insurance**

The House voted to pay lawyers before victims in the event of a catastrophic nuclear accident as it passed a renewal of the nation's basic nuclear-insurance law.

The July 30 vote was part of a clean sweep by which the nuclear and insurance industries won House rejection of all amendments they opposed.

The lawyers-or-victims amendment, offered by Gerry Sikorski, D-Minn., prohibited courts from paying legal costs in liability cases following an accident at a nuclear power plant if such payments would jeopardize compensation of victims. It was rejected 183-230: R 24-145; D 159-85 (ND 138-28, SD 21-57).

The Price-Anderson Act of 1957, as reauthorized in the bill, set up a \$7.4 billion pool of funds — which would include private insurance and assessments on the nation's nuclear utilities — to cover damages in case of an accident. If damages exceed that amount, as they are estimated to do in a major accident, victims would receive no further compensation.

The purpose of Sikorski's amendment was to make sure that the money in the fund went to compensate victims rather than to pay electric-utility legal costs.

But opponents in the nuclear and insurance industries, as well as the House, said the effect of the amendment would be to deny payment to victims' lawyers as well as to utility lawyers. Sikorski denied that. But the bill defined "legal costs" as including both, as well as the costs of investigative and administrative activities that insurance companies said would be needed in order to settle any claims at all.

After rejecting the Sikorski amendment, the House passed the bill, 396-17, but it did not reach the Senate floor in 1987. (1987 *Weekly Report* p. 1731)

## **12. Independent Counsel**

Brushing aside opposition from the Justice Department and veto threats from President Reagan, Congress cleared legislation to extend for five years the law that permits the appointment of independent counsels to investigate alleged wrongdoing by high government officials. Without the extension, the law would have expired on Jan. 2.

The new law (HR 2939 — PL 100-191) also placed limits on the discretion of the attorney general in determining when to seek an independent counsel. Independent counsels are appointed by a special three-judge court at the attorney general's request. The court also sets the boundaries of any counsel's investigation.

Critics of the law say it violates the separation-of-powers doctrine because it allows the judiciary to be involved in prosecutions — an executive branch function. Several court challenges to the law are now pending.

A critical point in the progress of the legislation occurred during House debate on the measure Oct. 21. Republicans opposed to the proposed legislation argued that Congress should wait for the courts to decide whether the law is constitutional before extending it for five years. They offered a substitute that would have extended the law for only one year, without making any changes in it.

The amendment, offered by E. Clay Shaw Jr., R-Fla., was rejected on a largely party-line vote of 171-245: R 165-10; D 6-235 (ND 3-163, SD 3-72).

Despite his threat to veto the legislation, Reagan signed it Dec. 15. In doing so, he again said he thought it was unconstitutional. But he said it was necessary to ensure public confidence in the integrity of government, while waiting for the courts to decide the issue. (1987 *Weekly Report* p. 2604)

## **13. Deficit-Reduction Strategy**

House Democratic budget strategy nearly exploded in the face of its principal architect, Speaker Jim Wright of Texas, when he won a one-vote victory for a tax-raising deficit-reduction bill on Oct. 29. The House passed the measure (HR 3545) after Wright held a losing vote open until Texas Democrat Jim Chapman switched from "nay" to "yea." James M. Jeffords of Vermont, was the sole Republican to vote for the bill. The final vote was 206-205: R 1-164; D 205-41 (ND 143-21, SD 62-20).

The "reconciliation" bill combined an \$11.9 billion tax increase with new curbs on the growth of Medicare and several other programs.

Wright's critics, including fiscal moderates in his own party, warned that action on the bill could disrupt delicate budget-summit talks then under way among congressional leaders from both parties and White House negotiators. Moderate Republicans who might have been inclined to compromise were angry that Wright's action forced them to take a position against taxes just when their Republican leadership was negotiating a tax increase.

But Democratic leaders said that their show of strength, however imperfect, kept pressure on the summit to produce results.

Angry GOP House members booed Wright after the vote and bitterly accused him of stealing their victory by delaying the final count. Later, they cited the vote as the culminating event in a year of Democratic insults that drove moderate GOP members into the arms of confrontational Republican conservatives. (1987 *Weekly Report* p. 2653)



## 14. Clean Air Deadlines

The House voted to delay — until Aug. 31, 1988 — economic penalties on cities not meeting clean air standards.

The August date is right at the start of the fall presidential election campaign, and that may generate enormous political pressure on Congress in 1988 to settle the long-deadlocked reauthorization of the 1970 Clean Air Act (PL 91-604).

The critical Dec. 3 vote was a choice between competing proposals by Silvio O. Conte, R-Mass., who wanted the Aug. 31 date, and John P. Murtha, D-Pa., who sought extension of the deadlines until July 31, 1989. Conte first offered his proposal as an amendment, and Murtha then offered his plan as a substitute. The House rejected the Murtha substitute 162-257: R 72-99; D 90-158 (ND 45-124, SD 45-34). It then adopted the Conte amendment by voice vote.

Environmental groups and groups representing state and local governments backed the Conte amendment, as did Henry A. Waxman, D-Calif., chairman of the Energy Subcommittee on Health and the Environment. Energy Committee Chairman John D. Dingell, D-Mich., and groups representing various industries (e.g., petrochemical, automotive, manufacturing) whose air emissions are regulated under the law, backed Murtha's.

Surprisingly, party affiliation did not seem as big an influence as geographic origin on how House members voted. The two parties split fairly evenly. But members from areas with polluting industries tended to vote with Murtha, while those suffering from dirty air tended to vote with Conte.

The Conte amendment seemed to pick up more support because it promised to stop sanctions the Environmental Protection Agency had imposed on some cities even before the existing Dec. 31, 1987, clean air deadline, while Murtha's kept those cities on the hook.

By forcing Congress to deal with the issue during an election year, the amendment is likely to give environmentalists the leverage of strong public support for tighter pollution controls. At the same time, it could make more difficult the compromises that will probably be needed to break the long deadlock on the Clean Air Act, which Congress has been unable to act on since 1981. (*1987 Weekly Report* p. 2994)

## 15. Welfare Overhaul

A proposal to overhaul the basic federal welfare program, a high-priority item at the beginning of 1987, had become an unwanted guest at the legislative table by year's end. Members struggling to reduce the bloated federal budget deficit were not eager to vote on legislation that called for significant new spending on the least powerful segment of American society.

House Democrats spent nearly seven weeks wrangling over a rule for debate that barred most amendments before the House finally passed the Family Welfare Reform Act of 1987 (HR 1720). The turning point came Dec. 15, when members approved the rule by a vote of 213-206: R 0-170; D 213-36 (ND 155-12, SD 58-24).

After that, passage of the bill, which occurred the next day, was almost a foregone conclusion.

The Dec. 15 vote reversed an Oct. 29 roll call on which the House refused, 203-217, to consider the welfare



The House voted to delay for eight months sanctions against cities that have not met federal clean-air standards.

measure as part of deficit-reducing budget "reconciliation" legislation. A total of 48 Democrats, 32 of them Southerners, had voted against that rule. But after heavy lobbying by supporters of HR 1720 and by the leadership, 21 Democrats, 15 of them Southerners who had voted "nay" the first time, voted for the rule on Dec. 15.

The rule was a sticking point because it severely limited the amendments that could be offered to the welfare bill. Republicans were already furious at the number of restrictive rules put forward during the year by the Rules Committee, an arm of the Democratic leadership. But this time, a substantial number of Democrats agreed that a more open rule should be adopted. Most of these dissident Democrats were conservatives unhappy about the five-year price tag of HR 1720, which the Congressional Budget Office estimated at \$6.2 billion.

When the Rules Committee on Nov. 17 approved a rule that allowed only one amendment, a \$1.1 billion Republican substitute, many Democrats objected, and the House leadership pulled the bill before debate was to begin Nov. 19.

Adding leverage to the Democratic dissent were Thomas R. Carper, D-Del., and Charles W. Stenholm, D-Texas, who wanted to offer a \$2.5 billion welfare plan. Their revolt forced the leadership to return to the Rules Committee for a new rule that allowed one additional amendment — a proposal by Michael A. Andrews, D-Texas, that shaved \$500 million from the bill's cost. That concession, coupled with an intensive leadership lobbying effort, drew enough support to get the rule — and ultimately the bill itself — approved. (*1987 Weekly Report* p. 3157)



1 2 3 4 5 6 7 8									1 2 3 4 5 6 7 8									1 2 3 4 5 6 7 8									KEY										
ALABAMA									IOWA									NEW HAMPSHIRE									Y	Voted for (yea).									
Heflin									Harkin									Humphrey									Y	Y	N	N	N	N	N	N	N	#	Paired for.
Shelby									Grassley									Rudman									Y	N	N	N	N	N	X	N	+	Announced for.	
ALASKA									KANSAS									NEW JERSEY									N	N	Voted against (nay).								
Murkowski									Dole									Bradley									Y	Y	N	Y	Y	N	Y	X	X	Paired against.	
Stevens									Kassebaum									Lautenberg									Y	Y	N	Y	Y	Y	?	-	Announced against.		
ARIZONA									KENTUCKY									NEW MEXICO									P	Voted "present."									
DeConcini									Ford									Bingaman									Y	Y	N	Y	Y	?	Y	Y	C	Voted "present" to avoid possible conflict of interest.	
McCain									McConnell									Domenici									Y	N	N	N	N	N	N	?	Did not vote or otherwise make a position known.		
ARKANSAS									LOUISIANA									NEW YORK																			
Bumpers									Breaux									Moynihan									Y	Y	N	Y	Y	Y	Y				
Pryor									Johnston									D'Amato									Y	Y	N	N	Y	N	N				
CALIFORNIA									MAINE									NORTH CAROLINA									Democrats	Republicans									
Cranston									Mitchell									Sanford									Y	Y	N	Y	Y	N	Y				
Wilson									Cohen									Helms									N	N	N	N	N	N	N				
COLORADO									MARYLAND									NORTH DAKOTA																			
Wirth									Mikulski									Burdick									Y	Y	Y	Y	Y	Y	Y				
Armstrong									Sarbanes									Conrad									Y	Y	Y	Y	Y	?	Y				
CONNECTICUT									MASSACHUSETTS									OHIO																			
Dodd									Kennedy									Glenn									Y	Y	N	Y	Y	N	Y				
Weicker									Kerry									Metzenbaum									Y	Y	N	Y	Y	Y	Y				
DELAWARE									MICHIGAN									OKLAHOMA																			
Biden									Levin									Boren									Y	Y	Y	Y	Y	?					
Roth									Riegle									Nickles									N	N	?	N	Y	N	N	N			
FLORIDA									MINNESOTA									OREGON																			
Chiles									Boschwitz									Hatfield									Y	N	N	N	N	N	Y				
Graham									Durenberger									Packwood									Y	N	?	N	Y	N	N	Y			
GEORGIA									MISSISSIPPI									PENNSYLVANIA																			
Fowler									Stennis									Heinz									Y	Y	N	N	Y	N	Y				
Nunn									Cochran									Specter									Y	Y	N	N	Y	N	N	N			
HAWAII									MISSOURI									RHODE ISLAND																			
Inouye									Bond									Pell									Y	Y	N	Y	Y	Y	Y				
Matsunaga									Danforth									Chafee									Y	N	N	Y	Y	N	Y	Y			
IDAHO									MONTANA									SOUTH CAROLINA																			
McClure									Baucus									Hollings									Y	Y	N	Y	Y	N	N	Y			
Symms									Melcher									Thurmond									N	N	Y	N	Y	N	N	N			
ILLINOIS									NEBRASKA									SOUTH DAKOTA																			
Dixon									Exon									Daschle									Y	Y	N	Y	Y	Y	Y				
Simon									Karnes									Pressler									Y	Y	Y	?	Y	N	N	N			
INDIANA									NEVADA									TENNESSEE																			
Lugar									Reid									Gore									Y	Y	N	?	+	Y	?	Y			
Quayle									Hecht									Sasser									Y	Y	Y	Y	Y	Y	Y				

ND - Northern Democrats SD - Southern Democrats (Southern states - Ala., Ark., Fla., Ga., Ky., La., Miss., N.C., Okla., S.C., Tenn., Texas, Va.)

**1. HR 1. Clean Water Act Reauthorization.** Passage, over President Reagan's Jan. 30 veto, of the bill to amend and reauthorize the Clean Water Act of 1972 authorizing \$18 billion through fiscal 1994 in federal aid to state and local governments for construction of sewage treatment plants and more than \$2.14 billion for other water pollution control programs. Passed (thus enacted into law) 86-14: R 32-13; D 54-1 (ND 36-1, SD 18-0), Feb. 4, 1987. A two-thirds majority of those present and voting (67 in this case) of both houses is required to override a veto. A "nay" was a vote supporting the president's position.

**2. HR 2. Omnibus Highway Reauthorization.** Passage, over President Reagan's March 27 veto, of the bill to authorize \$88 billion for highway and mass transit programs through fiscal 1991. Passed (thus enacted into law) 67-33: R 13-33; D 54-0 (ND 36-0, SD 18-0), April 2, 1987. A two-thirds majority of those present and voting (67 in this case) of both houses is required to override a veto. A "nay" was a vote supporting the president's position.

**3. HR 1157. Farm Disaster Assistance.** Boschwitz, R-Minn., motion to waive the Chiles, D-Fla., point of order that the Boschwitz amendment is in violation of section 303(a) of the 1974 Budget and Impoundment Control Act (PL 93-344), which prohibits consideration of an amendment that provides new budget authority for the fiscal year until the concurrent resolution on the budget for such fiscal year has been adopted. Motion rejected 33-63: R 18-25; D 15-38 (ND 5-30, SD 10-8), April 23, 1987.

**4. H Con Res 93 (S Con Res 49). Fiscal 1988 Budget Resolution.** Adoption of the concurrent resolution to set fiscal 1988 budget totals as follows: new budget authority, \$1.160 trillion; outlays, \$1.054 trillion; revenues, \$921 billion; deficit, \$133.6 billion. Adopted 56-42: R 3-42; D 53-0 (ND 36-0, SD 17-0), May 6, 1987.

**5. HR 3. Omnibus Trade Bill.** Passage of the bill to authorize presidential negotiations to reduce international tariffs and non-tariff barriers to trade; mandate retaliation against countries that maintain unfair trade practices against the United States, unless negotiated agreements lead to the elimination of such practices; enhance worker and company benefits for industries injured by imports; and improve math, science and foreign language education. Passed 71-27: R 19-27; D 52-0 (ND 35-0, SD 17-0), July 21, 1987. A "nay" was a vote supporting the president's position.

**6. H J Res 324. Temporary Debt-Limit Increase/Deficit Targets.** Johnston, D-La., amendment to the Gramm, R-Texas, amendment, to set the maximum allowable federal budget deficit for fiscal 1988 at \$140 billion, or \$36 billion below the deficit as estimated by a House-Senate conference on the legislation; set the maximum deficit for fiscal 1989 at \$120 billion; and provide that in both years, an automatic spending-cut procedure would come into effect if the estimated deficit exceeds the target by more than \$5 billion. Rejected 41-52: R 0-45; D 41-7 (ND 29-2, SD 12-5), July 31, 1987.

**7. S 2. Senate Campaign Finance.** Byrd, D-W.Va., motion to invoke cloture (thus limiting debate) on the bill to create voluntary spending limits in Senate races, provide partial public funding to general-election candidates and cap the amount House and Senate candidates may accept from political action committees. Motion rejected 51-44: R 3-42; D 48-2 (ND 34-0, SD 14-2), Sept. 15, 1987. A three-fifths majority vote (60) of the total Senate is required to invoke cloture.

**8. S 1174. Fiscal 1988-89 Defense Authorization/Missile Tests.** Nunn, D-Ga., motion to table (kill) the Warner, R-Va., amendment to strike a provision limiting the development or testing of space-based and other mobile anti-ballistic missile systems. Motion agreed to 58-38: R 8-37; D 50-1 (ND 34-0, SD 16-1), Sept. 17, 1987. A "nay" was a vote supporting the president's position.

9 10 11 12 13 14					9 10 11 12 13 14					9 10 11 12 13 14					KEY	
<b>ALABAMA</b>					<b>IOWA</b>					<b>NEW HAMPSHIRE</b>					Y	Voted for (yea).
Heflin	Y	N	Y	N	N	Y	N	Y	N	Y	N	Y	N	N	#	Paired for.
Shelby	Y	N	Y	N	N	Y	N	Y	N	Y	N	Y	N	N	+	Announced for.
<b>ALASKA</b>					<b>KANSAS</b>					<b>NEW JERSEY</b>					N	Voted against (nay).
Murkowski	Y	N	Y	Y	N	N	Y	Y	N	Y	N	Y	Y	N	X	Paired against.
Stevens	Y	N	Y	Y	Y	N	Y	N	N	Y	Y	N	Y	Y	-	Announced against.
<b>ARIZONA</b>					<b>KENTUCKY</b>					<b>NEW MEXICO</b>					P	Voted "present."
DeConcini	N	N	N	N	+	Y	Y	Y	N	Y	Y	N	N	N	C	Voted "present" to avoid possible conflict of interest.
McCain	Y	N	N	Y	N	N	Y	?	N	Y	N	Y	N	N	?	Did not vote or otherwise make a position known.
<b>ARKANSAS</b>					<b>LOUISIANA</b>					<b>NEW YORK</b>						
Bumpers	N	Y	N	N	Y	Y	Y	N	Y	Y	Y	N	Y	Y	Democrats	
Pryor	Y	Y	Y	N	Y	Y	Y	N	Y	Y	N	Y	Y	Y	Republicans	
<b>CALIFORNIA</b>					<b>MAINE</b>					<b>NORTH CAROLINA</b>						
Cranston	N	Y	N	N	N	Y	Y	Y	N	Y	Y	N	Y	Y		
Wilson	Y	?	N	Y	+	Y	Y	Y	Y	Y	N	Y	N	N		
<b>COLORADO</b>					<b>MARYLAND</b>					<b>NORTH DAKOTA</b>						
Wirth	N	Y	Y	N	N	N	Y	N	Y	Y	Y	N	Y	Y		
Armstrong	Y	N	Y	N	Y	N	Y	N	Y	Y	Y	N	N	N		
<b>CONNECTICUT</b>					<b>MASSACHUSETTS</b>					<b>OHIO</b>						
Dodd	N	Y	Y	N	N	Y	Y	N	Y	Y	Y	N	Y	Y		
Weicker	N	Y	Y	N	N	Y	N	N	+	Y	Y	N	Y	Y		
<b>DELAWARE</b>					<b>MICHIGAN</b>					<b>OKLAHOMA</b>						
Biden	?	Y	N	N	Y	Y	Y	N	N	Y	Y	N	Y	Y		
Roth	Y	N	Y	Y	N	N	Y	N	Y	Y	N	Y	Y	N		
<b>FLORIDA</b>					<b>MINNESOTA</b>					<b>OREGON</b>						
Chiles	Y	N	Y	N	N	Y	N	Y	N	N	N	Y	N	N		
Graham	Y	Y	Y	N	Y	Y	Y	N	Y	Y	N	Y	Y	N		
<b>GEORGIA</b>					<b>MISSISSIPPI</b>					<b>PENNSYLVANIA</b>						
Fowler	N	Y	Y	N	Y	Y	?	N	N	Y	Y	Y	Y	Y		
Nunn	Y	Y	Y	N	N	Y	N	Y	N	N	N	Y	Y	Y		
<b>HAWAII</b>					<b>MISSOURI</b>					<b>RHODE ISLAND</b>						
Inouye	N	Y	Y	N	Y	Y	N	N	Y	N	N	Y	N	Y		
Matsunaga	N	Y	Y	N	Y	Y	N	N	Y	N	N	Y	N	Y		
<b>IDAHO</b>					<b>MONTANA</b>					<b>SOUTH CAROLINA</b>						
McClure	Y	N	N	Y	N	N	Y	N	Y	Y	N	Y	Y	Y		
Symms	Y	N	N	Y	N	N	Y	N	Y	Y	N	Y	Y	Y		
<b>ILLINOIS</b>					<b>NEBRASKA</b>					<b>SOUTH DAKOTA</b>						
Dixon	Y	Y	Y	N	Y	Y	N	N	N	N	N	Y	N	N		
Simon	-	Y	?	N	?	Y	N	N	Y	N	N	Y	N	N		
<b>INDIANA</b>					<b>NEVADA</b>					<b>TENNESSEE</b>						
Lugar	Y	N	N	Y	?	N	Y	Y	N	Y	Y	-	Y	Y		
Quayle	Y	N	N	Y	N	Y	N	Y	N	Y	Y	Y	Y	Y		

ND - Northern Democrats SD - Southern Democrats (Southern states - Ala., Ark., Fla., Ga., Ky., La., Miss., N.C., Okla., S.C., Tenn., Texas, Va.)

**9. S 1174. Fiscal 1988-89 Defense Authorization/Nuclear Testing.** Reid, D-Nev., motion to table (kill) the Hatfield, R-Ore., amendment to prohibit in fiscal 1988-89 nuclear test explosions with an explosive power of more than 1 kiloton, subject to certain conditions. Motion agreed to 61-36: R 40-6; D 21-30 (ND 7-27, SD 14-3), Sept. 24, 1987. A "yea" was a vote supporting the president's position.

**10. S 1174. Fiscal 1988-89 Defense Authorization/SALT II Limits.** Bumpers, D-Ark., amendment to bar the deployment of more than 820 multiple-warhead intercontinental ballistic missiles, more than 1,200 multiple-warhead strategic missiles of any sort, or more than 1,320 multiple-warhead strategic missiles and missile-armed bombers. Adopted 57-41: R 8-36; D 49-5 (ND 35-1, SD 14-4), Oct. 2, 1987. A "nay" was a vote supporting the president's position.

**11. S J Res 194. War Powers Compliance.** Byrd, D-W.Va., and Warner, R-Va., substitute to require the president to send Congress a report on U.S. military operations in the Persian Gulf that would not trigger the time limits set by the War Powers Resolution, but which would set in motion another time limit for action on an unspecified joint resolution dealing with the subject of the report. Adopted 54-44: R 13-33; D 41-11 (ND 26-9, SD 15-2), Oct. 21, 1987. A "nay" was a vote supporting the president's position.

**12. Bork Nomination.** Confirmation of President Reagan's nomination of Robert H. Bork of the District of Columbia to be an associate justice of the Supreme Court. Rejected 42-58: R 40-6; D 2-52 (ND 0-36, SD 2-16), Oct. 23, 1987. A "yea" was a vote supporting the president's position.

**13. HR 2700. Energy and Water Appropriations/Nuclear-Waste Repository.** Reid, D-Nev., amendment to direct the secretary of energy to give primary consideration to public health and safety in selecting a site for study as a possible permanent repository for nuclear wastes. Rejected 37-56: R 8-35; D 29-21 (ND 21-12, SD 8-9), Nov. 12, 1987.

**14. S 825. Housing and Community Development/Budget Waiver.** Cranston, D-Calif., motion to waive the spending-limitation requirement contained in the 1974 Budget and Impoundment Control Act (PL 93-344) with respect to the conference report on the bill to authorize \$15 billion in fiscal 1988 and the same amount plus inflation in fiscal 1989 for housing, rural housing and community development assistance, and to make permanent the loan-insuring authority of the Federal Housing Administration. Motion rejected 57-43: R 8-38; D 49-5 (ND 31-5, SD 18-0), Nov. 17, 1987. A three-fifths majority (60) of the total Senate is required to waive certain Budget Act requirements.

**1. HR 1. Clean Water Act Reauthorization.** Passage, over President Reagan's Jan. 30 veto, of the bill to amend and reauthorize the Clean Water Act of 1972 authorizing \$18 billion through fiscal 1994 in federal aid to state and local governments for construction of sewage treatment plants and more than \$2.14 billion for other water pollution control programs. Passed 401-26: R 147-26; D 254-0 (ND 170-0, SD 84-0), Feb. 3, 1987. A two-thirds majority of those present and voting (285 in this case) of both houses is required to override a veto. A "nay" was a vote supporting the president's position.

**2. H Con Res 77/HR 2. Speed Limit/Omnibus Highway Reauthorization.** Adoption of the concurrent resolution to make a correction in the enrollment of the bill, HR 2, to allow states to raise the speed limit to 65 mph on Interstate highways located outside urbanized areas of 50,000 population or more. Adopted 217-206: R 125-50; D 92-156 (ND 45-121, SD 47-35), March 18, 1987.

**3. H Con Res 93. Fiscal 1988 Budget Resolution.** Gray, D-Pa., substitute to set fiscal 1988 budget totals as follows: new budget authority, \$1.142 trillion; outlays, \$1.039 trillion; revenues, \$930.9 billion; deficit, \$107.6 billion. Adopted 230-192: R 0-173; D 230-19 (ND 159-10, SD 71-9), April 9, 1987. A "nay" was a vote supporting the president's position.

**4. HR 1827. Fiscal 1987 Supplemental Appropriations/Across-the-Board Cut.** MacKay, D-Fla., amendment to reduce discretionary budget authority by an across-the-board cut of 21 percent in order to keep total appropriations within the ceiling set by the 1987 budget resolution. Adopted 263-123: R 121-39; D 142-84 (ND 82-69, SD 60-15), April 23, 1987.

**5. HR 3. Omnibus Trade Bill/Gephardt Amendment.** Gephardt, D-Mo., amendment to require identification of countries with excess trade surpluses with the United States and quantify the extent to which unfair trade practices contribute to that surplus, to mandate negotiations to eliminate those unfair trade practices, and, if negotiations fail or an agreement is not fully implemented, to mandate imposition of tariffs or quotas to yield annual 10 percent reductions in that country's trade surplus. Adopted 218-214: R 17-159; D 201-55 (ND 137-34, SD 64-21), April 29, 1987. A "nay" was a vote supporting the president's position.

**6. HR 27. FSLIC Rescue.** St Germain, D-R.I., amendment to increase the bill's \$5 billion, two-year recapitalization borrowing authority to \$15 billion over five years. Rejected 153-258: R 72-98; D 81-160 (ND 62-99, SD 19-61), May 5, 1987. A "yea" was a vote supporting the president's position.

**7. HR 1748. Fiscal 1988-89 Defense Authorization/Nuclear Testing.** Schroeder, D-Colo., amendment to bar nuclear test explosions larger than one kiloton provided the Soviet Union observes the same limitation. Adopted 234-187: R 26-147; D 208-40 (ND 160-9, SD 48-31), May 19, 1987. A "nay" was a vote supporting the president's position.

**8. HR 2342. Coast Guard Authorization/Re-flagging Kuwaiti Ships.** Lowry, D-Wash., amendment to delay until 90 days after enactment the registration under U.S. ownership of any ships owned by Kuwait. Adopted 222-184: R 22-146; D 200-38 (ND 149-12, SD 51-26), July 8, 1987. A "nay" was a vote supporting the president's position.

## KEY

- Y Voted for (yea).  
# Paired for.  
+ Announced for.  
N Voted against (nay).  
X Paired against.  
- Announced against.  
P Voted "present."  
C Voted "present" to avoid possible conflict of interest.  
? Did not vote or otherwise make a position known.

Democrats Republicans

1 2 3 4 5 6 7 8

	1	2	3	4	5	6	7	8
<b>ALABAMA</b>								
1 Callahan	Y	Y	N	N	N	N	N	N
2 Dickinson	?	Y	N	N	N	Y	N	N
3 Nichols	Y	Y	N	Y	Y	N	N	N
4 Bevil	Y	Y	Y	Y	N	N	?	
5 Flippo	Y	N	Y	Y	Y	N	N	
6 Erdreich	Y	Y	Y	Y	Y	N	N	
7 Harris	Y	Y	N	Y	Y	N	N	
<b>ALASKA</b>								
AL Young	Y	Y	N	Y	N	Y	N	?
<b>ARIZONA</b>								
1 Rhodes	Y	Y	N	N	N	Y	N	N
2 Udall	Y	Y	Y	N	Y	?	Y	Y
3 Stump	N	Y	N	Y	N	N	N	N
4 Kyl	Y	Y	N	N	N	N	N	N
5 Kolbe	Y	Y	N	Y	N	N	N	N
<b>ARKANSAS</b>								
1 Alexander	Y	Y	Y	N	Y	N	Y	Y
2 Robinson	Y	N	Y	Y	N	N	N	N
3 Hammerschmidt	Y	N	N	Y	N	N	N	N
4 Anthony	Y	N	Y	Y	Y	N	Y	Y
<b>CALIFORNIA</b>								
1 Bosco	Y	N	Y	Y	N	N	Y	Y
2 Heger	N	Y	Y	N	N	N	N	N
3 Matsui	Y	N	Y	N	N	Y	Y	Y
4 Fazio	Y	Y	Y	N	Y	N	Y	Y
5 Pelosi								Y
6 Boxer	Y	N	Y	Y	Y	N	Y	Y
7 Miller	Y	N	Y	Y	N	N	Y	Y
8 Dellums	Y	N	Y	N	Y	Y	Y	Y
9 Stark	Y	#	Y	Y	N	Y	Y	Y
10 Edwards	Y	N	Y	N	N	N	Y	Y
11 Lantos	Y	N	Y	Y	Y	N	Y	Y
12 Kannyu	Y	Y	N	Y	N	Y	N	Y
13 Mineta	Y	N	Y	N	N	N	Y	Y
14 Shumway	Y	Y	N	Y	N	N	N	N
15 Coelho	Y	N	Y	Y	Y	N	Y	Y
16 Panetta	Y	Y	Y	Y	Y	N	Y	Y
17 Pashayan	Y	Y	N	Y	Y	N	N	N
18 Lehman	Y	Y	Y	N	Y	N	Y	Y
19 Lagomarsino	Y	Y	N	Y	N	Y	N	N
20 Thomas	Y	Y	N	Y	N	Y	N	N
21 Gallegly	Y	Y	N	Y	N	N	N	N
22 Moorhead	Y	Y	N	Y	N	N	N	N
23 Beilenson	Y	X	Y	N	N	Y	Y	?
24 Waxman	Y	N	Y	?	N	Y	Y	Y
25 Roybal	Y	Y	Y	N	N	N	Y	Y
26 Berman	Y	N	Y	Y	Y	Y	Y	Y
27 Levine	Y	N	Y	Y	N	?	Y	Y
28 Dixon	Y	N	Y	N	Y	N	Y	Y
29 Hawkins	Y	N	Y	N	Y	N	Y	Y
30 Martinez	Y	N	Y	?	Y	N	Y	Y
31 Dymally	Y	N	Y	?	Y	N	Y	?
32 Anderson	Y	N	Y	N	N	N	Y	Y
33 Dreier	Y	Y	N	Y	N	N	N	N
34 Torres	Y	N	Y	N	N	N	Y	Y
35 Lewis	N	Y	N	Y	N	Y	N	N
36 Brown	Y	Y	Y	N	N	N	Y	Y
37 McCandless	Y	N	N	Y	N	Y	N	N
38 Dornan	N	Y	N	Y	N	N	N	?
39 Dannemeyer	N	Y	N	Y	N	N	N	N
40 Badham	N	Y	N	N	N	N	N	N
41 Lowery	Y	#	N	Y	N	N	N	N
42 Lungren	N	Y	N	Y	N	Y	N	N
<b>CONNECTICUT</b>								
1 Kennelly	Y	N	Y	Y	Y	N	Y	Y
2 Gejdenson	Y	N	Y	Y	Y	N	Y	Y
3 Morrison	Y	N	Y	Y	Y	Y	Y	Y
4 Shays								
5 Rowland	Y	N	N	Y	N	N	Y	Y
6 Johnson	Y	Y	N	Y	N	N	N	N
<b>DELAWARE</b>								
AL Carper	Y	N	Y	Y	Y	Y	Y	N
<b>FLORIDA</b>								
1 Hutto	Y	Y	N	?	N	N	N	N
2 Grant	Y	Y	Y	Y	Y	N	N	Y
3 Bennett	Y	N	Y	N	Y	N	N	Y
4 Chappell	Y	Y	Y	N	Y	N	N	Y
5 McCollum	Y	Y	N	Y	N	N	N	N
6 MacKay	Y	Y	Y	Y	Y	N	Y	N
7 Gibbons	Y	N	Y	Y	N	N	N	Y
8 Young	Y	N	Y	N	Y	N	N	Y
9 Billirakis	Y	Y	N	Y	N	N	N	Y
10 Ireland	Y	Y	N	Y	N	N	N	N
11 Nelson	Y	N	N	Y	Y	N	N	Y
12 Lewis	Y	Y	N	Y	N	N	N	N
13 Mack	Y	Y	N	N	N	N	N	N
14 Mica	Y	Y	Y	Y	Y	N	Y	Y
15 Shaw	Y	Y	N	Y	N	N	N	N
16 Smith	Y	N	Y	Y	Y	N	Y	Y
17 Lehman	Y	N	Y	N	N	N	Y	Y
18 Pepper	Y	N	Y	?	Y	Y	Y	Y
19 Fassel	Y	N	Y	Y	Y	N	Y	Y
<b>GEORGIA</b>								
1 Thomas	Y	N	Y	Y	N	N	Y	Y
2 Hatcher	Y	Y	Y	?	N	N	Y	Y
3 Ray	Y	N	Y	#	N	N	?	Y
4 Swindall	Y	Y	N	Y	N	Y	N	N
5 Lewis	Y	N	Y	Y	Y	N	Y	Y
6 Gingrich	Y	Y	N	N	N	N	N	N
7 Darden	Y	Y	Y	Y	Y	N	N	Y
8 Rowland	Y	N	Y	N	N	Y	Y	Y
9 Jenkins	Y	N	Y	Y	Y	N	Y	N
10 Barnard	Y	Y	Y	Y	N	Y	N	N
<b>HAWAII</b>								
1 Saiki	Y	Y	N	N	N	Y	N	N
2 Akaka	Y	N	Y	N	Y	N	Y	?
<b>IDAHO</b>								
1 Craig	Y	Y	N	Y	N	N	N	Y
2 Stallings	Y	Y	N	Y	N	N	Y	Y
<b>ILLINOIS</b>								
1 Hayes	Y	N	Y	N	Y	N	Y	Y
2 Savage	Y	N	Y	N	Y	N	Y	Y
3 Russo	Y	Y	Y	Y	Y	N	Y	Y
4 Davis	Y	Y	N	Y	N	N	N	N
5 Lipinski	Y	N	Y	Y	N	N	N	N
6 Hyde	N	Y	N	Y	N	N	N	N
7 Collins	Y	?	Y	?	Y	N	Y	Y
8 Rostenkowski	Y	Y	Y	?	N	N	Y	?
9 Yates	Y	N	Y	?	N	Y	Y	Y
10 Porter	Y	Y	N	Y	N	Y	N	Y
11 Annunzio	?	N	?	?	?	?	?	Y
12 Crane	N	Y	N	?	N	N	N	N
13 Fawell	Y	N	N	Y	N	N	N	Y
14 Hastert	Y	N	N	Y	N	N	N	N
15 Madigan	N	Y	N	?	N	N	N	N
16 Martin	Y	N	Y	N	N	N	N	N
17 Evans	Y	N	Y	N	Y	N	Y	Y
18 Michel	N	Y	N	N	N	Y	N	N
19 Bruce	Y	N	Y	Y	Y	N	Y	Y
20 Durbin	Y	Y	Y	N	Y	Y	Y	Y
21 Price	Y	Y	Y	N	N	Y	Y	Y
22 Gray	Y	Y	Y	N	Y	Y	Y	?
<b>INDIANA</b>								
1 Visclosky	Y	N	Y	Y	Y	N	Y	Y
2 Sharp	Y	Y	Y	Y	Y	N	Y	Y
3 Hiler	Y	Y	N	Y	N	Y	N	N
4 Coats	Y	Y	N	Y	N	N	N	N
5 Jontz	Y	Y	Y	Y	Y	N	Y	Y

ND - Northern Democrats SD - Southern Democrats





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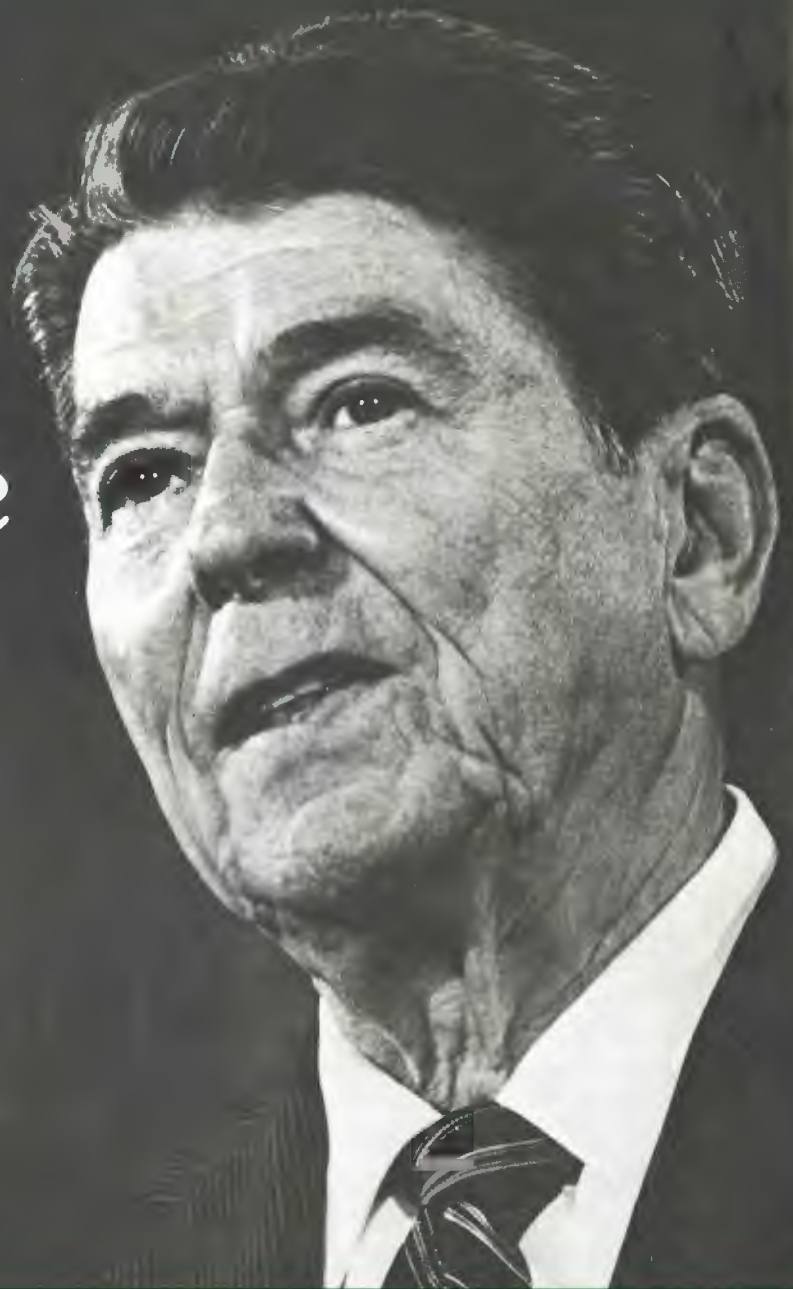
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# Congressional Quarterly

Weekly  
Report

The Iran-Contra Hearings

## Assessing The Damage





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## Political 'Flukes'

Every election cycle, both parties regularly target selected House incumbents who appear to have won their seats almost by accident. But more often than not, when the votes are counted, the political "flukes" have found a way to win again. (Page 1805)

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# Hearings Leave Reagan Down but Not Out

A summer of nationally televised hearings into the Iran-contra affair left President Reagan about where he was before: a politically wounded lame duck, but one still able to cause fits for his Democratic opponents on Capitol Hill.

Nearly 12 weeks of hearings by the House and Senate select Iran-contra committees turned up no "smoking gun" evidence that Reagan personally was involved in wrongdoing, such as engaging in a cover-up or approving the diversion of Iran arms sales money to the contras. But the hearings did little to restore Reagan's faded image as a strong and effective leader; instead, they showed that he allowed zealous aides with their own agendas to carry out secret policies with little supervision.

There never was much chance that the hearings would result in a grave constitutional crisis, as did the Watergate investigations of 1973-74. Because of Reagan's personal popularity, no one of any influence on Capitol Hill ever talked about trying to remove him from office.

Even before the hearings began, committee leaders privately had heard testimony that Reagan was not involved in the diversion — the one issue that had caused the president the most political trouble.

Under a pre-arranged agreement, the leaders kept that information secret for weeks. But because of it, they focused attention instead on the aides and private agents who carried out the president's policies, principally Adm. John M. Poindexter and Lt. Col. Oliver L. North.

Also unlike Watergate and similar investigations of the past, the hearings probably will not result in sweeping legislative changes. Congress may tighten laws requiring the president to report on his foreign policy actions, but it almost certainly will not attempt to curtail his flexibility to any significant degree.

However, the hearings served a purpose short of bringing down a presi-

dent or leading to the enactment of major new laws. As noted by the four leaders of the committees in their Aug. 3 closing statements, the hearings offered a sobering reminder of the need for elected officials to take responsibility for the actions of government.

Summarizing what they had learned in 40 days of public hearings, the committee leaders of both parties stressed the dangers of bypassing standard procedures, allowing unelected aides to have too much power and putting public policy in the hands

of private agents.

Acknowledging that Congress shared a measure of blame, the leaders said the hearings demonstrated anew the importance of cooperation between the legislative and executive branches.

The hearings were still under way when Reagan's supporters began working to minimize any negative impact on the president. Administration officials and Republicans on Capitol Hill insisted that Reagan previously had corrected most of the mistakes

(Continued on p. 1774)



The last public witness, Caspar Weinberger, hoists hands with Sen. Daniel Inouye. Behind them are Sen. Warren Rudman and Reps. Lee Hamilton and Jim Courter.

## The Iran-Contra Hearings: Week 12

### Witnesses:

- Aug. 3 Caspar W. Weinberger, defense secretary
- Aug. 4 Duane "Dewey" Clarridge, CIA counterterrorism chief (closed)
- Aug. 4-5 Alan Fiers, CIA Central America task force chief (closed)
- Aug. 5-6 Clair George, CIA head of covert operations (closed)

### Other Stories in the Weekly Report

*This week:* The politics of writing a report, p. 1772; new covert procedures, p. 1780; the executive privilege question, p. 1781; peace plans and contra aid, p. 1783; summary of second-phase witnesses' testimony, p. 1785.

*Last week:* White House insiders tell of unraveling scandal, p. 1706; curtain call for committee members, p. 1714.

*Background:* Poindexter, Shultz reveal White House divisions, deceit, pp. 1643, 1650, 1651; partisan bickering on committees, p. 1646; Poindexter says Reagan didn't know of diversion, p. 1556; North, McFarlane give key testimony, pp. 1562, 1564, 1500, 1502, 1505; Democrats sidestep debate over merits of contra aid, pp. 1568, 1505; summary of first-phase testimony, p. 1248; Boland laws, pp. 1043, 967; Tower report, p. 339.

*Text excerpts:* Regan, p. 1841; Weinberger, p. 1844; four committee leaders' closing statements, pp. 1848, 1849, 1851, 1852.

—By John Felton  
and Steven Pressman



# The Process of Writing a Final Report . . .

The TV lights have been turned off, and the long lines of summer tourists who queued up for seats in the hearings have moved on to other Washington attractions.

Most of the members of the House and Senate Iran-contra committees are fleeing the city as Congress recesses for August. But the painstaking task of writing a final report on the Iran-contra affair looms, even though the document may seem only an epilogue to the drama of the hearings.

Writing that closing chapter, however, almost certainly will touch off behind-the-scenes partisan wrangling as members debate the politically charged questions of why the scandal took place.

President Reagan's Democratic detractors will try to criticize his conduct, emphasizing wrongdoing and possibly illegal behavior at the highest levels of the White House.

His Republican supporters will resist such an approach. Instead, they will try to shape a report that says mistakes were made, despite Reagan's good intentions, largely because of overzealous aides.

General agreement among committee members is expected on the basic facts surrounding Reagan's decision to sell arms to Iran and the diversion of profits to the Nicaraguan contras. Similarly, virtually all committee members will agree that Reagan wrongly kept Congress in the dark about his secret policy of selling weapons to Iran.

Committee lawyers and other aides will begin writing sections of the report while the members are on vacation. The schedule calls for a draft to be submitted when members return after Labor Day, with a final version probably not ready until October.

"If we're going to get the report out before the next crisis, we'd better do it now," joked Arthur L. Liman, the chief counsel for the Senate committee.

## An Incomplete Story

The report will serve as a blueprint for proposed changes in legislation and executive actions to prevent similar operations in the future.

But like the hearings, the report will be incomplete because of gaps and conflicts that remain after three months of public hearings and hundreds of behind-the-scenes interviews with Iran-contra participants.

That means it will be difficult, if not impossible, for the final report to live up to the promise that Sen. Warren B. Rudman, R-N.H., gave on the opening day of the hearings May 5. "By the time these hearings are concluded," the vice chairman of the Senate panel said then, "the American people will learn the answers to the five final questions: who, what, when, why and how."

While the answers to some of these questions are elusive, several committee members have hinted at the themes they would like to see included in a report.

Perhaps the most contentious issue will be Reagan's personal role. He seems likely to escape particularly harsh criticism because the committees did not uncover any direct evidence that he knew of the diversion of Iran arms sale profits to the contras.

Nonetheless, some Democrats may try to weave into the report at least a milder judgment against Reagan that

could face resistance from Republicans.

In his closing statement Aug. 3, Lee H. Hamilton, D-Ind., chairman of the House panel, suggested that Reagan's presidential style contributed to the behavior of officials in the Iran-contra affair. "The president's decisions [in the future] must be clean and crisp. Otherwise, as we have seen in these hearings, confusion follows and those who work for him cannot carry out his policies successfully."

Similar themes were included in the Feb. 26 report issued by Reagan's special Iran-contra review commission headed by former Sen. John Tower.

Beyond the crucial question of the diversion, some Democrats say Reagan should be held accountable for other aspects of the Iran-contra affair. Sen. George J. Mitchell, D-Maine, cited issues such as the "incredibly stupid" decision to sell weapons to Iran and the secret White House effort to aid the contras.

Mitchell acknowledged that definitive conclusions might be difficult to reach. But he said the testimony "seems clear" that Reagan was aware of the National Security Council's possibly unlawful efforts to funnel arms and cash to the contras during the period in 1984-86 when Congress had prohibited military aid.

Reagan told the Tower board earlier this year that he was unaware of the NSC's activities but later backed away from that statement. "The one thing that comes through clearly here was that that law [prohibiting aid to the contras] was not observed," said Mitchell.

But Reagan's defenders are preparing to challenge vigorously efforts by other committee members to criticize Reagan. "How can they? The facts don't support that. Reagan has come out of this far better than anyone would have thought," said Sen. Orrin G. Hatch, R-Utah. "I think the most significant thing really is that the hearings showed no venality, no corruption," said Hatch.

## Shifting the Blame

If Democrats look for ways to tarnish Reagan, some Republican members will try to shift the focus away from the president and onto the shoulders of some of his aides.

Rudman began to sound this theme in the closing days of the hearings when he repeatedly said that Reagan had been "ill-served" and "deceived" by senior aides, notably Rear Adm. John M. Poindexter, who withheld information from him about the arms shipments to Iran.

A more benign view of the entire Iran-contra operation will be advanced by the six House Republicans with some of their Senate counterparts. Mistakes were made by Reagan, they will argue, but these were offset by mitigating factors. Among them: the need to keep the contras alive despite congressional "vacillation" and the long-term goal of improving relations with Iran while trying to free the American hostages held in Lebanon.

Reagan's supporters also will tout the president's cooperation in getting the Iran-contra story out before the public. By waiving executive privilege and providing voluminous classified documents to the committees, Reagan early on demonstrated his willingness to help, they say. Dick Cheney of Wyoming, the ranking Republican on the House committee, said that Reagan and Attorney General

## ... Promises Closed-Door Political Struggle

Edwin Meese III were "primarily responsible" for exposing the contra diversion last November after Justice Department investigators unearthed a memo about it.

In addition to the House Republicans, these sympathetic views are shared by at least two Senate GOP members — Hatch and James A. McClure of Idaho. The remaining Republicans — Rudman, William S. Cohen of Maine and to a lesser extent Paul S. Trible Jr. of Virginia — have been a little more willing to criticize the White House, though not with the Democrats' sharpness.

### Bipartisan Consensus?

The willingness or reluctance of any Republicans to endorse a strongly worded report embraced by committee Democrats will determine whether the final document enjoys even minimal bipartisan support.

That means Democrats will have a delicate balancing act in shaping a report that will not backfire on them.

Without any GOP support, Reagan's Republican de-

conclusions. Added to those would likely be a set of minority views.

The political tensions that will influence the report's basic conclusions also will color whatever legislative recommendations are included, or excluded, from the report.

Most members seem to agree that the Iran-contra affair does not warrant dramatic changes in law comparable to the sweeping legislation enacted in the aftermath of the Watergate scandal, such as revised campaign finance laws and the statutory creation of a special prosecutor.

Describing the scandal as a failure of people rather than process, Rudman said it is "impossible to write laws against all human frailty," an opinion echoed by his panel's Democratic chairman, Daniel K. Inouye of Hawaii.

### Pet Projects

But some committee members will try to use the report as a vehicle for advancing pet proposals. Foremost among these is Rep. Henry J. Hyde, R-Ill., who has long urged that the House and Senate Intelligence panels be combined, a move that he claims will cut down on the number of potential leaks of sensitive information.

Cheney, who said he'd like to see Hyde's idea considered in the report, said it would "significantly improve our ability to safeguard the nation's secrets." It is doubtful, however, that the report will endorse the joint committee idea. The two chambers of Congress rarely agree to give up part of their turf without an overpowering reason.

Other members, including Rep. Bill McCollum, R-Fla., would like the report to discuss the need to strengthen U.S. intelligence capabilities, which he found lacking in Iran's case. McCollum also is the sponsor of legislation to crack down on officials who leak intelligence information; he'll seek, probably unsuccessfully, a specific endorsement of his proposal in the report.

Hamilton, in his Aug. 3 closing statement, mentioned several areas that he wanted to include in the final report. Among them was a discussion of the need for stricter accountability in government, particularly in the executive branch. He called on Congress to conduct more "rigorous oversight" of executive actions.

The chairman of the House panel also called for tighter controls on covert operations, suggesting that they be reviewed by the attorney general and other Cabinet officials before being carried out. But Hamilton added that solutions to the Iran-contra scandal would be found "less in new structures or new laws than in proper attitudes."

He said the Iran-contra affair was marked by too much "secrecy and deception," in which both Congress and the president were "cut out of the process."

While few members will disagree with Hamilton's warning against excessive secrecy, some on the committees will try to make sure that the report does not tip too far toward limiting the president's discretion in setting and managing U.S. foreign policy.

Cheney noted that Reagan already has taken steps to guard against covert actions by the NSC, and admonished the committees against making recommendations that would place tight strings on the president.

—By Steven Pressman



*"The one thing that comes through clearly here" was that the law banning contra aid "was not observed."*

—Sen. George J. Mitchell, D-Maine

fenders can be expected to dismiss the report as a one-sided, partisan diatribe against Reagan. Alternatively, if Democrats water down parts of the report to attract at least some GOP members, they might be accused by Reagan's critics in their own party of writing a tepid document that lacks any punch.

The Democrats' balancing act means that GOP moderates such as Rudman and Cohen should enjoy a considerable amount of leverage in writing the report, perhaps more than some majority members. Knowing that their endorsement is crucial, the two Republicans are in a position to tilt the report toward their points of view as the price for signing on.

At the same time, House and Senate Democrats could find themselves somewhat at odds in deciding how tough to be on the administration. Generally, the House Democrats are more liberal than their Senate counterparts and probably more inclined to dish out strong criticism of Reagan. The Senate Democrats may lean more toward accommodating moderate Republicans.

Leaders of both committees still hope to agree on a joint report. But the sharp differences among members could lead the Senate and House panels to produce separate, competing documents — or at least differing sets of



evident in the Iran-contra affair by appointing new aides and instituting new White House procedures.

"If there ever was a crisis — which I doubt — it ended before these committees were established," said Dick Cheney, Wyo., ranking Republican on the House committee.

Reagan himself is expected to emphasize that theme in a speech Aug. 12 outlining his agenda in the wake of the hearings. To demonstrate his willingness to take corrective action, Reagan Aug. 7 sent a letter to the Senate Intelligence Committee promising new procedures for reporting covert operations to Congress.

Democrats faced a dilemma: While seeking to remind the public of the gravity of wrongdoing in a Republican administration, most clearly did not want to attack the president personally or to be seen as overly eager to profit politically from his problems.

In his strongly worded closing statement, Senate Committee Chairman Daniel K. Inouye, D-Hawaii, said the hearings had told "a chilling story, a story of deceit and duplicity and the arrogant disregard of the rule of law." But Inouye did not mention that the story involved Ronald Reagan.

Inouye's House counterpart, Lee H. Hamilton, D-Ind., faulted the president only for failing to make "clean and crisp" decisions and for not knowing what his staff aides were doing.

As the hearings were concluding, Reagan demonstrated that lame-duck status had not sapped all of his ability to influence the political agenda.

In an unusual alliance with House Speaker Jim Wright, D-Texas, Reagan proposed a plan demanding a cease-fire and democratic reforms in Nicaragua. Both Wright and Reagan insisted the plan was meant to break years of deadlock in the Nicaraguan civil war. Instead, it may have helped break a deadlock in years-long peace talks among Central American leaders. With events moving rapidly, the net impact on Reagan's pending request for more contra-aid is not yet clear.

Closer to home, Reagan remained a major actor in this year's federal budget drama by staying out of the play. His refusal to negotiate, particularly on taxes, forced the Democratic-led Congress to grapple with tough spending questions over the active opposition of Republicans.

The Iran-contra panels concluded their public hearings Aug. 3 with testimony by Defense Secretary Caspar W. Weinberger. In the three following

days, they heard privately from three senior CIA officials.

Although the public hearings have ended, the Iran-contra affair will not disappear.

The committees plan to hear privately from several more witnesses and to release depositions of testimony taken in executive session. Committee aides also will spend the rest of August writing one or more reports, which almost certainly will touch off intense partisan battles in September.

The criminal investigation of Independent Counsel Lawrence E. Walsh is expected to result in grand jury indictments in a matter of weeks. Walsh reportedly has informed Poindexter and North that they are his primary targets.

### Two-Track Hearings

The hearings started out as a hard-hitting investigation into wrongdoing by White House officials and secret agents. Both committees hired experienced investigators and lawyers who privately interviewed hundreds of witnesses and reviewed thousands of documents.

The first phase of public hearings in May and June generally followed an investigative track. The committees produced substantial amounts of new information, both about the use of profits from the Iran arms sales and the secret White House campaign to aid the contras at a time when most U.S. aid was barred by law.

Perhaps the most significant news in that early phase was that two private agents recruited by North — retired Air Force Maj. Gen. Richard V. Secord and Iranian-American businessman Albert Hakim — spent only about \$3.5 million from the diversion money to aid the contras, rather than the \$10 million to \$30 million estimated last Nov. 25 by Attorney General Edwin Meese III.

Secord and Hakim kept about \$8 million from the Iran arms sales in secret Swiss bank accounts; at U.S. request, the money remains frozen and could become the subject of protracted legal battles over who owns it.

As the hearings progressed, however, Reagan's avid Republican supporters on the committees hammered at a second theme: Congress' alleged interference in foreign policy.

As committee lawyers and Democrats continued to ask detailed questions about who did what when, most Republicans made speeches defending Reagan and complaining about con-

gressional "vacillation" on aid to the contras.

The obvious goal of Republicans was to shift attention away from the mistakes of the Reagan administration and onto the failings of Congress. Starting with the appearance of North, the Republicans partly succeeded in that effort, putting the committee leadership on the defensive by reminding the public that Congress is no more perfect than the executive branch.

During his six days in the spotlight, the former National Security Council aide wrested the initiative from the committees and made the Republicans' points better than they could. He came across on television — if not always in the hearing room — as an articulate and forceful advocate of presidential authority in foreign affairs. North's dramatic pitch for U.S. aid to the contras also produced an instant, if temporary, boost in public support of that cause.

In uniform and with a chestful of medals symbolizing a record of service in Vietnam, North created a media sensation. Pop magazines and even some committee Republicans called him a "hero," and visitors showed up wearing "Ollie North for President" T-shirts. Weeks after his testimony, public opinion polls showed North with a more favorable rating than Reagan or Congress.

The investigatory momentum of the committees faltered again when Poindexter testified publicly that he never told Reagan about the diversion of Iran arms profits to the contras. Poindexter had told senior committee leaders the same thing privately on May 2, but that statement was kept secret until his public appearance.

Although several committee members said they simply could not believe Poindexter, his statement bolstered Reagan's longstanding claim of ignorance, and there is no documentary evidence to refute it. More important, that testimony killed any slim prospect of a dramatic confrontation between Congress and the president.

The panels devoted their final public sessions to testimony by current and former officials at the top of the Reagan administration. Those men, particularly Weinberger and Secretary of State George P. Shultz, denounced the actions of Poindexter and North and praised Reagan's leadership.

### The Findings

The hearings showed that an intense disdain of standard govern-



***The hearings told  
"a chilling story,  
a story of deceit  
and duplicity and  
the arrogant dis-  
regard of the rule  
of law."***

—Sen. Daniel K.  
Inouye, D-Hawaii



***"Policies formed  
by shortcuts and  
excessive secrecy  
undermine a pres-  
ident's ability to  
make informed  
decisions."***

—Rep. Lee H.  
Hamilton, D-Ind.

mental procedures helped motivate the Iran-contra affair. Military officers on the White House staff, still smarting from what they saw as political betrayal during the Vietnam War, took extraordinary precautions to keep their actions secret from Congress and their administration colleagues.

Rebuffed by Congress on aid to the contras, and fearing congressional disapproval of arms sales to Iran, the administration used official and unofficial covert operations to implement significant foreign policies.

In one of the harshest comments summarizing the hearings, Senate committee Vice Chairman Warren B. Rudman, R-N.H., said Poindexter and North "showed total disrespect for the laws of the United States and our system of government, in effect adopting a position that the end justifies the means."

Committee members were particularly incensed by assertions that Congress should play no role in devising foreign policy. Inouye noted that Poindexter and North both said the need to confront a "dangerous world" justifies secret executive action. "That is an excuse for autocracy, not for policy," Inouye said.

While such remarks were directed at men who advised the president, the hearing record demonstrated that Reagan himself fostered the atmosphere of secrecy in which the North and Poindexter view of government thrived.

At several White House meetings on the Iran arms sales, Reagan expressed fears that leaks could endanger U.S. hostages in Lebanon, and he ordered that information about the sales be limited to a narrow circle of administration officials. In January 1986, he signed an order that no one in Congress, not even top leaders, be told

about the arms sales. The president apparently never reconsidered that order until the arms sales were publicized.

Reagan also tolerated what Cheney, who served as White House chief of staff under President Ford, described as a decision-making process "that lacked integrity and accountability."

Because Reagan and his aides kept matters tightly held at the White House, important decisions throughout the Iran-contra affair were made in haste and based on inadequate analysis of the facts.

Major participants had little knowledge in advance of what was to be discussed at crucial Cabinet-level meetings on the Iran arms sales in late 1985 and early 1986. Shultz and Weinberger were not consulted about major decisions in the months after those meetings. And Reagan, by Poindexter's testimony, seemed willing to sign without question whatever documents were placed in front of him.

The administration kept few official records of what it was doing; Poindexter and North later destroyed some of those documents in a futile effort to cover up embarrassing facts or potentially illegal behavior.

Testimony in the closing days of the hearings showed that Reagan's basic decision to proceed with the Iran arms sales, founded on an intelligence assessment provided by Poindexter and CIA Director William J. Casey, was fundamentally at odds with longstanding U.S. policy.

To implement its policies, the administration chose private agents of limited experience and questionable motives. Secord, who managed the Iran arms sales and a private resupply effort to the contras, had never managed a covert operation on his own.

And his business associate, Hakim, openly told the committees that he hoped to make millions as a result of his efforts.

"No matter how you resolve the factual differences in the testimony ... it's still an incredibly bad way for a great power to be doing its business," said Sen. Paul S. Sarbanes, D-Md. "There was a breakdown in the policy-making process of our government."

Hamilton drew attention to the bypassing of normal channels.

"Policies formed by shortcuts and excessive secrecy undermine a president's ability to make informed decisions, lead to confusion in his administration, and deny him the opportunity to gain and sustain congressional and public support for his policies," he said.

The underlying policies in the Iran-contra affair elicited differing responses from panel members. Most said Reagan was justified in trying to improve relations with Iran, but not by selling arms to gain the freedom of U.S. hostages in Lebanon. Swapping arms for hostages was "an act of folly," Rudman said.

There was less agreement on the question of whether the White House acted properly or legally in arranging military supplies to the contras during the 1984-86 period when the Boland amendment barred such U.S. aid.

Some committee members said the need to bolster the contras justified even actions that ran counter to the spirit of the law. But most members rejected the idea that the White House could do by private means what Congress had prohibited publicly.

Covert action, Cheney said, "is no substitute for the kind of effective political leadership" by a president that persuades Congress and the public to support his policies.



## Disputes, Open Questions

Even with their subpoena power, access to thousands of once secret documents, and testimony from scores of witnesses, the Iran-contra committees have been unable to provide final answers to many important questions.

On some issues, the panels are faced with flat-out contradictions: One witness said one thing, and another witness to the same event said something entirely different. Participants saw events from different perspectives or had different abilities to remember meetings and conversations one or two years ago. And in all likelihood, some witnesses lied, even while testifying under oath.

On other issues, the committees simply do not have all the information they need to make definitive judgments, and may never have. Key documents that might have verified or refuted testimony are missing, thanks mostly to the shredding machine in North's office.

And some of the most important participants were unavailable to the committees: former CIA Director Casey is dead; most foreigners were beyond the committees' reach; and the panels never even considered asking Reagan to testify, a request that likely would have been refused in any event.

Some panel members said the conflicts that emerged in the hearings did not prevent them from getting the Iran-contra story out before the American public.

"The main thrust of the story is known. The participants are known," Rudman told reporters. "The contradictions in testimony, in my view, quite frankly are not really important in terms of knowing the story."

Others, however, seemed more disturbed by the different Iran-contra accounts provided by key witnesses over the past three months.

"Who do I believe?" asked Inouye. "I'm in a dilemma like most



## The Hearings, by the Numbers

In the aftermath of the Iran-contra hearings, which began May 5 and ended Aug. 6, some statistics help tell the story of a congressional investigation.

For example, there were:

- 40 days of public hearings, plus four days of closed sessions.
- 25 public sessions in the Senate Caucus Room, and 15 in the House Foreign Affairs Committee room.
- 32 witnesses, 28 of them public.
- About 250 hours of public testimony.
- 311 subpoenas delivered by the select committees.
- 1,059 exhibits introduced into the record.
- 9,887 pages of transcripts of public testimony. A breakdown of those pages is lopsided. For instance, Lt. Col. Oliver L. North's six days at the witness table July 7-14 produced 1,388 transcript pages, while lawyer David L. Lewis' brief appearance June 4 yielded only 17 pages.

Americans. Do I believe the admiral [Poindexter] or the colonel [North]? Or do I believe statements attributed to Mr. Casey? Do I believe the secretary of state? Do I believe the secretary of defense?"

The net result of the contradictions and unanswered questions, Inouye said, is that the picture of the Iran-contra affair that will be presented in the committee reports this fall "obviously will have a few missing pieces."

## Contradictions

The hearings produced dozens of contradictory statements, some of which may never be resolved. Following are some of the most important disputes:

**Poindexter vs. the White House.** In his testimony, Poindexter insisted that Reagan would have approved the idea of diverting Iranian arms sales money to the contras. White House spokesman Marlin Fitzwater, saying he was speaking for Reagan, insisted that the president would not have approved the diversion. Asked about the White House refutation, Poindexter told the committees: "Clearly, there's a contradiction and I think that contradiction's going to have to stand."

**North vs. McFarlane.** North said July 7 that he "sought approval" from his superiors for "every one of my actions, and it is well documented." Later, he broadened that claim to say: "I was authorized to do everything that I did."

But North's former boss, Robert C. McFarlane, who had testified in May, returned to the witness table July 14 and insisted that North did not tell him about many of his secret activities on behalf of the contras. The former national security adviser said he authorized North to lend "political" support to the contras but never gave approval for North to provide military and intelligence backing. For example, McFarlane testified that he ordered North and other NSC staff members not to solicit money for the contras; North said he never got such instructions.

**North vs. Poindexter.** In the same category, North said Poindexter was fully aware of his actions. Poindexter, while saying he gave North "general authority" to aid the contras, insisted that he did not know the details because he did not want to "micromanage" North's actions.

North and his ex-boss also disagreed about the existence of the so-called "diversion memos" — five memorandums North said he wrote

in 1986 discussing arms sales to Iran and mentioning the diversion of profits to the contras. Poindexter said he did not recall any of the memos but conceded that he might have gotten one. As for the other four that North insisted he wrote, Poindexter said: "I frankly don't think they existed."

Finally, the two men had opposing recollections of whether North asked Poindexter last Nov. 21 if Reagan knew about the diversion. North said that he did ask such a question and that Poindexter responded that Reagan was unaware of the diversion scheme. Poindexter said he recalled no such conversation.

**Poindexter vs. McFarlane.** Poindexter supported North in some of his testimony that ran contrary to McFarlane's. For example, Poindexter said he never heard McFarlane instruct the NSC staff not to solicit money for the contras. McFarlane and Poindexter also disagreed on the application of the Boland amendment to the NSC staff; McFarlane said he always assumed that the amendment did bar the NSC staff from providing military aid to the contras, but Poindexter insisted that the amendment did not apply to the NSC staff and swore that he never heard McFarlane say that it did.

**North vs. Earl.** In a deposition to the committees, North's former NSC deputy, Lt. Col. Robert L. Earl, related what North had told him after he and Reagan talked by telephone last Nov. 25. Reagan said, according to Earl's account, "It's important that I don't know" about the diversion. North himself testified that Reagan told him: "I just didn't know."

**North vs. Justice Department.** North testified that he shredded documents in his office on the morning of last Nov. 22, even while two Justice Department investigators were there reviewing files of the Iran arms sales. Meese and one of the investigators — Assistant Attorney General William Bradford Reynolds — heatedly denied that contention. Earl also said North did not shred documents in the presence of the Justice officials.

**North vs. State Department.** North said key State Department officials, including Shultz and Assistant Secretary of State Elliott Abrams, had to be aware of his actions in aiding the contras. North noted that Abrams served with him on a Restricted Inter-agency Group that directed U.S. policy toward Central America and so was aware of the "covert operation" in



***Former NSC aide North, above, said his boss, Poindexter, was fully aware of his actions. But the former national security adviser insisted he did not know the details of what his aide was up to.***

support for the contras. North also said Shultz congratulated him in 1986 on his backing of the contras. Abrams and Shultz both insisted they did not know precisely what North was doing to aid the contras; in particular, both men said they never knew that North had given the contras intelligence information and had organized military resupply missions for them.

**North vs. Meese.** North implied repeatedly in his testimony that Meese was aware of Israeli arms shipments to Iran in 1985 that may have had explicit U.S. approval. On July 7, for example, he said he understood in November 1985 that Meese was aware of the delivery of Hawk missiles to Iran, and he said he was "led to believe" that CIA general counsel Stanley Sporkin got Meese's assent for a finding by which Reagan approved that shipment.

Meese testified that he knew nothing at the time about the 1985 shipments and learned about them only in the course of his November 1986 inquiry into the matter.

**North vs. Clarridge.** North testified that he told top CIA official Duane "Dewey" Clarridge in November 1985 that the Israeli shipment to Iran contained Hawk missiles — not "oil drilling parts," as specified in a

cover story widely used at the time. Clarridge told the committees in a private deposition that no one told him at the time about the missiles. Clarridge had helped arrange for a CIA-owned airline to make the shipment from Israel to Iran.

**North vs. Congress.** In his testimony, North complained about several activities of Congress, most notably its alleged leaking of classified information. But he made two specific charges that later were refuted. On April 15, 1986, North said, two senators tipped the press to the impending U.S. air raid on Libya, giving that country enough warning so that it was able to shoot down a U.S. aircraft. But Inouye noted earlier press accounts showing that the Reagan administration for weeks had been leaking information about possible U.S. military action, allowing Libya plenty of time to bolster its defenses.

North also charged that "a number of members of Congress" leaked information about the fact that the United States intercepted Libyan radio messages in 1985; those interceptions enabled the United States to capture the hijackers of the *Achille Lauro* cruise liner. But *Newsweek* magazine reported that the source of that information was "none other than North himself."

**North vs. North.** In an interview with Meese last Nov. 23, North said that he and Poindexter were the only U.S. government officials who knew about the diversion scheme. But North told the committees that Casey knew about the diversion and was so pleased by it that he called it "the ultimate covert operation."

Meese testified that he believed North's statement to him, noting that North made it at a time when Casey was alive and able to refute or verify it.

North said he did not tell Meese about Casey's knowledge because "it was always part of the plan" that Casey would never be linked to the NSC covert aid to the contras. Casey had warned that North and Poindexter would have to be the "fall guys" if the diversion ever was revealed, he testified.

Committee investigators have floated another possible explanation of the contradiction: North testified to the committees without knowing what Poindexter would say, and so might have wanted to invoke Casey's name as authority for the diversion in case Poindexter claimed not to have given his approval.



**Poindexter vs. Poindexter.** Former White House Chief of Staff Donald T. Regan testified that when he confronted Poindexter about the diversion last Nov. 25, Poindexter claimed to know practically nothing about it. But Poindexter testified that he had approved the diversion in advance and was fully aware of the implications of that decision, if not the daily details of how it was implemented.

**Reagan vs. McFarlane.** McFarlane said Reagan approved Israel's shipment of TOW missiles to Iran in August and September of 1985. But Reagan has said repeatedly that he has no memory of having given such approval.

**Reagan vs. Poindexter.** Similarly, Poindexter said Reagan on Dec. 5, 1985, signed a finding giving retroactive approval to CIA participation in Israel's shipment of Hawk missiles to Iran. Reagan in the past has testified that he did not recall knowing about the Hawk shipment. And Fitzwater said Reagan did not remember signing the finding but would not dispute Poindexter's contention that he had.

**Poindexter vs. Shultz.** Poindexter testified that he recalled getting Reagan's approval in October 1986 for a nine-point plan that called for release of one or two U.S. hostages in return for a sale of 500 TOW missiles to Iran. One significant point called for the United States to develop a plan for the release of convicted terrorists held in Kuwait. But Shultz said Reagan was "totally surprised, astonished" last December when told about the reference to releasing the terrorists in Kuwait.

## Open Questions

Beyond the contradictory testimony, the committees have been unable to provide completely satisfactory answers to a number of major questions. Following are some of the most important:

- Did Reagan know about the diversion? The White House and some committee Republicans dispute that this is an open question, insisting that Poindexter answered it by saying he never told Reagan about the diversion. But some members of the committees said they do not believe Poindexter on that point, and others said they do not know what to believe. Even the skeptics acknowledged that the committees found no evidence that Reagan did know about the diversion. But sev-



***Ex-national security adviser Poindexter said the president would have approved the idea of diverting Iranian money to the contras. A White House spokesman said that isn't so.***

eral said they wondered whether Casey's alleged "fall guy plan" — that Poindexter and North would accept responsibility for the diversion — was being carried out before their eyes.

- What did Reagan know about North's contra-aid activities? McFarlane said he knew little about North's activities on behalf of the contras, and so could not have passed much information on to the president. Poindexter said he told Reagan in general about North's actions but insisted that he could not recall a "specific conversation" with the president on the matter. Reagan told the Tower commission that he was unaware that North was arranging military supplies and advice for the contras, but he has since hedged that statement, saying vaguely that aiding the guerrillas was "my idea" in the first place.

- Does Reagan's concern about the hostages provide the bottom-line explanation for why he agreed to sell arms to Iran? Most committee members answer that question "yes," noting that every U.S. arms shipment to Iran was based on the premise that hostages would be released. But Reagan has insisted, and some of his aides continued to maintain during the hearings, that the fundamental goal of U.S. policy was to improve relations with Iran. In his most complete ex-

planation to date, given last March 4, Reagan said the arms deals became swaps for hostages only in the "implementation," not in the conception.

In their public sessions, the committees spent little time examining Israel's role in promoting the U.S. dealings with Iran. But the panels developed some evidence that Israel wanted official approval from the United States for the sales to Iran that it had been making covertly for years.

- What was Casey's involvement in the Iran-contra affair? Testimony by North could lead to the conclusion that Casey was the guiding light behind North's activities, providing ideas, encouragement and implicit authority for the NSC aide. North said he talked frequently with Casey about his activities, but always got formal approval from his direct superiors, McFarlane and Poindexter. Casey became seriously ill last December and died in May, and was never questioned closely on the extent of his involvement. Among the specific questions is whether Casey supported Israeli intelligence assessments about the Iran-Iraq War — assessments that were used to help justify U.S. arms dealings with Iran but that were at odds with the official CIA position.

- What did North know about Secord's activities? North testified that he was surprised to learn that Secord and his business associate, Hakim, spent less than \$4 million from the diverted funds to aid the contras, and that some \$8 million from the diversion remains unspent in foreign bank accounts. But North, on the evidence of his memos and activities, was the ultimate detail man, involving himself in such matters as the cost of a cargo ship that Secord bought and the prices the contras were paying for rifles and ammunition. Committee investigators said they found it difficult to accept that North did not concern himself with how much money his operations were providing to the contras, the cause to which he was devoting so much time and effort.

- Did Secord get involved in the Iran-contra activities for the money, as some committee members have alleged, or was he acting purely on the basis of patriotism, as he insisted? Of the millions of dollars that poured into Swiss bank accounts under his indirect control, the committees found that Secord spent only about \$60,000 on himself and was involved in the use of another \$150,000 for financial investments. As far as is known, Secord



never made a claim on an account worth \$1.6 million held specifically for him by Hakim. But most committee members refused to believe Secord's assertions that he never intended to use the money for himself.

• Who authorized North and other NSC staff members to solicit aid for the contras from foreign countries? McFarlane insisted that he barred such solicitations, but he himself met with a Saudi official to discuss aid to the contras, and Reagan made at least an indirect plea to Saudi King Fahd.

## Weinberger Testimony

As the committees' concluding public witness, Defense Secretary Weinberger spent more time Aug. 3 listening to members' closing remarks than he had fielding questions from them.

This was because of the panels' decision that only the four top committee members — Inouye, Rudman, Hamilton and Cheney — would give closing statements. As a result, several other members used their 10-minute questioning time during Weinberger's appearance to give their own summaries of the hearings.

Weinberger also heard some of the committee members offer a defense against criticism leveled at him and Secretary of State Shultz in the Tower commission report issued last February.

The Tower board said the two Cabinet officers had "distanced themselves" from the Iran arms initiative rather than strenuously trying to move the White House away from the policy.

Rudman disputed that conclusion, saying the commission did not get as full an accounting of the Iran-contra affair as have the congressional committees. Both Weinberger and Shultz testified at the hearings that they vigorously opposed the idea of selling arms to Iran, but that Reagan decided to proceed despite their objections.

"We did oppose it. We opposed it every step of the way," said Weinberger. He added that the Tower board's conclusion about himself and Shultz "can only be drawn by people who don't have any knowledge of the facts."

Weinberger also was questioned closely about intelligence reports coming into Washington during the Iran-contra affair about the status of the seven-year-old, bloody war between

Iran and Iraq. The intelligence issue has played a prominent role in the hearings because Reagan apparently relied on information that Iran was losing the war as a justification for sending "defensive" weapons to that country.

According to notes taken by former White House Chief of Staff Regan at a key meeting last Nov. 10, Reagan said he had decided to send arms to Iran because that country was "weaker" in the war against Iraq. "Side with military superiority will win. We want to have things even," Regan's notes described the president as saying.

Both Shultz and Weinberger, however, testified that the intelligence reports they received at the time showed Iraq losing the war. Weinberger dismissed contrary intelligence claims Aug. 3 as "absolute nonsense."

The defense secretary added that he did not remember Reagan mentioning Iraq's supposed advantage at the Nov. 10 meeting. But he also said "minority intelligence views" may have been used by Poindexter and others to promote their proposal to sell weapons to Iran.

## Ridiculing 'Moderates'

Rudman, meanwhile, took advantage of some sharp rhetoric from a



***Defense Secretary Weinberger said he had opposed the Iran sales "every step of the way." A conclusion otherwise "can only be drawn by people who don't have any knowledge of the facts."***

senior Iranian official during Weinberger's appearance to ridicule the theory that U.S. officials wanted to improve relations with Iranian "moderates" during the Iran-contra affair.

Rudman quoted Ali Akbar Hashemi Rafsanjani, Speaker of Iran's Parliament, who charged Aug. 2 that the United States was behind the clash in Mecca two days earlier between Iranian pilgrims and Saudi police officers in which hundreds died.

"We simply cannot deal with people like that," replied Weinberger, when Rudman asked him if he considered Rafsanjani to be a "moderate."

In response to other questions, Weinberger said he had heard reports that Israel had sold weapons to Iran before the United States got involved in mid-1985.

Sen. James A. McClure, R-Idaho, asked Weinberger about a classified State Department memo written Nov. 21, 1986, that apparently discussed the issue of Israeli arms sales. Weinberger said he had not seen the document, which was not released publicly, and was not personally aware of any Israeli arms shipments.

## 'Fishy' Procedures?

In another area, Weinberger acknowledged that normal procedures were skirted by the Pentagon when it transferred weapons from its stocks to the CIA as part of the secret U.S. arms sales to Iran.

That was done to ensure that only a small number of people at the Defense Department knew about the transactions in keeping with White House orders, he testified.

Rep. Jack Brooks, D-Texas, said Weinberger should have known "something is a little fishy here" because the CIA paid the Pentagon for the weapons with five separate checks in 1986 that each amounted to \$999,999.

Brooks suggested that was done intentionally by CIA officials, who he said may have been trying to evade a law that seemingly required notification of Congress for weapons purchases exceeding \$1 million.

Ironically, the law probably did not apply because it apparently covers weapons that cost \$1 million or more for each item, rather than a total amount for an entire weapons shipment.

In any event, Weinberger said he would instruct other Pentagon officials to be on the alert for unusual weapons payments in the future. ■



## Legal Loopholes:

### Reagan Promises Congress He'll Tighten Covert Rules

Seeking to head off stiff new laws limiting his flexibility to carry out foreign policy, President Reagan has promised to do a better job of telling Congress about covert operations.

The president's promise came in the wake of the Iran-contra inquiry, which showed that his administration exploited loopholes and inconsistencies in current laws governing covert actions and foreign arms sales.

Reagan and leaders of the Senate Intelligence Committee on Aug. 7 announced agreement on new covert operation standards and on procedures for telling Congress about them. As required by current law, that notice will be given in advance for most operations; but Reagan agreed to notify Congress within two days after ordering covert actions in emergencies.

In a letter, Reagan told Senate committee Chairman David L. Boren, D-Okla., and Vice Chairman William S. Cohen, R-Maine, that he supported six proposals to tighten regulations over covert operations. Reagan said he hoped the ideas would produce "a more positive partnership" between Congress and the executive branch.

Boren called the letter a "good first step" and Cohen said it showed a "change in attitude" by the president. But both said they would wait to see how Reagan implements the proposals before deciding whether to support legislation on the issue. Cohen said Reagan would have no reason to oppose legislation that went no further than Reagan's letter.

Others said Congress must act on its own rather than accept written promises. "Executive orders are not good enough," said Senate Majority Leader Robert C. Byrd, D-W.Va.

Following are major legal issues arising out of the Iran-contra affair:

#### Covert Actions

As a result of revelations in the mid-1970s of abuses, Congress enacted two major requirements for covert operations by the CIA: They must be approved personally by the president, and they must be reported to Congress.

The Hughes-Ryan amendment of 1974 required the president to "find"

that each covert operation is necessary for the national security, and it said all "appropriate" congressional committees must be notified. Congress modified that law in 1980, reducing to two (House and Senate Intelligence) the number of committees that must be told about covert operations.

Reagan issued his own guidelines in 1981 and 1985 governing covert actions, but some were skirted in the Iran-contra operations.

The major covert-action issues:

- **Notice to Congress.** As rewritten in 1980, current intelligence law requires the president to report covert actions in advance to the House and Senate Intelligence panels. However, in "extraordinary circumstances," the president can limit notice to the so-called "gang of eight": the Speaker and minority leader of the House, the majority and minority leaders of the Senate, and the chairmen and ranking minority members of the two Intelligence panels. Since 1980, Presidents Carter and Reagan have given the full Intelligence committees advance notice of most covert operations.

While demanding advance notice as a general rule, the 1980 law (PL 96-450) stated there may be cases in which the president cannot or will not reveal

covert actions beforehand. Then, he must report to Congress "in a timely fashion."

The "timely fashion" phrase never has been defined clearly. In the Iran case, the Reagan administration interpreted the law as giving the president the right to defer notice indefinitely. Reagan signed a finding on Jan. 17, 1986, authorizing arms sales to Iran, and did not tell Congress about it until the sales became known in November.

One obvious way of tightening the law would be for Congress to try to require the president to notify Congress in advance of all covert operations, without exception. Such a step would be extremely controversial, and any president likely would insist that it was an unconstitutional infringement on his executive powers.

Reagan promised to give advance notice. But if "exceptional circumstances" prevented prior notice, Reagan said he would report to Congress within two working days.

Boren called his pledge "the most important" item in Reagan's letter.

The administration in the past has opposed putting in the law any inflexible notice requirement.

- **The NSC staff and covert operations.** Iran-contra committee members agreed unanimously on few things; one was that the National Security Council (NSC) staff should not run covert operations, as did Lt. Col. Oliver L. North. Reagan already has barred future NSC management of covert operations. But there is little agreement in Congress about whether such a ban should be put in law.

- **Retroactive findings.** Most legal experts who testified before the Iran-contra panels said the president should give formal approval to covert operations before they begin, not afterward. In December 1985, however, Reagan signed a finding giving retroactive approval to the CIA's involvement in an Israeli arms shipment to Iran, according to former national security adviser John M. Poindexter. Reagan's letter said he opposed retroactive findings.

- **Written findings.** Reagan signed an order in January 1985, National Security Decision Directive 159, requiring that all covert action find-



David L. Boren, D-Okla., chairman of the Senate Intelligence Committee, called the president's letter on covert notification a "good first step."

—By John Felton

# Sidestepping a Mine Field: Executive Privilege

Executive privilege — the issue that took the Watergate case all the way to the Supreme Court in 1974 — never arose in the Iran-contra affair, simply because President Reagan chose to avoid the political struggle over it that helped doom President Nixon.

Without so much as a legal brief being filed, Reagan agreed in the early stages of the Iran-contra affair to make his aides and papers available to investigating arms of Congress and the courts.

Appearing before reporters last Dec. 2, Reagan promised to "cooperate fully" with Congress because of its "important oversight and legislative" functions. Although he did not say it in so many words, Reagan's statement meant that, for the purposes of Iran-contra inquiries, he was waiving his claim to executive privilege: the traditional assertion that presidents have a right to keep confidential all discussions with their aides and all papers relating to those talks.



Reagan avoided issue . . .

At the outset of the Senate Watergate Committee's inquiry in 1973, Nixon said he was waiving executive privilege for "any testimony concerning possible criminal conduct or discussions of possible criminal conduct."

But Nixon later fought requests by the committee and by the Watergate special prosecutor for tape recordings of his White House conversations. In July 1974, the Supreme Court ordered Nixon to turn those tapes over to the special prosecutor. While affirming the principle of executive privilege, the court ruled that the president's assertion of it "must yield to the demonstrated specific need for evidence in a pending criminal trial."

Two weeks after the court ruled, Nixon made public the transcripts of three incriminating tapes; three days later he resigned to avoid certain impeachment.

Reagan's disclosures have not been nearly as embarrassing or incriminating as were Nixon's — if only because Reagan's personal involvement in the Iran-contra affair seems to have been limited.

In carrying out his pledge of openness, Reagan allowed current and former administration officials to testify before congressional committees about their roles in the Iran-contra affair, including their discussions with the president. Some, including Secretary of State George P. Shultz and former national security adviser Robert C. McFarlane, have done so several times, in front of standing committees and the select Iran-contra panels.

Within weeks of Reagan's statement, the White House sent boxes of classified papers to the Intelligence committees — although not without quibbling over what would be included. The Iran panels reviewed thousands of documents — most provided by the administration.

Leaders of the Iran-contra committees have thanked Reagan for his cooperation, acknowledging that

their investigation would have taken longer and been less complete without it. But some administration officials and supporters on the committees have expressed fear that Reagan's willingness to open his administration to scrutiny might be taken as a precedent.

"I'm very concerned about the eroding of executive privilege, what it means for the future," Henry J. Hyde, R-Ill., a member of the House Iran-contra committee, said July 30. Hyde said he was especially concerned about the impact on foreign leaders, "who might very well think twice about working cooperatively with us if they think that the advice they are giving or the positions they are taking will be a matter of public record."

Similar statements have been made by two other Republicans on the House panel, ranking minority member Dick Cheney of Wyoming and Jim Courter of New Jersey. However, administration witnesses denied they were setting a precedent. Defense Secretary Caspar W. Weinberger testified July 31 that Reagan had ordered all officials "to be sure that we talked about this thing fully and frankly and set aside all of what I might call the normal rules." Reagan's order, Weinberger said, was only a "one-time exception" to the executive privilege rules.

Shultz was more blunt in telling the committees July 23 about his willingness to reveal his conversations with the president. "If I am testifying before you on some other subject some time and you try to use this as a precedent, I won't buy it," Shultz said. "I am just putting you on notice right now."

While Cabinet secretaries routinely testify before committees — if not about their private advice to presidents — White House officials rarely make formal appearances on Capitol Hill. In the wake of Reagan's waiving of executive privilege, four former White House aides testified before the Iran-contra committees: Chief of Staff Donald T. Regan, national security advisers Robert C. McFarlane and Adm. John M. Poindexter, and National Security Council staff member Lt. Col. Oliver L. North. The committees called no current White House officials, however.

Regan noted that only two previous chiefs of staff to sitting presidents had testified before Congress without invoking executive privilege. They were President Eisenhower's chief, Sherman Adams, queried about his acceptance of gifts from a friend who was under investigation by federal agencies, and Nixon's chief, H. R. Haldeman, called by the Senate Watergate Committee in 1973. "I wouldn't want you to get the notion . . . that I approve of chiefs of staff coming before the Congress and revealing intimate details of his advice to the president or what the president said to him," Regan said.

—By John Felton



. . . that trapped Nixon.

ings be in writing. However, some officials have testified that Reagan made "oral findings" that allowed covert operations to proceed without explicit written approval. Again, Reagan said all findings should be in writing except in emergencies; even then, records should be kept and findings should be signed as soon as possible.

• **Non-CIA covert operations.** In most cases, the CIA carries out covert operations. But North conducted what he said were several covert operations out of his NSC office; in one case, he used agents of the Drug Enforcement Administration to track down U.S. hostages in Lebanon. Some witnesses told the Iran-contra panels that the president could use any agency — even the Agriculture Department — to conduct covert actions.

Reagan in 1981 signed an executive order (No. 12333) saying that only the CIA can conduct covert operations unless the president "specifically designates" another agency. Reagan's letter promised that any non-CIA operations would be reported to Congress.

Ironically, current law is inconsistent. Most lawyers have interpreted the law as requiring congressional notification of covert operations, regardless of which agency performs them, even though the law does not require presidential approval of non-CIA covert operations.

• **Periodic reviews.** In its report last February, a commission headed by former Sen. John Tower, R-Texas, criticized the administration for failing to make periodic reviews of the Iran arms sales once Reagan had given his approval. Reagan agreed with periodic reviews and said all covert actions should have "sunset" provisions terminating them at specified intervals unless they are renewed.

### **Arms Sales**

Under normal circumstances, the United States sells weapons directly to foreign governments under the procedures of the Arms Export Control Act (PL 90-629). First enacted by Congress in 1968 and revised almost annually since, the law requires notice to Congress of all major arms sales, and gives Congress a chance to reject them.

For the three direct arms sales to Iran in 1986, Reagan avoided the congressional notice requirements of the Arms Export Control Act by signing a "finding" authorizing the CIA to conduct a covert action. His basic authority for covert actions stems from his constitutional power as commander in

chief and the 1947 National Security Act (PL 80-253), which created the NSC and the CIA.

Under the arms sale law, the president must report all major arms sales to Congress at least 30 days beforehand. That is in contrast to the "timely fashion" option in the 1980 law allowing the president to delay telling Congress about covert actions until after he has approved them.

In 1981, then-Attorney General William French Smith wrote a secret opinion saying that the president did not always have to use the arms export law to sell weapons overseas. Instead, the president could sell arms through the CIA — and thus avoid the tougher congressional-notice requirements of the arms sale law, that opinion said. Recently revealed by the Iran-contra committees, the Smith opinion was written to justify a covert action unrelated to the Iran-contra inquiry.

Edwin Meese III, the current attorney general, relied on that 1981 opinion in advising Reagan to use a covert action — rather than the Arms Export Control Act — as the legal means to sell weapons to Iran.

To make such incidents more difficult in the future, the most far-reaching step Congress could take would be to bar the president from using covert actions to sell arms overseas. That step would force the president to adhere to the stricter notification requirements of the arms export act.

But because every president, including Reagan, has insisted that he has a constitutional power to carry out such foreign policies as selling arms, any attempt to legislate a flat ban would provoke a fierce political battle.

Short of such a sweeping action, there are several ways of making it more difficult for any administration to avoid telling Congress about foreign arms sales. One simple — but potentially controversial — way would be to tighten an existing requirement for reports to Congress on arms sales made through covert actions.

Current law, first enacted in 1985, requires the president to report to Congress whenever he uses a covert action to transfer weapons to foreign governments or guerrilla movements, such as the contras. But he must do so only when providing a single piece of military equipment or a single contract for military services (such as training) valued at \$1 million or more. Most weapons cost much less than \$1 million apiece, so the law, in effect, applies only to sales of big-ticket

items such as tanks and fighter planes. In particular, none of the weapons sold to Iran in 1986 would have been covered by this law.

Although Congress intended the \$1 million reporting requirement as a restriction on presidential action, the administration also saw it as an explicit authorization for presidential action. In a Dec. 17 memo, Assistant Attorney General Charles J. Cooper interpreted the law as giving "unambiguous recognition" to the president's right to use covert actions to transfer arms overseas.

Congress also could try to change the "thresholds" under which regular arms sales must be reported.

Under the Arms Export Control Act, the president must tell Congress in advance about government-to-government sales valued at \$14 million or more for any piece of "major defense equipment" or \$50 million for a package of items. The law also requires quarterly reports to Congress on all sales valued at \$1 million or more.

Iran paid a total of about \$35 million for the three shipments of U.S. arms in 1986, and the United States received only \$12 million of that — both figures were well below the current limits for advance notice to Congress. Congress could lower the dollar figures to require more advance reports on more sales. But, even if the president used the arms-export law to make future sales such as the ones to Iran, he could still divide the sales in such a way as to avoid the reports to Congress.

### **Other Suggestions:**

• **Cracking down on leaks.** Witnesses and Iran-contra committee members suggested tougher penalties for persons who reveal classified information. Echoing a position long advocated by the CIA, some Republicans also propose creating a joint House-Senate Intelligence Committee, with a dozen or so members and a small staff, in hopes of reducing congressional leaks. As an alternative to the joint committee, the current panels could limit access by members and staff to classified material and establish new procedures for punishing leakers. Leaders of both current committees said they already have taken steps to prevent leaks.

• **Confirming the national security adviser.** This idea has been kicked around Capitol Hill for more than a decade but has picked up little support in the past. ■



# The Issue Ahead:

## Will Peace Plans Head Off Fight Over New Contra Aid?

Renewed efforts for a Central America peace settlement have upset political calculations about the next round in President Reagan's battle for Capitol Hill support of the contra rebels in Nicaragua.

On Aug. 5, the White House unveiled a peace plan for Central America, largely drafted by House Speaker Jim Wright, D-Texas, which drew strongly skeptical reactions from critics as well as supporters of contra aid.

First, the plan called for a cease-fire between the leftist Sandinista government and the rebels, to be accompanied by political freedoms.

Simultaneously, U.S. military aid to the contras would be halted and Nicaragua would stop accepting arms aid from the Soviet Union or its allies.

While loath to break publicly with Wright, stunned opponents of contra aid — including most leading House Democrats — worried that the proposal was a political trap: As the Reagan team fleshed out the details, they feared the package would become unacceptable to the Sandinistas, setting the stage for a failure that the administration could exploit later in seeing more contra aid.

Boxed in by their loyalty to Wright, the critics grimly resolved to limit the damage as best they could, while putting on a brave public face and lauding Wright's political courage for advancing the peace plan.

But two days later, Wright dropped a second political bombshell that might put the administration on the political defensive: Officials of Nicaragua and four other Central American states meeting in Guatemala City had agreed on a peace plan of their own, which Wright warmly endorsed.

The Guatemala package, based on a plan proposed in February by Costa Rican President Oscar Arias, was similar to Wright's plan in that both called for a cease-fire simultaneously with agreement that no country would assist an insurgency against another. (*Arias plan, Weekly Report p. 462*)

But unlike Wright's plan, the Guatemala deal does not require Nicaragua to forswear Soviet-bloc military aid.

If the Guatemala agreement succeeds, the Reagan team will face two unpleasant alternatives: It can back down from its long effort to sever Nicaragua's military ties to the Soviet bloc; or take on Wright and the overwhelming majority of congressional Democrats in its efforts to block the regional agreement.

The Guatemala City deal called for the five countries' foreign ministers to meet within 15 days. They would negotiate within 90 days a cease-fire in the region and an agreement by each country not to support insurgent forces in other countries. They also would draw up a list of civil and political rights in all five countries and would set up a process of reconciliation — including amnesty — and democratization in Nicaragua.

Wright lauded the agreement and called for U.S. support: "I cannot conceive of the United States being in a position of upsetting this timetable or doing anything but rejoicing and cooperating."

Only the day before, Wright pointed out, Secretary of State George P. Shultz had rejected a call by Nicaraguan President Daniel Ortega for bilateral U.S.-Nicaragua negotiations, arguing that the issues should be set-

tled by the countries in the region. By so doing, Wright said, Shultz "tacitly made a commitment to live up to whatever the Central Americans themselves would agree to."

If neither the Guatemala agreement nor Wright's proposal leads to peace, a bipartisan group of congressional observers will second-guess any administration effort to blame Sandinista intransigence.

Almost as soon as the Wright-Reagan plan surfaced, such a group had been demanded by Democrats — among them Senate Majority Leader Robert C. Byrd, Va. — who were skeptical of the administration's intentions.

Once the focus shifted to the talks in Guatemala, administration critics saw a new mission for the monitoring group: to ensure that the Reagan team did not pressure the Central American countries to derail negotiations.

"We've seen the administration pay lip service to . . . other peace processes and try to scuttle them," warned Sam Gejdenson, D-Conn.

According to the contra opponents, after the Sandinistas agreed to Arias' plan earlier this year, Reagan officials browbeat the Costa Rican into changing it to make it unacceptable to the Nicaraguans.



House Speaker Jim Wright comments on his cease-fire proposal, while two of his fellow Democrats, David E. Bonior, left, and David R. Obey, look on.

—By Pat Towell



Some contra foes hoped Wright would name to the House monitoring group two leading contra-aid opponents: David E. Bonior, D-Mich., who chairs the Democratic Caucus task force on the issue and is chief deputy whip, and George Miller, D-Calif.

The Reagan-Wright peace plan, announced Aug. 5, included:

- An immediate cease-fire, subject to verification by the Organization of American States (OAS) or other international observers. The United States would stop arming the contras and Nicaragua would stop receiving Soviet-bloc military aid. Both sides still could get "humanitarian aid."

Concurrently, the plan called for dropping Nicaragua's "emergency law," which suspends political rights. Civil liberties would be restored and an electoral commission created. An election timetable would be set within 60 days.

After the proposal surfaced Aug. 4, Shultz and other administration officials interpreted this as requiring that Nicaragua nullify the 1984 election in which Sandinista leader Daniel Ortega became president. Wright rejected this position in an Aug. 5 meeting at the White House, contending that the 1984 contest had been reasonably fair.

- Nations in the region would negotiate pulling excess foreign military personnel out of Nicaragua and its immediate neighbors. U.S. military maneuvers in Honduras would be suspended once the cease-fire was in place.

- After the cease-fire, the United States, Nicaragua, Costa Rica, Honduras, Guatemala, and El Salvador would begin talks to reduce armies, remove foreign military personnel, and end outside support for rebels in the region.

- A "plan of national reconciliation," including amnesty for former combatants and equal rights to participation in the political process, would be implemented. Sandinista and contra forces would be demobilized.

- The United States would lift its economic embargo on Nicaragua. Nicaragua also would be eligible for U.S. economic aid and entitled to participate in a projected plan of "expanded trade, debt retirement and long-range economic assistance" for Central American democracies.

- The talks would begin immediately and be completed by Sept. 30. If progress were blocked by the contras, U.S. aid would be cut off. If progress were blocked by the Sandinistas, all other parties "would be free to pursue such action as they deem necessary to protect their national interest."

## Looking at the Aid Fight

Current aid to the contras will end Sept. 30, the end of fiscal 1987, well before the deadline for a cease-fire under the Guatemala City plan. The administration is expected to seek at least \$150 million for the contras over 18 months.

At Wright's insistence, Reagan agreed to hold off campaigning for the money while the six-part peace plan is put into effect. But Reagan could ask for renewed contra aid after the Sept. 30 deadline, unless the region was on its way toward peace. Byrd and many other Democrats rejected the deadline as unrealistic.

"It took me more than 60 days to close on the mortgage on my house," Gejdenson said in an interview with Cable News Network. "I think it may take longer than 60 days to reach real peace."

Wright emphasized that he has made no commitment to support new aid after Sept. 30 if the peace plan fails. "There is no implicit or explicit agreement to that effect, whatever," he said on ABC television Aug. 6. The peace plan is "surgically removed from any quarrel about contra aid," he said.

But skeptics fear that Reagan will be able to blame the Sandinistas if the plan fails, boosting pressure for contra aid. "What we're worried about is that Sept. 30 comes and Ronald Reagan goes on TV and says, 'I tried,'" Mike Lowry, D-Wash., told a reporter.

Behind the widespread cynicism toward the administration's motives for embracing Wright's plan is a record of similar negotiating proposals as a prelude to earlier contra-aid requests. (*1985 Weekly Report* p. 631)

"Each and every time they've been behind in the votes, they've thrown up some peace plan," said Miller. "Somehow, each and every one of those negotiations has broken down after contra aid was approved."

## Discomfort on the Right

Between the time the White House announced Wright's plan and the announcement Aug. 7 of the agreement in Guatemala, Republicans and conservative Democrats who back contra aid worried that the Sandinistas would accept the U.S. package.

In that case, they argued, the cease-fire would deprive the contras of their only lever on the Sandinistas. Moreover, they warned, Reagan risked demoralizing the contras by even proposing an arrangement under which the Sandinistas could remain in power

— assuming they began respecting human rights and civil liberties.

If talks began and then bogged down, the contras would be in no shape to resume the battle, according to this argument. "Time is always on the side of the dictatorship," Sen. Malcolm Wallop, Wyo., said Aug. 5 after a meeting between Reagan and Senate Republicans. "They can use the time to recoup ... whereas the indigenous guerrilla group cannot."

Rep. Jack F. Kemp, R-N.Y., and some other contra backers had hoped to reap political support for contra aid from the testimony to the Iran-contra committees of former White House aide Lt. Col. Oliver L. North. "I think the votes would be there if the president made a case," Kemp said Aug. 5.

## Cracks in the Consensus

Reagan and other administration officials stressed Aug. 5-6 that Wright had initiated the package and that it reflected a bipartisan approach.

But it became clear that Wright and the administration disagreed on important parts of the deal.

For instance, meeting with Wright and other congressional leaders Aug. 5, White House Chief of Staff Howard H. Baker Jr. and other aides said Reagan's pledge to hold off any pressure for more contra aid until after Sept. 30 would be nullified if the Sandinistas did not take up the offer within two weeks. Wright called that unacceptable.

And within the administration, officials appeared to interpret the package differently. An example was the question of whether a "plan for national reconciliation" would require direct Sandinista-contra talks — something the Sandinistas had ruled out.

Appearing on PBS's "MacNeil/Lehrer Newshour" Aug. 5, Baker said that it would be up to the countries in the region to work out whether the Sandinistas and the contras should deal directly.

However, later that evening on the ABC News, Assistant Secretary of State Elliot Abrams said that direct talks would be necessary. "Right now, our goal is to get [the Sandinistas] to the table with the resistance," Abrams said.

On Aug. 6, White House spokesman Marlin Fitzwater seemed to reiterate Baker's version, but with a major addition: "Who would be at the table is something yet to be determined, and most likely by the democratic countries there," he said. But he added that the procedure agreed on "must be acceptable to the contras." ■

# Cast of Witnesses: After Intermission, Drama

The House and Senate Iran-contra committees heard from 12 witnesses — including Lt. Col. Oliver L. North and Rear Adm. John M. Poindexter — during the second phase of hearings that lasted from June 23-Aug. 3. Earlier, the committees received testimony from 18 witnesses (Weekly Report p. 1248)

Following are highlights:

## Glenn A. Robinette

June 23

Formerly employed at the CIA, Robinette is a private security consultant hired in 1986 by Richard V. Secord, a retired Air Force major general, as a private investigator to help defend a lawsuit against Secord by two American journalists. Robinette testified that last year he provided a security system worth \$14,000 at Lt. Col. Oliver L. North's home in Great Falls, Va. Secord asked Robinette to build the system after North complained of death threats.



Although Secord had paid for the system, Robinette said that North in July

1986 asked for receipts for the work. Robinette sent two phony invoices in December. North then sent two predated letters to appear as authorization for the project. At the time, Robinette said, he was not aware it was a federal crime for a government official to receive gifts or compensation other than his salary. (Weekly Report p. 1354)

## Noel C. Koch

June 23

A former deputy assistant secretary of defense and a close friend of Secord, Koch was involved in the Iran arms sales early on. At the Pentagon, Koch helped negotiate the price of TOW anti-tank missiles sold to Iran and protested that the United States was swapping arms for hostages in contradiction to its stated policy. Koch testified that North told him President Reagan was determined to get the American hostages back. He quoted North as saying, "This thing is really eating him, and he's driving me nuts about it."



Koch said he resigned as trustee of the Richard Secord Legal Defense Fund upon discovering suspicious deposits totaling \$500,000 from a Swiss bank account used by Secord's associate, Albert Hakim. (p. 1351)



## Henry H. Gaffney Jr.

June 23

Gaffney, a senior Pentagon official, testified that Israel's transfer of U.S.-made weapons to Iran in 1985 probably violated U.S. law. He also was quizzed on a memo he wrote in late 1985 or early 1986 predicting negative consequences — such as angering Arab countries — from the selling of arms to Iran. (p. 1351)

## Stanley Sporkin

June 24

Now a U.S. district court judge, Sporkin was CIA general counsel when Reagan signed a secret Jan. 17, 1986, "finding" authorizing the U.S. arms sales to Iran. Sporkin said he worked closely with North to draft the document, which authorized U.S. arms sales to Iran and directed the CIA not to tell Congress. Sporkin also drafted an earlier finding retroactively approving CIA involvement in a 1985 Israeli arms shipment to Iran.

Sporkin said he denied Secord CIA security clearance in 1983 because of an inquiry into his alleged ties to a firm accused of defrauding the Pentagon. Sporkin did not protest Secord's role in the Iran deals, presumably because Sporkin was soon to leave the CIA. (p. 1351)



## Charles J. Cooper

June 25

The assistant attorney general who heads the Office of Legal Counsel, Cooper was asked by his boss, Edwin Meese III, to look into the Iran arms sales early last November. After a week, Cooper produced an opinion saying the U.S. sales were legal. But he said it was based on incomplete, inaccurate information given him at the time. On Nov. 22, after Meese and others found discrepancies in officials' accounts, Justice investigators discovered a memo in North's office discussing the contra diversion, Cooper testified.



Cooper said the Justice Department erred by failing to move more quickly to protect White House documents that were shredded by North and his secretary, Fawn Hall.

Cooper also described how, during a Nov. 20 White House meeting, Reagan officials planned for CIA Director William J. Casey to give false testimony to the congressional Intelligence committees about the November 1985 Israeli arms shipment to Iran. (p. 1351)

## Oliver L. North

July 7-10, 13-14

In six days of dramatic testimony, North vigorously defended the Iran-contra dealings. The former National Security Council staff aide maintained that several administration officials knew the full range of his activities; he understood that to include Reagan but had no proof. North said he did not act improperly or illegally and said he got his superiors' approval for all he did.



Wearing his Marine Corps uniform and medals and with a tough defense attorney at his side, the lieutenant colonel turned in a riveting performance. It

dominated national television coverage, and phone calls and telegrams of support poured in to North and to congressional offices.

North said that he worked closely with Casey, who advocated using money from the Iran arms sales to help the contras. North testified that Casey described the secret effort as a "full-service covert operation." North maintained that it was "always part of the plan" that the CIA would not be linked to the contra effort; such distance was needed because the Boland amendment barred the CIA from aiding the rebels.

North showed a defiant attitude, saying that because Congress could not be trusted to keep secrets, he and other administration officials had decided not to tell members about his contra activities. "I will tell you right now ... that I misled the Congress," North said. He testified that he did so to be the "deniable link," so that the contra aid could keep flowing. North said he always expected to be the "fall guy" if the operation was exposed, but not "the victim of a criminal prosecution."

North testified that he began shredding documents in October 1986, when a private supply plane for the contras was shot down over Nicaragua. North said he was following Casey's advice to "clean things up." North said he continued to shred documents Nov. 22 while Justice Department officials were in his office; the Justice Department denied that.

North said he sent five memos to his boss, Adm. John M. Poindexter, to obtain the president's approval for the arms sales to Iran and the contra diversion. But North said he never saw any of the memos come back with Reagan's signature, and Poindexter and Reagan told him late last November that the president had not known of the diversion. (pp. 1500, 1502, 1505, 1562, 1564)

## Robert C. McFarlane

July 14

McFarlane, a former national security adviser who initially testified in May, asked to come back to rebut North. He



contradicted much of what his former aide said, while maintaining that North would not intentionally lie. McFarlane contended that he didn't know the full extent of North's pro-contra activities; he said he instructed North to enhance the contras' political image as ordered by Reagan, but did not authorize giving them aid.

McFarlane said that during his NSC tenure, his staff, including North, was

informed that the Boland amendment applied to the NSC. He also contradicted North's testimony that he knew about Casey's designs for "off-the-shelf" covert operations. McFarlane characterized North's statement as violating "my political beliefs." (p. 1562)

## John M. Poindexter

July 15-17, 20-21

Poindexter, seeking to set to rest suspicions that Reagan had known of the diversion of Iran arms sale proceeds to the contras, claimed full responsibility for the decision. In accordance with the president's general policy of supporting the contras, Poindexter testified, he had pursued the scheme. But the admiral said he did not inform the president, allowing Reagan to answer truthfully that he had no knowledge of it. "The buck stops here with me," he told the panels.



But he said he believed Reagan would have approved had he been told, an assertion the White House disputed.

Poindexter also said he destroyed a Dec. 5, 1985, finding approving the sale of U.S. arms by Israel to Iran because it portrayed the operation as an arms-for-hostages deal. Poindexter claimed he was unaware that destroying the document may have violated the Presidential Records Act.

The admiral's testimony illustrated his obsession with secrecy. Poindexter testified that he often gave little or no information on certain matters to high officials in the administration such as Secretary of State George P. Shultz, Chief of Staff Donald T. Regan, or Casey.

Of the five diversion memos that North said he sent Poindexter, the admiral said he doubted they existed, but may have seen one.

Apparently that was the memo found in North's safe that alerted the Justice Department to the contra diversion. (pp. 1556, 1643)



**George P. Shultz****July 23-24**

Painting a picture of a White House torn by secrecy and deceit, the secretary of state testified that Reagan's aides deliberately tried to mislead the president on his Iran arms program.



An opponent of the Iran arms sales, Shultz instead advocated "Operation Staunch," an effort to persuade allies to stop arming the Iranians. After Reagan approved the arms sale initiative, the secretary said, Shultz was kept in the dark about its details and the secret contra program.

Shultz described a "battle royal" inside the White House after the Iran arms scandal erupted last November. The secretary said Poindexter and Casey gave Reagan incorrect information and relied on him to "bail them out." After Reagan denied trading weapons for hostages at a Nov. 13 press conference, Shultz testified, he had a "long, tough" talk with the president the next day, telling him he had made "wrong and misleading" statements.

Shultz blasted the efforts of the CIA and NSC to run foreign policy, and said his "sense of estrangement" from others in the administration was such that he threatened to resign three times since 1983. (pp. 1643, 1650, 1651)

**Edwin Meese III****July 28-29**

During his appearance, the attorney general held his ground in defense of what some have characterized as an "unprofessional" inquiry into the Iran-contra affair. He testified that his investigation had unearthed the "essential facts" on which the hearings and other investigations were based. Meese was praised by most Republicans, while Democrats maintained that the inquiry was "inept."



Although Meese testified that at the time he saw no reason to conduct a criminal investigation, some members of the committees inquired why he did not call for one earlier, as advised by William F. Weld, head of his department's Criminal Division. Meese did not call for a criminal inquiry, even after North appeared "shocked" when shown the diversion memo on Nov. 23.

Several committee members expressed amazement that Meese did not take notes during his interviews with such key figures as Casey and Poindexter. But Meese said those were "casual conversations" and that he did not need to take notes because he had "a very good recollection" of those talks. (p. 1706)

**Donald T. Regan****July 30-31**

Despite his reputation for knowing every detail inside the White House, Reagan's former chief of staff testified that he was not aware of all the details of the Iran initiative. He said he was "aware in general" about the plan but did not know until months later that the president had signed a January 1986 finding authorizing the direct arms sales. And Regan said he never knew about the contra diversion until the Justice Department discovered it last November.



However, Regan told the panels that both he and the president knew at the time that the United States was, through Israel, sending Hawk missiles to Iran, despite a "cover story" that the shipment contained oil-drilling equipment. But Regan testified that no one ever told him that the arms sales would generate huge profits. Regan said he was under the impression that the weapons sales were "NPH . . . no profit here."

Regan sought to refute accusations by a presidential investigating commission headed by former Sen. John Tower that he was responsible for the "chaos" within the White House. The ex-chief of staff said that he tried to get information on Iran-contra out to the public as quickly as possible. By contrast, notes taken by deputy national security adviser Alton Keel at a Nov. 10 White House meeting quoted the president as saying, "Whenever we can, point to a flat denial." (p. 1706)

**Caspar W. Weinberger****July 31, Aug. 3**

Stating before the committee that he had forcefully opposed selling arms to Iran, the defense secretary disagreed with the Tower Commission's conclusion that he "distanced" himself from the initiative rather than try to persuade the president not to pursue the policy. Weinberger said that Reagan's decision to supply Iran with arms was partially a result of claims by Poindexter that he had intelligence that Iran was losing the war with Iraq; Weinberger characterized those reports as "absolute nonsense." And he scoffed at the notion of establishing relations with Iranian moderates. "I didn't think there were any moderates still alive in Iran," he said.



Weinberger said White House officials cut him off from intelligence reports prepared by his own agency in the fall of 1985 that dealt with the Iran arms sales. (pp. 1706, 1779)

—By El-Nasser Attallah

# Recess Rush Slowed by Debt-Limit Measure

As colleagues drifted away for an August break, congressional negotiators prepared to retreat from the bold promises of the Gramm-Rudman-Hollings law, and from the less-bold promises of next year's budget.

Reviving the automatic spending-cut procedure of Gramm-Rudman and easing the law's deficit targets were the subject of three days of intense private talks among House and Senate conferees.

The conference, begun Aug. 4, was on Senate amendments to legislation (H J Res 324) raising the ceiling on the federal debt. (*Senate action, Weekly Report p. 1718*)

Late in the day Aug. 7, agreement appeared possible. House Democratic conferees had sent a compromise to the Senate and received back a counterproposal with many similar points. Negotiations continued, but approval of a temporary debt-ceiling increase (HR 3190) lasting into September sapped momentum for further work before the recess.

Sen. Bob Packwood, R-Ore., one of the negotiators, said another day or two of talk was needed. Translating any compromise into legislation would take an additional day.

The recess was scheduled to start Aug. 8.

Meanwhile, at noon Aug. 7 the House Ways and Means Committee hastily reported the temporary debt measure, raising borrowing authority to \$2.352 trillion through Sept. 23, 1987. As House conferees mulled over the latest Senate offer, the House passed the bill by voice vote.

Gramm-Rudman advocates protested, but the Senate gave HR 3190 final approval by a 51-39 vote.

Delay meant members were willing to "simply let the deficit slide," warned Sen. Warren B. Rudman, R-N.H.

An earlier, temporary debt ceiling of \$2.3 trillion expired at midnight Aug. 6, bringing back into force a lower, permanent ceiling of \$2.1 trillion.

The expiration caused no urgent

problem as Treasury officials estimated the department had enough cash to avoid a crisis until Aug. 17.

## How to Ease Gramm-Rudman?

The dispute over Gramm-Rudman pitted powerful factions in each party that wanted to soften the bite of Gramm-Rudman, but for conflicting reasons.

Republicans fought to spare President Reagan the harsh confrontation envisioned by the original architects of Gramm-Rudman, although Gramm angrily denied he was carrying water for the administration. Still, many Republicans were in the unfamiliar stance of promoting more-generous deficit targets than Democrats.

The Democrats, under the prodding of Ways and Means Chairman Dan Rostenkowski, Ill., wanted deficit

targets tough enough to force Reagan to negotiate on taxes as an alternative to automatic cuts. But Rostenkowski also sought targets high enough to reduce the size of the tax increase that he must produce from his divided committee.

Reagan continues to oppose any tax increase, while Democrats nervously embraced the concept in the 1988 budget resolution. Congressional leaders in both parties believe that Americans' support for specific federal programs, notwithstanding a general distaste for government, makes it impossible to fight the deficit with restraints on program spending alone. Republicans, however, refused to help write or pass this year's budget.

The budget resolution (H Con Res 93) called for \$19.3 billion in new taxes next year. But the negotiators on the Gramm-Rudman modification were considering deficit targets that would require substantially less.

When a reporter asked one Democrat whether he and his colleagues were embarrassed by this retreat, he said, "Hopefully, the public doesn't follow this as closely as you do."

## The 'Fix'

The negotiations stalled the 21-month extension of the federal debt ceiling. The Senate on July 31 had approved a "Gramm-Rudman fix" as an amendment to H J Res 324, which will raise the ceiling on the debt to \$2.8 trillion, enough borrowing authority to last to May 1989.

The Supreme Court in 1986 found the original Gramm-Rudman automatic scheme unconstitutional because it permitted a branch of Congress, the General Accounting Office, the final authority to shape automatic budget cuts imposed by the president. The Senate amendment and the conference proposals gave that authority to the Office of Management and Budget (OMB).

The House went into conference without having approved a detailed Gramm-Rudman plan. In an Aug. 4 test vote, however, nearly all House Republicans and about two-fifths of the Democrats endorsed the idea of an



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—By Elizabeth Wehr

automatic spending-cut scheme.

The 267-156 vote was for a non-binding motion by House Republican leader Robert H. Michel of Illinois to instruct conferees to insist on an automatic scheme. Democratic support came primarily from Ways and Means Committee members and such fiscal conservatives as Buddy MacKay of Florida and Timothy J. Penny of Minnesota. (Vote 298, p. 1854)

Rostenkowski has pushed for an automatic procedure, hoping its pressure on the president could ease passage of the tax bill demanded by the budget resolution.

The vote appeared to kill a second plan, advanced by House Majority Leader Thomas S. Foley, D-Wash. His idea, never formally proposed, was to resuscitate the original Gramm-Rudman automatic-cut machinery but to make such cuts effective only if the president signed them into law. That, supporters said, would put responsibility for the deficit on the president without risking the automatic cut that would occur if Reagan continued to refuse new taxes.

### House Plan

The offer that passed from House Democratic conferees to Senate negotiators and back had significant opponents. Gramm and Pete V. Domenici of New Mexico objected to its duration and its targets. House Republican conferees were disappointed at the absence of additional revisions in other budget procedures that Gramm and Domenici also wanted.

In both chambers, but more so in the Senate, Republican support is needed to pass any Gramm-Rudman fix because so many Democrats dislike the law.

The disputed procedural items were to toughen budget restraints on appropriations and force federal credit programs to compete directly with other forms of spending for congressional support.

The emerging compromise was to re-establish an automatic spending-cut procedure for fiscal years 1988, 1989 and 1990.

The compromise would set higher deficit targets than current law for the next six years, declining to zero in fiscal 1993. That is two years after the date set by the original law.

For fiscal 1988, the compromise would require legislated savings or automatic cuts of \$23 billion below a special Gramm-Rudman estimate of the deficit. For the following year, the



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required savings would be either \$36 billion below the estimate, or the difference between the estimate and the new target, whichever was lower. For the following years, the required savings would be the difference between deficit estimates and the new targets.

As in the original legislation, the automatic procedure would slash federal spending by a fixed percentage if Congress and the president fail to meet the deficit target for a given year with conventional legislation.

### Delay Likely

A complicated situation in Congress and unofficial White House objections to the automatic scheme made the fate of the likely compromise uncertain.

In Congress, members said that regardless of the status of the debt/Gramm-Rudman negotiations, they would go ahead with recess trips abroad or to their districts, or with family vacations.

One unenthusiastic conferee, Rep. Sam Gibbons, D-Fla., told reporters Aug. 6 that he would leave the next day, as scheduled. "I'm going home, going fishing," Gibbons grumbled.

Bringing a controversial compromise to chambers depleted by members following their recess plans made the outcome, at best, uncertain.

Within the administration, views of the automatic scheme range from ambivalent to hostile.

Top White House officials do not at all like the strategy underlying the scheme: that Reagan would be forced to accept new taxes as an alternative to harsh, automatic reductions in military spending.

Gramm said Defense Secretary Caspar W. Weinberger and budget director James C. Miller III had both lobbied him Aug. 7 against the scheme. "One of 'em was asking me to keep Ivan from the gate.... There are certainly people at the Pentagon who are nervous about it."

Also, Gramm said, "I've heard the continued siren song that we've got to raise the debt ceiling."

For the record, the White House has urged only an unamended extension of the debt ceiling to May of 1989, as provided by the legislation. House Speaker Jim Wright, D-Texas, said that in an Aug. 6 meeting, Reagan, "in magnificent innocence, said, 'Jim, if you will just send me a clean debt extension, everything will be fine.'"

### Issues Resolved

In their formal meeting held Aug. 4, conferees agreed to increase the debt ceiling to \$2.8 trillion and decided to make the increase permanent, meaning that it would not revert to a lower level.

The debt bill originally passed by the House, as part of the fiscal 1988 budget resolution, had raised the ceiling to \$2.6 billion, enough to last until the end of fiscal 1988. The Senate had raised that to \$2.8 trillion; conferees agreed to a Rostenkowski suggestion that the higher increase be accepted and made permanent.

Conferees also dropped two unrelated Senate amendments, added by that body to H J Res 324 after adoption of the Gramm-Rudman amendment. One, by Charles E. Grassley, R-Iowa, would have required formal congressional approval of pay raises for members; the second, by Daniel Patrick Moynihan, D-N.Y., would have barred disinvestment of the Social Security trust fund for any purpose except paying program benefits and expenses. Moynihan decided in conference not to insist on his amendment after Rostenkowski promised to find another legislative vehicle for it. ■



# House Passes Labor-HHS Appropriations Bill

The House Aug. 5 overwhelmingly approved a \$126.78 billion fiscal 1988 appropriations bill for the Departments of Labor, Health and Human Services (HHS), Education and related agencies, after decisively defeating a raft of amendments that would have reduced funding for many of the bill's politically popular programs.

A time limit on debate engineered by William H. Natcher, D-Ky., the chairman of the Appropriations Subcommittee on Labor, HHS and Education, effectively prevented amendments from being offered on sensitive social topics that in years past have mired the funding bill in controversy.

Among the proposals never offered because time expired were two prepared by Bob Dornan, R-Calif. One would have required states to create programs to find the sexual partners of those found to be carrying the virus that causes the deadly disease AIDS.

Another would have banned federal funds from being spent on research on RU 486, a so-called "morning-after pill" that induces abortion.

Before approving the bill (HR 3058) on a 336-89 vote, members rebuffed an attempt by a group of self-avowed appropriations-cutters to pare back the bill approved by the Appropriations Committee July 30. (*Vote 307, p. 1856; committee action, Weekly Report p. 1725*)

## Budget-Cutters Defeated

Members rejected, by varying margins, four attempts to reduce the proposed increase in funding for discretionary programs. That increase, which came to 8.16 percent overall, lifted funding for discretionary programs to \$36.29 billion. The remaining two-thirds of the bill's funds are for entitlement programs (including Medicare and Medicaid) that are out of legislative reach.

The reduction efforts were led by Tom Tauke, R-Iowa, and Timothy J. Penny, D-Minn., who together have been spearheading a drive — with some success — to cut the federal deficit by reducing spending below levels

assumed in the congressional budget resolution (H Con Res 93). (*Budget-cutting effort, Weekly Report p. 1572*)

"Where we have the chance, we have to hold the line," implored Tauke during the debate.

But neither Tauke nor Penny expressed surprise that they emerged from the effort empty-handed. "We obviously were up against two of the most popular members of the House," said Tauke, referring to Natcher and the ranking Republican on his subcommittee, Silvio O. Conte, Mass.

Natcher, said Penny, "is so highly regarded that people feel hesitant to vote against his bill or even to change



Rep. William H. Natcher, D-Ky.

the bill in a way he doesn't support."

During debate on the amendments, Natcher and Conte worked together to defend the bill. First, Natcher would rattle off long listings of exactly how much each of the across-the-board amendments would trim from various programs. Conte would then follow with an impassioned defense of the health, education and jobs programs near and dear to the hearts of many members from both parties.

"This is an amendment that hurts a lot of people," he said ominously of a proposal by Dick Arme, R-Texas, to reduce by half the 6.9 percent increase for discretionary programs within the

Labor Department. Arme's amendment was defeated 132-287. (*Vote 302, p. 1856*)

Both Tauke and Penny said the key to staving off their group's amendments was Natcher's successful move to limit consideration of the bill and all amendments to about two and a half hours.

Tauke objected when, at 2:20 p.m., Natcher asked unanimous consent that debate end by 4 p.m. Tauke objected again when Natcher asked unanimous consent to end debate at 4:30 p.m. But when Tauke objected to Natcher's request for a 5 p.m. shutoff of debate, Natcher forced a vote. He prevailed, 262-159. (*Vote 301, p. 1854*)

Penny said that left too little time to present their case. "You can't adequately articulate that it's not a cut but a decrease in the increase," he said. "At the door [when members enter the chamber to vote], all they hear is 'it's a 2 percent cut, or it's a 4 percent cut.'"

## Other Amendments

The House did adopt, by voice vote, an amendment by Robert S. Walker, R-Pa., to eliminate the proposed \$3.31 million in funding for the U.S. Institute of Peace, an independent agency established by the 98th Congress to support research, education and training activities aimed at promoting international peace and conflict resolution. (*1984 Almanac p. 498*)

In addition, the House also took the following action:

- Defeated, 83-341, an amendment by Bill Frenzel, R-Minn., to cut proposed funding for discretionary programs in the bill by 8.16 percent, or about \$2.96 billion. (*Vote 303, p. 1856*)

- Defeated, 145-280, an amendment by Tauke, to cut proposed funding for discretionary programs in the bill by 4.07 percent, or about \$1.5 billion. (*Vote 304, p. 1856*)

- Defeated, 181-245, an amendment by Penny, to cut proposed funding for discretionary programs in the bill by 2 percent, or about \$740 million, by 181-245. (*Vote 305, p. 1856*)

—By Julie Rovner

# Congress Clears FSLIC Bailout Legislation

Five years of waiting and seven months of hard bargaining came to a remarkably easy end the week of Aug. 3 as Congress, by overwhelming margins, passed its first major banking bill since 1982.

In so doing, both chambers accepted the amended report of House and Senate conferees, who had altered their previously final agreement to forestall a veto by President Reagan.

The House adopted the conference report Aug. 3 by 382-12. The Senate followed suit Aug. 4 by 96-2. (Vote 294, p. 1854; Vote 226, p. 1861)

After the Senate vote, the White House announced the president would sign the bill, which he had vowed to veto as recently as July 28.

Reagan reversed field after Treasury Secretary James A. Baker III had negotiated three adjustments to the bill and urged that it be signed. Baker began talks with the bill's proponents when it appeared the administration could not muster enough votes to sustain a veto. (Weekly Report p. 1729)

The bill (HR 27) makes many changes in banking law, but it was propelled through Congress by one feature — new borrowing authority for the Federal Savings and Loan Insurance Corporation (FSLIC).

The final language provides \$10.8 billion of such authority, which will enable FSLIC to close failing savings and loans (S&Ls) and pay off their depositors. Interest on the borrowed money will be paid through assessments on the thrift industry itself, which lobbied heavily for a smaller re-financing plan.

Throughout the year, whenever the bill seemed to falter, supporters revived it with warnings of depositor runs on savings institutions. And by midsummer, with troubled FSLIC-insured thrifts losing an aggregate of more than \$10 million a day, the threat seemed increasingly real.

A theme of anxiety dominated floor debate in both houses.

"The overriding issue is the imminency of runs on our thrift system," said Rep. Jim Leach, R-Iowa. "Con-

gress cannot . . . continue to play Russian roulette with the financial fabric of our country."

And Jake Garn, R-Utah, ranking minority member of the Senate Banking Committee, said he supported passage only "because we have a crisis in our S&L industry right now."

## No More 'Non-Bank Banks'

The growing fears about FSLIC ultimately enabled Senate Banking Chairman William Proxmire, D-Wis., and House Banking Chairman Ferdinand J. St Germain, D-R.I., to press ahead on a wider front, breaking a stalemate that had persisted through most of the 1981-86 period when the Republicans controlled the Senate.

The bill packages FSLIC refinancing with the closing of a regulatory loophole that has permitted the cre-

***"The overriding issue is the imminency of runs on our thrift system. Congress cannot . . . continue to play Russian roulette with the financial fabric of our country."***

—Rep. Jim Leach, R-Iowa

ation of "non-bank banks," limited-service institutions that take deposits or write loans, but not both. On the floor Aug. 4, Proxmire called this the "best part" of the bill.

In closing the loophole, the bill does "grandfather" 168 such institutions that were in operation as of March 5, 1987, but it allows them just one year of unrestricted growth before clamping a 7 percent annual cap on their asset growth.

On the other side of the ledger, the bill freezes banks' expansion into insurance, real estate and securities underwriting — but only until March 1988. By then, Proxmire and St Germain say they will have developed a comprehensive restructuring of the laws separating banking from other

commercial activities.

The chairmen have represented HR 27 as a kind of down payment toward next year's bill, designed in part to force all parties to the bargaining table. But many in the administration believe the boundaries between banking and commerce should be determined by market forces and competition, not by federal statute.

This philosophy was as much a factor in the veto threat against HR 27 as the administration's demand for still larger borrowing authority for FSLIC (Treasury had supported \$15 billion). The House initially approved \$5 billion, the Senate \$7.5 billion. In conference, the figure was raised to \$8.5 billion.

The final figure of \$10.8 billion was the primary feature of Baker's negotiated compromise with the Banking Committee leaders. The negotiators also agreed to phase out liberalized regulatory standards for thrifts in economically depressed areas and to allow grandfathered limited-service banks to buy failing thrifts that had assets of more than \$500 million.

## Bill Highlights

In addition to providing increased borrowing authority for FSLIC, HR 27 also would:

- Require faster clearing of checks deposited in banks. Within three years of enactment, banks must make funds available to check depositors within two business days for local checks and within five days for checks drawn on a bank in another Federal Reserve System region.
- Allow thrifts in states hard hit by low farm and energy prices to remain in business with a net worth of as little as one-half of 1 percent, instead of the current 3 percent.
- Allow thrifts in such states to calculate their assets' worth according to more liberal accounting standards than would otherwise be used by federal regulators.
- Forbid thrifts from withdrawing from FSLIC for a period of one year after enactment. This would protect FSLIC from a sudden, impoverishing

—By Ronald D. Elving



# Senate OKs Greenspan as Fed Chairman

Concluding a confirmation process that had been largely a foregone conclusion, the Senate Aug. 3 voted 91-2 to confirm President Reagan's nomination of Alan Greenspan as chairman of the Board of Governors of the Federal Reserve System.

Greenspan, 61, a New York economist, had been recommended for confirmation by a unanimous vote of the Senate Banking Committee on July 28. (*Weekly Report* pp. 1765, 1660)

The committee chairman, William Proxmire, D-Wis., provided perhaps the only suspense of the entire process by publicly equivocating about his own vote. On the floor Aug. 3, Proxmire repeated the doubts he had previously expressed about Greenspan's ability to resist political pressure — especially from the White House.

Proxmire also bemoaned Greenspan's laissez-faire approach to the separation of banking and commerce, and belittled his economic forecasts as chairman of the Council of Economic Advisers under President Gerald R. Ford.

But Proxmire concluded his remarks by saying Greenspan possessed "excellent personal qualities" and a clear commitment to fighting inflation. Moreover, he said, "if Dr. Greenspan were denied approval, it is unlikely that the administration would appoint a better-qualified chairman."

The dissenting votes were cast by Bill Bradley, D-N.J., and Kent Conrad, D-N.D. (*Vote* 225, p. 1861)

Bradley, who is not a member of the Banking Committee but who has been active on the Third World debt issue, had indicated he would prefer a Fed chairman with greater expertise in international finance.

Bradley also said the Reagan administration should have prevailed upon former Fed Chairman Paul A. Volcker to serve a third four-year term.

By contrast, Conrad objected to Greenspan because he thought him too closely bound to the anti-inflationary Fed policies of the Volcker era.

"High real interest rates and an overvalued dollar are literally life-or-death issues for my area of the country," said Conrad. "Agriculture export markets were savaged by the extreme appreciation of the dollar from 1980 to 1985."



But other senators speaking on the nomination mixed praise for Greenspan with praise for his predecessor and awestruck bows to the power of the position.

"I am confident that Alan Greenspan is up to the heavy responsibility that faces the chairman, and that he will measure up to the very high standards of his predecessor," said Christopher S. "Kit" Bond, R-Mo. "I applaud his willingness to tackle these issues, although I might question his good judgment in being willing to do so."

Volcker, whose term expired Aug. 6, is a Democrat. He was appointed by President Jimmy Carter in 1979 and reappointed by Reagan in 1983. Greenspan is a Republican and served as an honorary officer of Reagan's 1980 presidential campaign. He has also contributed to other Republican campaigns.

Greenspan has agreed to place his extensive financial holdings in two blind trusts for the duration of his Fed service. Greenspan told the Banking Committee he would recuse himself when the Fed considers cases specifically concerning his former employers or clients.

Reagan has now appointed all seven members of the Fed's Board of Governors. He is the first president to have done so since Franklin D. Roosevelt.

—By Ronald D. Elving

exodus of its larger, healthier thrifts, which otherwise might switch to the Federal Deposit Insurance Corporation, the federal insurer for banks.

- Assess thrifts leaving FSLIC after that one year a fee equal to twice the thrift's normal federal insurance premium for the exit year and twice their assessment for the FSLIC refinancing under HR 27.

- Allow rural banks to write off loan defaults on farm property over seven years rather than one, thus enabling such banks to improve their balance sheet and weather years of low prices for commodities and farm land.

- Grant federal regulatory officers power to acquire failed banks across state lines, with greater authority to intervene before banks actually fail.

## Grumbling Over Process

Many members of the House-Senate conference committee resented reopening the agreement they had reached July 1 for any reason, much less to accommodate the wishes of the administration.

But the chairmen prevailed, and the conferees sent the Baker compromise to the House and Senate floors for final clearance.

Members of the House Rules Committee were asked to expedite floor consideration without having seen the final bill's full language. The committee complied, but on adoption of the conference report in the House, a fourth of all the "nay" votes were cast by disgruntled Rules Committee members (Joe Moakley, D-Mass.; David E. Bonior, D-Mich.; and Anthony C. Beilenson, D-Calif.)

And Rules Committee Chairman Claude Pepper, D-Fla., took the floor to remind St Germain pointedly of the promised hearings and successor legislation.



**Cap on Interest Rates Rejected:**

# Credit Card Rate Disclosure Ordered by House Committee

The House Banking Committee Aug. 4 approved legislation (HR 515) that would require banks, retail stores and other issuers of credit cards to disclose interest rates and other information to potential card holders.

But the committee did not include a controversial provision, previously approved in subcommittee, that would limit credit card interest rates.

The bill as approved by voice vote was a substitute for the version endorsed March 18 by the Subcommittee on Consumer Affairs and Coinage. (*Weekly Report* p. 523)

The interest-rate limit was rejected on another voice vote, after its sponsor, Frank Annunzio, D-Ill., had said he would not seek a recorded vote in committee. Annunzio said he would renew his fight for a rate limit when the bill comes to the floor.

**Interest Rate Limits . . .**

Annunzio's amendment would have set the credit card interest ceiling at 8 percentage points above the rate of return for a one-year Treasury bill. Thus, if the one-year Treasury bill return was 6.5 percent (approximately the current level), credit card issuers could charge their customers no more than 14.5 percent for the unpaid balance in that month.

Some banks and other credit card issuers now charge customers more than 20 percent on at least some portion of a card holder's unpaid monthly balance. The national average for such rates is higher than 18 percent. It has remained in the high teens despite a generally lower cost of money to the card issuers in recent years.

Annunzio lashed out at what he called "plastic loan-sharking," saying "loan-shark criminals were angels compared with the interest rates being charged by American bankers."

He dismissed the argument that rate caps would deny credit cards to less affluent borrowers, saying economists who made such predictions "have more axes to grind than Black & Decker."

But Annunzio appeared to be

standing alone at the sparsely attended committee session.

Stephen L. Neal, D-N.C., said the cap would drive out some card-issuing companies, because credit cards entailed higher losses than any other form of lending. He also said issuers who stayed in the business would simply introduce new fees to cover the difference.

**. . . Or Full Disclosure?**

Charles E. Schumer, D-N.Y., and Doug Barnard Jr., D-Ga., cosponsors of HR 515, said disclosure was a more effective weapon against exorbitant fees than a cap.

"I am strongly opposed to any concept of price controls," said Barnard, "since time and again they've been proven not to work."

Schumer said that consumers would resist the higher rates themselves once they knew about them in advance.

"I believe the market will crack with the advent of tough disclosure," Schumer said, noting that some smaller issuers were already below the cap Annunzio proposed, and that "one of the big boys," American Express, had begun to offer some accounts a 13.8 percent interest rate.

The committee's ranking Republican, Chalmers P. Wylie of Ohio, likewise called himself "a strong proponent of disclosure."

The bill as approved by the committee will require that all credit card solicitations, including those conducted by mail and telephone, disclose:

- The annual percentage rate charged on the monthly unpaid balance of an account.
- The annual fee or transaction fee charged to card holders.
- The terms of any grace period during which the card holder can avoid any interest charge or other fee by paying his account balance in full. ■

## House OKs Minting of Olympic Coins

By voice vote, the House Aug. 6 approved legislation directing the minting of commemorative gold and silver coins for the benefit of the 1988 U.S. Olympic Committee.

The bill (HR 2741) would direct the U.S. Mint to strike 1 million gold coins and 10 million silver coins for direct sale to the public.

Coins in both metals would contain 10 percent alloy. The gold coins would contain 0.24 ounces of gold and bear a face value of \$5. The silver coins would contain 0.77 ounces of silver and bear a face value of \$1.

The face value, however, is a nominal amount intended only to establish that the coins would be recognized as legal tender in that amount. Each coin would sell with a surcharge of \$35 (gold) or \$7 (silver), and its actual price would fluctuate with the market value of the metal it contained.

The design of the coins is to be chosen by the secretary of the Treasury in consultation with the U.S. Olympic Committee and the Commission of Fine Arts. Profits from sale of the coins, which could reach about \$105 million, would finance training centers and other expenses of U.S. athletes preparing for the 1988 Olympic Games planned for Korea and Canada.

A similar minting of gold and silver coins for the 1984 Olympic Games in Los Angeles raised about \$73.5 million, according to Rep. Frank Annunzio, D-Ill., chairman of the Banking Subcommittee on Consumer Affairs and Coinage, who introduced the current bill and the 1984 bill.

The Banking Committee approved HR 2741 just hours before the House passed it. Sen. Alfonse M. D'Amato, R-N.Y. has introduced a companion bill (S 1587).

At a hearing before Annunzio's subcommittee Aug. 4, members watched performances on the parallel bars by Scott Johnson and Bart Connor, gold medalists on the 1984 U.S. Olympic gymnastics team. Joyce Wilbourn, an aspirant to the 1988 Olympic team, also performed on the balance beam. After each exercise, committee members dutifully held aloft scorecards marked "10" — signifying a perfect score.

—By Ronald D. Elving

# House Panel Approves Farm Credit Shake-Up

The House Agriculture Committee Aug. 6 approved sweeping legislation that would not only overhaul the ailing Farm Credit System but also change rural credit services across the United States.

But for the third time in three years, the panel backed away from actually giving the system the money it needs to stay afloat.

Members instead voted to send that politically risky decision over to the Appropriations Committee. Rather than put a dollar figure on what is, in the first place, a bailout for the quasi-federal lending network, members decided on language that would simply authorize "such sums as necessary." This leaves it to Jamie L. Whitten, D-Miss., chairman of the Appropriations Committee and its Agriculture Subcommittee, to determine what to pay to help the system in each of the next five years.

It also leaves to another day — and a separate appropriations bill — the dilemma of either finding funds to cover the \$4 billion to \$6 billion cost of the bailout, or else voting to let it increase the federal deficit.

Climaxing a marathon Aug. 5 markup session that ended in the early morning hours of Aug. 6, the Agriculture panel voted 41-2 to approve the bill (HR 3030), with only Jerry Huckaby, D-La., and James M. Jeffords, R-Vt., voting against it.

Speaker Jim Wright, D-Texas, scheduled the bill for floor action the week of Sept. 7, after the summer recess. Agriculture Chairman E. "Kika" de la Garza, D-Texas, said the bill should satisfy most House members.

"No one's entirely happy. But then no one's saying it's a no-good communist bill. It's somewhere in the middle, which is what good legislation should be," he said.

The administration has not taken a position on the committee's bill. A Treasury Department spokesman said the administration favors some of the provisions to revamp the system but opposes aspects of the funding scheme and other provisions relating to com-

mercial lenders and the Farmers Home Administration (FmHA).

## Republicans on Board

The fast-paced committee action the week of Aug. 3 came in sharp contrast to the panel's deliberations the week before, when partisan bickering kept members from making progress. (*Weekly Report* p. 1738)

To clear the roadblock, de la Garza appointed a task force to deal with a highly contentious proposal to create a secondary market for agricultural real estate loans. This was sought by commercial banks and insurance companies as the price of their support for a system rescue.

The secondary market posed the question of whether it would create a competitive advantage for commercial lenders and thus impair the system's ability to repay a federal loan. The task force used the issue to delve into the very mission and structure of the system itself.

Meanwhile, de la Garza returned to public markup sessions to deal with the myriad of related issues that made the system bailout package one of the most complicated issues the Agriculture Committee has ever dealt with. (*Background, Weekly Report* p. 1627)

One by one, committee members worked out compromises on controversial points in the bill and one by one, senior Republicans were brought back into the fold.

First, Timothy J. Penny, D-Minn., E. Thomas Coleman, R-Mo., and Ron Marlenee, R-Mont., agreed Aug. 3 on language imposing new loan restructuring and "borrowers' rights" requirements on the FmHA, an agency of the Agriculture Department. Their proposals, opposed by the administration, would require FmHA to restructure delinquent loans, if that would be cheaper than proceeding with foreclosure. They would also authorize \$5 million a year for matching grants to states that set up mediation programs for delinquent borrowers.

By Aug. 4, the secondary market task force had worked out language acceptable to ranking Republican Edward R. Madigan of Illinois and Steve

Gunderson, R-Wis., that would create a secondary market within the Farm Credit System that commercial banks and insurance companies could use to pool real estate loans for sale as tradable securities.

Madigan and administration officials had argued that establishing a secondary market within the system would give federal funds and an implicit government backing to commercial lenders' securities. So to preserve the competitiveness of institutions within the system, the task force gave them another trading option: Besides being able to pool land loans in the new market, system banks also would be allowed to sell securities backed by short-term loans for farm operations, rural utilities and farm cooperatives.

Banking and insurance lobbyists fought hard to remove this second secondary market from the bill, but Madigan made it one of his conditions for approval of HR 3030. Democratic leaders pushed it through over the objections of Richard H. Stallings, D-Idaho, and David R. Nagle, D-Iowa.

At last, on Aug. 5, the committee turned to the actual bailout question. Members rejected a scheme to let the system float a new bond issue, backed by its few remaining assets, to cover the banks' projected losses. A Treasury official said such bonds would never attract investors, and the Congressional Budget Office determined that a federal bond guarantee would involve the same budget outlays as giving the system cash.

The difficulty of waiving the budget law for new spending measures made a direct bailout unattractive to most committee members. Glenn English, D-Okla., argued for giving the system \$4 billion outright, but found few supporters, even though he proposed to offset the cost with asset sales of loans held by the FmHA.

In the end, the vague wording on funding was adopted by voice vote.

Madigan said the committee would encounter less opposition from the Reagan administration and conservative Republicans if members left the dollar figure open and began laying plans to overhaul the system's

—By David Rapp





***"No one's entirely happy. But then no one's saying it's a no-good communist bill. It's somewhere in the middle."***

**—E. "Kika" de la Garza, D-Texas**

structure. No bailout figure would pass, he maintained, if it appeared the system was not going to make any changes in its failing operations.

"I don't want to go to the floor with something that's going to be held up to ridicule," Madigan said.

### **Stenholm Backs Shake-Up**

To that end, the committee ultimately approved the most radical re-organizational plan for the system since 1971, when Congress brought the diverse confederation of lending institutions under one statute (PL 92-181).

By a 22-12 vote, the panel agreed to an amendment by Charles W. Stenholm, D-Texas, to erase the 12 regional boundaries in the system and trim the 37-bank network down to no more than seven institutions.

Stenholm's plan would eliminate the 12 district federal intermediate credit banks and 12 federal land banks that now distribute financing to local lending associations, and replace them with up to six full-service banks. The current 12 regional banks for cooperatives and one Central Bank for Cooperatives would be merged into one.

Local production credit associations and land bank associations would retain, and in the case of the land banks expand, decision-making powers over interest rates and loan approvals.

Stenholm's restructuring package followed approval of two other amend-

ments that would change the way the system raises much of its capital and the way it manages bad loans.

By voice vote, the panel agreed to another Stenholm amendment that would revise the way farmers obtain voting stock in their cooperative lending associations. Currently a farmer-borrower must buy stock each time he takes out a loan, at a rate of 5 percent to 10 percent of his loan volume. The farmer can redeem his stock when he pays off the loan.

Borrower stock now makes up more than \$4 billion of the system's remaining capital, but as losses keep mounting, credit-worthy borrowers are cashing in their stock. Indeed, the entire bailout effort centers on proposals to put a federal guarantee on the stock so struggling system banks can dip into that remaining capital.

Stenholm's plan would still require borrowers to obtain stock, but only at set fees, not as a percentage of their loans. Stock could not be redeemed when loans are repaid, although farmers would hold voting rights on the stock for two years after a loan matures. The system could use the stock to build up capital reserves, which would have to be maintained at minimum levels similar to the commercial banking industry's. System banks could also raise capital by selling non-voting stock to non-farmers.

A key issue in the rescue efforts has been how much federal control

would be imposed on system banks receiving government funds. The committee, by voice vote, agreed to set up a new government-appointed board to handle bailout money and impose conditions on banks that receive it.

The system's proposal would have created a government board to distribute federal money, but otherwise would have left most decisions to a recipient bank's own officers and directors.

Rescue legislation in 1985 (PL 99-205) created a special Farm Credit Capital Corp. to take over troubled loans of individual banks and assess profits of healthy banks to cover losses of their weaker sisters. The corporation, controlled by system-appointed officials, was empowered to handle any federal funds. But it has been attacked by healthy banks whose profits have been assessed, and by struggling banks who object to its tactics in taking over troubled loans.

Under a compromise worked out by Huckaby, Coleman and English, the capital corporation would be abolished and a new, federally controlled Temporary Assistance Corporation would be given far-reaching powers over system banks that get federal aid.

All system banks would have to submit business plans to the assistance corporation. Any institution whose borrower stock becomes impaired would be required to seek assistance from the board, which would have power to order revisions in business practices and otherwise ensure that the institutions are accountable for their lending decisions.

Capital corporation officers would be barred from the new board. "We wish to give the capital corporation a proper burial by this amendment," Coleman said.

It was adopted by voice vote after the panel rejected, 8-18, an amendment by Nagle to remove the assistance corporation's power to manage bad loans or acquired property.

The committee also agreed to reverse some \$400 million in capital corporation assessments on healthy banks. They have filed numerous lawsuits blocking transfer of the money.

As the scope of the legislation began to unfold, members began to comment on its long-term implication — namely, increased federal involvement in all forms of farm lending.

"In effect, we are guaranteeing all of the agricultural loans in the nation," said English. "We're going to federalize every darn farm loan in this country."



## Leaders May Try to Override Veto:

# FCC Kills 'Fairness Doctrine,' But Congress Will Renew Fight

A decision Aug. 4 by the Federal Communications Commission (FCC) to abolish the "fairness doctrine" may have a short shelf life.

Key House and Senate lawmakers pledged to renew efforts to write the standard into law. "We will have a fairness doctrine in place . . . at the earliest possible time," said John D. Dingell, D-Mich., chairman of the House Energy and Commerce Committee.

For 38 years, the fairness doctrine — which requires broadcasters to cover issues of public importance and to present all sides of such issues — was an FCC requirement.

But the commissioners voted 4-0 to eliminate the doctrine on the grounds that it represents an unconstitutional restriction of free speech. The FCC dismissed as no longer valid the traditional argument that a scarcity of broadcasting outlets could limit expression of diverse views. The agency said that today, the large number of TV and radio stations ensures protection of free-speech rights.

Citing the scarcity rationale, the Supreme Court in 1969 upheld the constitutionality of the standard. But a federal appeals court ruled last fall that the FCC could repeal the requirement without congressional approval, and the Supreme Court June 8 denied a request to review that decision.

Anticipating that the FCC might renounce the doctrine, the House and Senate cleared a measure (S 742) to write it into law. But President Reagan vetoed the bill June 20. (*Weekly Report* p. 1401)

In his veto message, Reagan said the limits imposed by the standard were "antagonistic to the freedom of expression guaranteed by the First Amendment. In any other medium besides broadcasting, such federal policing of the editorial judgment of journalists would be unthinkable." (*Veto message, Weekly Report* p. 1404)

—By Paul Starobin

## Looking for Vehicles

After the veto, supporters indicated that they would try to attach fairness provisions to other bills that Reagan might find more difficult to resist.

Ernest F. Hollings, D-S.C., chairman of the Senate Commerce Committee, joined Dingell in vowing to continue to try to codify the doctrine.

"The American people, not the broadcasters, own the airwaves," Hollings said. "The threat today is that

not to act before sending lawmakers a report on alternative ways of enforcing the doctrine. When voting to abolish the standard, commissioners Aug. 4 agreed to ship the report to Congress.

Dingell called the FCC action "contemptuous," and said it "has not only outraged me but even members who support the FCC's position."

## 'Scorched-Earth Policy'

The action took effect Aug. 7, after official publication of the ruling. But Dingell said Congress will be "guarding against any FCC attempts to follow a scorched-earth policy and dismantle its fairness doctrine enforcement capability. The fairness doctrine should not fall prey to this administration's frequent attempts to use cuts in staff and budget to avoid enforcing laws it doesn't like."

**"We will have a fairness doctrine in place . . . at the earliest possible time."**

—Rep. John D. Dingell, D-Mich.



private interests, more motivated by profit than public interest, may limit public discourse."

Neither Dingell nor Hollings has named a target for future action, although there is speculation that Hollings has his eye on a fiscal 1988 spending measure being crafted by the Senate Appropriations Subcommittee on Commerce, Justice, State, the Judiciary and Related Agencies. Hollings chairs the panel.

Another option would be to try to override Reagan's veto. The House passed the bill 302-102, more than the two-thirds majority needed to rebuff the president, but the Senate vote of 59-31 fell short of that margin.

Dingell suggested that support for fairness legislation has increased because of the way in which the FCC handled the decision. Dingell accused the agency of reneging on a promise

The opposite view was sounded by Sen. Bob Packwood, R-Ore., who said the FCC action was "a decision for freedom of the press and free speech everywhere." Packwood has long supported repeal of the standard.

Likewise, the National Association of Broadcasters, the chief trade group for the broadcasting industry, applauded the FCC's decision, saying the agency has ended "38 years of formalized government intrusion into the First Amendment freedoms of broadcast journalists."

However, consumer activists, including Ralph Nader, said that stations might now ignore controversial issues or present only one side of such issues. Support for the fairness doctrine has also come from conservative activists such as Phyllis Schlafly who are concerned about an alleged "monopoly" by the major networks. ■

# House Refuses to Block Nuclear Plant Openings

After an acrimonious debate and a large-scale lobbying effort, the House Aug. 5 turned back an effort to stop two nuclear power plants from starting operation.

The 160-261 vote came on an amendment by Edward J. Markey, D-Mass., to an otherwise routine reauthorization (HR 1315) of the National Regulatory Commission (NRC). (Vote 309, p. 1856)

After defeating the amendment, the House passed HR 1315 by a 389-20 vote. (Vote 310, p. 1856)

The Markey amendment was aimed at the Shoreham nuclear plant in Long Island, N.Y., and another nuclear plant in Seabrook, N.H., 10 miles from Massachusetts. Both are complete, but have been unable to meet an NRC rule requiring state and local government agreement with evacuation plans for all people within a 10-mile radius.

The governors of Massachusetts and New York have argued that a mass evacuation in such heavily populated areas is impossible.

The Markey amendment would have barred the NRC from relaxing its rules to let Shoreham and Seabrook generate power. Supporters of the amendment, many of whom represent the plants' neighbors, called the reactors unsafe and said the NRC rule change would violate states' rights.

Opponents, backed by the nation's utilities and the Reagan administration, argued that the Markey amendment would set a precedent that could destroy the nuclear power industry. They said the national interest was at stake because nuclear power was needed to reduce American dependence on foreign oil.

The amendment drew scores of lobbyists and Markey blamed them for the defeat. "The most powerful lobbying group in the country was able to flex its muscles tonight," he said, but he warned that "it would be foolish to say that this is the end of the battle."

Further legislative efforts are planned, but supporters and opponents of the plants, say that the issue

—By Martha Bridegam

## Passes Two-Year NRC Reauthorization

will probably be settled by the courts.

### Passionate Debate

Proponents of the Markey amendment tried throughout the debate to prove that the bill was not anti-nuclear and would not affect the 107 nuclear plants now in operation. They said Seabrook and Shoreham are unique in that no emergency plan has been found to give local citizens as much protection as the neighbors of other nuclear plants receive.

The Federal Emergency Management Agency (FEMA) has not found

State and local officials have criticized the emergency plan developed by the owners of the Shoreham plant, the Long Island Illuminating Co. (Lilco). Under the plan, evacuees would go to Nassau Stadium, where they would shower and receive paper suits to replace their contaminated clothing.

Three Democrats from Long Island's Suffolk County — Hochbrueckner, Thomas J. Downey and Robert J. Mrazek — said every elected Suffolk County official and 85 percent of the county's population opposed the plant.

Republican Norman F. Lent, who represents neighboring Nassau County, led the battle against Markey's amendment. He raised the specter of an energy crisis, asking, "Are our memories so short that we have forgotten the



***"We are playing into the hands of the Ayatollah, who, I am sure, is glued to C-SPAN right now, wherever he may be, rooting for the passage of the Markey amendment."***

—Rep. Norman F. Lent, R-N.Y.

satisfactory emergency plans to protect residents around either plant.

Nicholas Mavroules, D-Mass., a cosponsor of the Markey amendment, said Seabrook's location was "the worst geographic area anyone could select as a site for a nuclear power plant." The area has a large summer population served by a single crowded highway.

Supporters of the Markey amendment also complained that evacuees from the Shoreham plant would have to travel over the Long Island Expressway, a thoroughfare that, according to George J. Hochbrueckner, D-N.Y., was recently gridlocked for five hours because of an overturned mayonnaise truck.

spectacle of President Carter on television wearing his sweater with the fireplace ablaze behind him?"

Markey called this argument spurious, and said less than 3 percent of the nation's electrical power comes from imported oil.

Lent attacked Hochbrueckner, who based his 1986 congressional campaign on opposition to Shoreham. "Many of us in this room were elected here on the basis of running against something," he said, "but after we get here a while we calm down a little bit and we try to become statesmen."

Hochbrueckner's predecessor, former GOP Rep. William Carney, was in Washington lobbying on behalf of the utilities during the vote. Carney did



# Panel Votes to Create Nuclear Safety Board

The Senate Governmental Affairs Committee Aug. 4 approved legislation creating an independent board to oversee the safety of nuclear facilities owned and operated by the Department of Energy (DOE).

The bill (S 1085), approved by voice vote, establishes the Nuclear Safety Board to evaluate health and safety standards at DOE, make recommendations to improve those standards and to investigate any incidents the board deems potentially threatening to the public.

The bill also requires that the board be consulted prior to the construction of any new DOE nuclear facilities and that it make recommendations to help improve safety in construction and design.

The secretary of energy would be required to report to Congress on which board recommendations he planned to implement and to explain his reasoning to Congress should he choose not to implement a board proposal.

To fund the board, the bill authorizes \$5 million for each of fiscal years 1988-93.

## Board Makeup

The board would be composed of three nuclear energy experts to be appointed by the president, subject to Senate approval. No more than two of the appointees could come from the same political party.

In making the initial appointments to the board, the president would choose one member to serve for two years, another to serve for four years and the third to

serve for six. Thereafter, all appointees would serve six-year terms.

S 1085 would also apply the health and safety standards of the Occupational Safety and Health Administration (OSHA) to all DOE nuclear facilities. Those facilities are exempt from OSHA standards under current law.

The bill also establishes a "radiation study advisory board," to advise and assist the secretary of energy in conducting studies on the effects of radiation. That board would consist of eight members appointed by the secretary of Health and Human Services, two members appointed by the secretary of labor, and one member appointed by the secretary of energy.

## Amendments Adopted

By voice vote, the committee approved an amendment, offered by Republican John Heinz of Pennsylvania, calling for a study of the safety of the methods and routes by which nuclear fuel is transported.

The panel also approved by voice vote two amendments offered by William V. Roth Jr. of Delaware, the ranking Republican on the panel. One requires the Nuclear Safety Board to report to Congress on its activities after five years in operation and for Congress to decide then whether the board should remain in existence. The second amendment limits to 100 the number of staff personnel to be employed by the board.

—By Tom Watson

not seek re-election in 1986 after his strong support for the Shoreham plant had eroded his chances of winning.

## States' Rights

Utility lobbyists and floor opponents of the Markey amendment complained that the affected state and local governments supported — or at least did not oppose — the nuclear reactors until after the utilities had made major investments in them.

Markey argued that the NRC had refused a hearing for 12 years to the state governments of Massachusetts, New Hampshire and New York. Although New Hampshire's government has now accepted the plant, all three states criticized the two locations in the early 1970s.

He said the NRC had denied repeatedly that it would be prejudiced by the utilities' investments in their plants, saying the investments were a risk those companies must bear.

However, Markey noted that the NRC is now using cost as a reason for changing its rules. In January of this year the NRC said, "A forced aban-

donment of a completed nuclear plant for which billions of dollars have been invested also poses obvious serious financial consequences to the utility ratepayers and taxpayers." The utilities have spent about \$4.8 billion on the Seabrook plant and about \$5 billion on Shoreham.

"It is just wrong to allow a federal agency packed with nuclear supporters to change the rules," said Markey.

Supporters of the amendment — most of whom were liberal Democrats — took on an unaccustomed role as defenders of states' rights. "Should this decision rest with millions of citizens through their highest elected state officials or with a handful of bureaucrats here in Washington?" asked Joseph E. Brennan, D-Maine, a former governor of that state.

Carlos J. Moorhead, R-Calif., summed up the opposition view, saying, "The debate . . . is being cast as a classic confrontation between state and federal rights; but the real issue is not rights. It is what to do when a clash of rights threatens the national

interests, when compelling national interests must prevail."

Some linked the amendment to U.S. involvement in the Persian Gulf, which they said would not be necessary if the United States depended less on imported oil.

Lent said, "We are playing into the hands of the Ayatollah [Ruhollah Khomeini of Iran], who, I am sure, is glued to C-SPAN right now, wherever he may be, rooting for the passage of the Markey amendment."

Although most Republicans opposed the amendment, the issue raised more regional antagonisms than party conflicts.

Opponents of the Markey amendment said the populations around both nuclear plants should not be allowed to "export their garbage and import their energy."

When Don Ritter, R-Pa., expressed concern for the two areas' economies, should they be denied nuclear electricity, Markey observed that Massachusetts' unemployment rate is half Pennsylvania's. "We are doing quite well, thank you," he said.



## Strong Lobbying

Among the Markey forces' appeals was a letter from eight Democratic presidential candidates supporting the amendment and calling the two plants unsafe. But the AFL-CIO, the National Association of Manufacturers and energy organizations opposed the amendment.

Lobbyists on both sides organized groups of "concerned citizens" to make their case to members of Congress. The amendment's proponents came Aug. 3. About 400 citizens from Massachusetts, New Hampshire and Long Island bent ears and arms in Congress, then held a rally on the Capitol steps.

On Aug. 4, it was the utilities' turn. Fourteen busloads of "Citizens for Shoreham Electricity," which paid for the trip, and 150 volunteers from Seabrook arrived on Capitol Hill with green folders full of photocopied letters for House members.

One group consisted of Roger Wilkinson and Bob Lawrence — both consultants employed by the Shoreham plant — as well as Mark and Jane Potkin with their three children. Mark Potkin, an engineer at the plant, said, "It's a good experience for the kids" to visit Washington. The Potkins' 9-year-old son explained that Shoreham was surrounded by sod-grass farms, not people. Their twin girls, proudly claiming the age of 5½, wore buttons reading, "America needs Shoreham" on their matching star-spangled blouses.

All had boarded a motor coach at 4:30 a.m. for the six-hour ride to Washington. On arrival, they hit the Cannon and Rayburn buildings until noon. Afterwards, most of the 800-odd citizen lobbyists waited to enter the House galleries in lines that stretched through the third-floor corridors nearly to the Senate chamber. The buses returned to Shoreham at one o'clock the following morning.

## More to Come

After the vote, both sides looked to the future.



Rep. Edward J. Markey, D-Mass., center, meets with colleagues to map strategy on his amendment to the NRC reauthorization bill. With him are, from left, Reps. Nicholas Mavroules, D-Mass., Robert J. Mrazek, D-N.Y., Thomas J. Downey, D-N.Y., and George J. Hochbrueckner, D-N.Y.

George Edwards, president of United Illuminating (Seabrook's second largest owner), said the vote "sent a loud and clear message" that the Nuclear Regulatory Commission is in charge of public safety as it relates to nuclear power plants.

Edwards said Seabrook would submit its own safety plan to the NRC by mid-September, and the plant would probably begin selling power in the latter half of 1988.

Michael Phillips, counsel for the Union of Concerned Scientists, a group that supported the Markey amendment, said a decision Aug. 4 by the U.S. Court of Appeals for the District of Columbia set a precedent that may block the NRC rule. A three-judge panel held that the NRC may not consider the cost of safety features when it sets standards for a nuclear power plant. Instead, the court ruled, it must consider only safety factors.

Edwards said of the NRC rule, "I feel sure that the opponents of Seabrook will appeal anything that's done but that doesn't mean that stays [on the plant's operation] will be granted by the courts."

Both the Long Island Illumination Co. and Seabrook's major owner, the Public Service Co. of New Hampshire, say they are in financial trouble because of their investments in the nu-

clear plants. The Public Service Co. recently announced that it would raise rates and stop providing new electric hookups until it edges farther away from bankruptcy.

## NRC Reauthorization

HR 1315 is a two-year reauthorization of the Nuclear Regulatory Commission. It authorizes \$427.8 million for fiscal 1988 and \$422.6 million for fiscal 1989.

By voice vote, the House adopted an amendment, by Jim Slattery, D-Kan., requiring nuclear plants to underwrite the entire NRC budget, instead of 75 percent of it, as proposed in the bill. That will mean paying an average of \$3.3 million per nuclear plant.

The House also approved by voice vote an amendment by Dennis E. Eckart, D-Ohio, to bar the NRC from closing meetings to the public.

William E. Dannemeyer, R-Calif., offered an amendment to reorganize the NRC, but withdrew it after members promised to give it attention later.

HR 1315 was approved by the Interior Committee and the Energy and Commerce Committee (H Rept 100-90, Parts 1, 2, 3). Differences between the two committees' reports were resolved in HR 3037, a clean compromise measure that was then offered as a substitute for the text of HR 1315. ■

**Treasury Would Guarantee Compensation:**

# Panel OKs Reauthorization of Price-Anderson

The Senate Environment Committee Aug. 4 approved a bill that would make the U.S. Treasury the final guarantor of damage-compensation payments in a major nuclear accident.

But that approach drew an immediate veto threat. Both Energy Secretary John S. Herrington and Assistant Attorney General John R. Bolton wrote the committee to say their departments would urge President Reagan to veto such a bill.

The bill, still unnumbered, reauthorizes the 1957 Price-Anderson Act (PL 85-256), which limited the liability of nuclear utilities in case of an accident and set up a "no fault" system for paying major damage claims.

Congress has gone into overtime working to reauthorize Price-Anderson since the Aug. 1 expiration of part of the law. The lapsed provisions give the Department of Energy (DOE) authority to pay damages caused by its contractors doing nuclear research, fuel processing, weapons production and waste disposal.

The House passed its own \$7.4 billion Price-Anderson reauthorization bill (HR 1414) on July 30. The Senate Energy Committee approved a bill (S 748 — S Rept 100-70) May 20. It renewed DOE's authority but did not address issues affecting commercial utilities. (*Weekly Report* p. 1731)

Senate Environment is the last of five House and Senate committees to mark up a Price-Anderson bill this year. Leaders of the Energy and Environment committees may try to negotiate a compromise vehicle to bring to the Senate floor after the August recess.

## Three Layers of Coverage

The Environment Committee bill, approved 16-0, was a bipartisan measure, developed jointly by John B. Breaux, D-La., chairman of the Subcommittee on Nuclear Regulation, and its ranking Republican, Alan K. Simpson of Wyoming.

The bill departs from most earlier approaches to Price-Anderson by making the Treasury the ultimate backstop for paying nuclear damages.

Historically, nuclear-insurance coverage has consisted of three layers. The first is the maximum commercial

liability coverage utilities must buy (now \$160 million). Once claims exhaust that amount, there is a second layer of coverage in which each nuclear utility pays a "deferred premium." The deferred premiums, which would be assessed after an accident at a nuclear plant, would go into a pool, producing under current law another \$550 million.

The Environment bill raises the maximum deferred premium from \$5 million to \$60 million per reactor per accident. For the 109 reactors now operating, that would yield \$6.54 billion, bringing the total of first- and second-layer coverage to about \$6.7 billion.

If claims from a utility accident exceed the first- and second-layer coverage, under current law, further claims will go unsatisfied unless Congress acts. Price-Anderson contains a general promise that Congress will act, but Congress is not legally obliged to do so. That promise is the third layer.

The House-passed bill, while it sets out a more specific mechanism for putting a third-layer payment plan before Congress, still leaves excess claims unsatisfied unless Congress acts.

The Senate Environment bill provides a more definite third layer. First, it provides two detailed timetables for the president and Congress to decide on how further damage claims will be paid. Second, if Congress does not act in time, the bill makes available a permanent appropriation of an indefinite amount of money to pay valid claims.

This unusual mechanism, called the "judgment appropriation," was created in 1956, and has been used to pay claims against the government involving swine flu vaccine and the fabric fire-retardant chemical called "tris."

The Environment Committee bill would specifically authorize use of the judgment appropriation to pay excess claims under Price-Anderson.

The Environment bill also sets forth two alternative scenarios by which Congress can decide on a third-layer funding mechanism.

Under the first, Congress does nothing while a court adjudicates damage claims. Once the judgment becomes final, Congress would have 180 days to come up with a way of paying for damages beyond the first two layers of coverage. If Congress did not

act, the excess would be paid out of the judgment appropriation.

Under the second scenario, the president could submit to Congress findings that damages might exceed the limit, that Congress should consider alternative mechanisms for settling the claims, and that court proceedings should be suspended. At the same time, he would have to submit his own plan for handling the claims. Congress could act to suspend the court proceedings, but if it did not act on the president's plan within 180 days, court proceedings would go ahead.

For both scenarios, the bill sets out detailed, step-by-step timetables and includes automatic discharge of committees and time limits on floor debate to prevent delay.

The third-layer proposal was challenged by Robert T. Stafford, R-Vt., who offered an amendment that would have swept away both the judgment appropriation and the two scenarios for expedited congressional action — leaving excess claims unpaid until Congress acted on presidential recommendations under its normal procedures. The Stafford amendment, which parallels the House bill, was defeated on an 8-8 tie vote.

Stafford in 1986 had put forth a proposal assigning virtually unlimited liability to the utilities themselves. Utilities have vehemently opposed that plan.

Jack Kearney, a representative of the Edison Electric Institute, said the Environment Committee's third-layer mechanism was generally acceptable to utilities. But Jill Lancelot, representing the National Taxpayers' Union, said that group opposed it, and that utilities, rather than taxpayers, should pay for nuclear power plant accidents.

In another close vote, the committee rejected 8-8 an amendment by Daniel Patrick Moynihan, D-N.Y., that would have strengthened the power of state and local governments to block the start-up of nuclear power plants. Moynihan's amendment would have applied to situations in which local authorities refuse to take part in evacuation planning, as they have for the Seabrook plant in New Hampshire and the Shoreham plant on Long Island, N.Y. The House voted against a similar amendment Aug. 5. (*Story*, p. 1797) ■

—By Joseph A. Davis



**Preparing for Hearings:**

# Homework for the Recess: Studying the Bork Record

Dennis DeConcini headed home for the August recess looking as though he were going back to law school.

The senator flew back to Tucson, Ariz., loaded down with Robert H. Bork's judicial opinions, his speeches and articles, and analyses of the Bork record by other lawyers.

What he can't take with him, DeConcini said, his staff will send later.

An Arizona Democrat, DeConcini is a member of the Judiciary Committee, and by all accounts, he is one of three critical swing votes on Bork's nomination to the Supreme Court.

The committee is scheduled to begin hearings on the nomination Sept. 15, and DeConcini's recess plans mirror those of colleagues on the 14-member panel. In between their meetings with constituents, they, too, will be boning up on Bork, who was nominated July 1 to replace Justice Lewis F. Powell Jr. (*Weekly Report* p. 1735)

In the week before the recess, the senators continued to be peppered with information touting Bork's strengths and weaknesses.

Two groups announced national campaigns Aug. 4 urging the Senate to give Bork a critical examination. And a consumer-oriented lawyers' organization, the Public Citizen Litigation Group, released a 123-page analysis of Bork's record showing, the group said, that as a judge on the U.S. Court of Appeals for the District of Columbia, Bork regularly voted in favor of business and against consumers, environmental groups and workers.

The week of Aug. 3, a pro-Bork group, Coalitions for America, began airing radio spots supporting the nominee, and a group of Republican House members — who have no formal role in the nomination process — made floor speeches backing Bork.

In addition, Bork received an unusual vote of confidence from Justice

John Paul Stevens, a moderate-to-liberal member of the high court, who told a lawyers' group that Bork was highly qualified and should be confirmed.

**Hearing Dates Set**

Despite pressure from Republicans to move up the confirmation hearings, Judiciary Committee Chairman Joseph R. Biden Jr., D-Del., said Aug. 5 that he was sticking to his original schedule. But he told committee members that his "target date" for the panel's vote on the nominee was Oct. 1. Republicans have accused Biden of stalling and have demanded a "date certain" for a decision. They want Bork confirmed in time for the start of

man Lear, announced a national radio and newspaper campaign calling on the Senate to "take a very close look at Robert Bork."

One of their newspaper ads says that a court nominee is supposed to be independent and not a "White House 'team player.'" Then it suggests several things senators should consider, including whether Bork is fair-minded, whether he believes in equal justice and whether he will protect free speech. In each category, the ad is critical of Bork.

The radio spot said, "Justice may wear a blindfold. But the Senate shouldn't. An active Senate role in the confirmation process is the American way."

At a news conference unveiling the campaign, John H. Buchanan Jr., chairman of the organization, called Bork "a possible if not probable threat to the constitutional rights and liberties of American citizens."

The same day, the Judicial Selection Project, part of the Alliance for

***"I do consider [a nominee's] ideology to be an essential element of his qualifications for this lifetime appointment."***

—Sen. Terry Sanford, D-N.C.



the new court session Oct. 5.

Biden emphasized that the Oct. 1 date was not a "commitment" because more time might be required to hear witnesses.

Biden also set Sept. 9-10 for hearings on U.S. District Judge William S. Sessions of San Antonio, President Reagan's nominee to head the FBI. Biden said he believed the committee could vote on the Sessions nomination Sept. 11. (*Weekly Report* p. 1737)

**Anti-Bork/Pro-Bork**

On Aug. 4, People for the American Way, a liberal lobbying group founded by television producer Nor-

Justice, a Washington, D.C.-based civil rights group, kicked off a drive to organize college students against Bork.

A booklet handed out to students during a briefing at the Capitol said the purpose of the campaign was "to effectively demonstrate to your senator the massive opposition of the American public to the Bork nomination."

On the other side, the conservative group, Coalitions for America, and the American Conservative Union began running radio advertisements in Washington, D.C., supporting Bork. In addition, the group ran similar newspaper ads in Washington, New

—By Nadine Cohodas



York, Los Angeles and Chicago.

The radio ad says that the Senate's job is "to determine whether Judge Bork is suited by his legal scholarship and experience" to be on the court. "Judge Bork believes that judges should not overturn laws passed by our elected officials merely because they personally disagree with them," the ad says. "This judicial philosophy will restore government by the people."

### The Senate's Role, Redux

Debate on the scope of the Senate's advice-and-consent role continued during the week. On Aug. 5, two freshman Democrats, both from the South, went to the floor to argue for a broad Senate role in Bork's confirmation, though each said he had not made up his mind on the nomination.

Wyche Fowler Jr., Ga., said the Senate had to do more than "rubber stamp" a judicial nominee, adding that

ing such a widespread inquiry. Dole had said that to consider a nominee's political and social views, as opposed to his fitness for service, would be inappropriate.

"While I have the utmost respect for both gentlemen, their arguments miss the point," Sanford said. "Surely they jest."

But Mitch McConnell, R-Ky., took the floor and argued for a narrower Senate investigation. "What I worry about ... is that the Senate [will] reach an unfortunate decision that anything that is relevant to the president's consideration is relevant to our consideration, and that will be a formula for gridlock."

Patrick J. Leahy, D-Vt., another Judiciary Committee member, went to the Senate floor Aug. 6 to give his arguments for a broad Senate inquiry. Referring to the president's right to make a nomination, Leahy said, "We

as "a judicial philosophy that in administrative law cases requires courts to defer to the executive branch."

The analysis of Bork's decisions, the study said, "found that Judge Bork generally adhered to this philosophy only in cases brought by individuals or organizations other than a business."

In 48 of 50 split decisions, the study said, Bork voted against access to the courts for individuals who had sued the government. The study said further that Bork does not support the First Amendment rights of individuals, "as evidenced by four cases in which he voted against First Amendment claims of political demonstrators."

At the news conference, Alan B. Morrison, director of the litigation group, rejected what he said was the administration's effort to paint Bork as a "moderate, middle-of-the-road" replacement for Powell. "If you are looking for a moderate, you are not going to find that in Judge Bork," Morrison said.

A spokesman for the Justice Department, Patrick S. Korten, quickly rejected the group's study. "What we have here is a very clever attempt to skew the statistics by some very careful selection of the cases they chose to study," Korten said. "They chose to look only at divided panels. In doing that, they virtually ignored 86 percent of the cases on which Bork sat."

The Center for Judicial Studies, a conservative legal organization headquartered in Cumberland, Va., plans to have its own analysis of Bork's record available in late August.

Dan Peterson, the center's executive director, labeled the survey "distorted" because it focused on the split cases. Even in those cases, Peterson said, Bork voted with the majority about two-thirds of the time.

Peterson said when all of Bork's cases are considered, he voted with the majority 94 percent of the time.

But Paul Alan Levy, another litigation-group lawyer, defended the focus on the split cases. Levy said that the appeals court, unlike the Supreme Court, cannot pick and choose which cases it wants to hear. The bulk of its cases, he said, either are not controversial or deal with well-settled law.

"You can always point out and say he was in the mainstream, he joined the majority. That's the nature of the job," Levy said. "But it's not a fair way to judge the way he is going to behave on a different court ... where they select their cases."



***"If you are looking for a moderate, you are not going to find that in Judge Bork."***

**—Alan B. Morrison, Public Citizen Litigation Group**

the American public "deserves a full examination of the advisability of seating any nominee on the highest court of the land."

Fowler contended that "it is the president who has made the ideological content of the judiciary an issue," and he added that the sort of individuals who should be on the court are "men and women with sound judicial ideals, not political ideologues — to the left or right — with predetermined agendas."

Following Fowler to the floor, Terry Sanford, N.C., echoed his colleague's claim, noting that "the president has been fairly explicit in saying ideology was a factor" in choosing Bork.

"I do consider [a nominee's] ideology to be an essential element of his qualifications for this lifetime appointment," Sanford said.

He chided Minority Leader Robert Dole, R-Kan., and Alan K. Simpson, R-Wyo., the assistant minority leader, for remarks last month criticiz-

are equal partners in this."

### The Bork Record

The Public Citizen Litigation Group, a component of consumer activist Ralph Nader's Public Citizen, unveiled its report Aug. 6, which reviewed the 400 cases Bork has participated in and his 144 judicial opinions.

The lawyers focused on 56 "split decisions," which occurred mostly on controversial cases in which one or more judges disagreed with the majority and filed a dissenting decision.

William B. Schultz, who directed the study, said that Bork's positions "can be predicted with almost 100 percent certainty simply by identifying the parties to the lawsuit. Judge Bork's votes cannot be explained by the consistent application of judicial restraint or any other judicial philosophy."

The study challenged the notion that Bork is a proponent of "judicial restraint," which the lawyers defined

## Senate Passes Package of Three Antitrust Bills

A package of legislation designed to improve antitrust enforcement has been passed by the Senate.

The bill (S 1068), passed by voice vote July 31, is a compendium of three measures approved by the Judiciary Committee.

One part of S 1068, which was approved by Judiciary April 29 as S 431 (S Rept 100-88), lets the Justice Department and the Federal Trade Commission (FTC) review proposed mergers of large partnerships.

Currently, partnerships that launch takeover bids are not covered by reporting provisions of the antitrust laws that apply to mergers of corporations. During brief floor remarks July 31, chief sponsor Howard M. Metzenbaum, D-Ohio, said lack of coverage of partnerships "enables wealthy individuals to structure mergers so that they not be reported to the government."

Metzenbaum noted that the attempted takeover of Goodyear Tire and Rubber Co. by Sir James Goldsmith and the attempted takeovers of

Phillips Petroleum Co. and Diamond Shamrock Corp. by T. Boone Pickens "were structured to take advantage of this loophole."

This section of S 1068 would require review of mergers involving partnerships if at least \$10 million in assets is involved and one partner is a general partner or one partner has the right to at least 50 percent of the profits of the partnership. (*Weekly Report* p. 871)

The second section of S 1068 amends current law to give the Justice Department and the FTC more time to review proposed mergers to determine their effect on competition in the marketplace. (*Weekly Report* p. 1078)

The bill, which was approved by the Judiciary Committee in May as S 432 (S Rept 100-115), extends the review time from 25 to 40 days. It also provides that in the case of an especially large or complex merger, the government can ask a federal judge for up to 25 additional days.

These first two parts of S 1068 amend the 1976 Hart-Scott-Rodino antitrust law (PL 94-435), which cre-

ated new procedures for review of mergers. (1976 *Almanac* p. 431)

The third part of S 1068, which was approved by the Judiciary Committee in May under that number (S Rept 100-89), changes the antitrust law that bars a person from serving as a director of two competing corporations — so-called "interlocking directorates."

Currently, directors must comply with the ban if they serve on two competing companies worth at least \$1 million. The bill raises that amount to \$10 million.

An exception exists when there is a very small overlap in competition.

House Judiciary Chairman Peter W. Rodino Jr., D-N.J., has introduced a bill (HR 586) that includes the extension of time for merger review and the partnership provisions. But it does not include the interlocking directorate provisions.

However, Rodino's bill includes another, more controversial provision that would require an "economic impact" statement of proposed mergers. ■

## Senate Passes Justice Department Authorization

The Senate has passed legislation authorizing Justice Department programs for the next two fiscal years.

The bill (S 938 — S Rept 100-72) is noteworthy because it is the first authorization that spans two years rather than one. Chief sponsors Joseph R. Biden Jr., D-Del., the chairman of the Judiciary Committee, and Strom Thurmond, S.C., the ranking Republican, said the two-year authorization would require more long-range planning by the Justice Department and would let Congress do a more comprehensive review of departmental programs.

The Senate approved the measure by voice vote July 31.

The department has not had an authorization for its programs for seven years. Political problems with previous authorization proposals or the press of other business have prevented the legislation from getting to the floor. (*Weekly Report* p. 692)

The department has continued its activities by virtue of appropriations bills, which provide the money to operate departmental programs.

S 938 authorizes \$5.5 billion for fiscal 1988 and the

same amount, plus an adjustment for inflation, for fiscal 1989. While the unadjusted total would be the same, however, there would be changes for individual agencies and departments in 1989.

By voice vote, the Senate adopted a Biden-Thurmond amendment that removed a \$50 million cap from the amount that may be spent from a fund made up of assets seized from criminal enterprises. The new provision requires the attorney general to tell Congress each year how money in excess of \$50 million is spent from the fund.

Among the major expenditures authorized under S 938 are: \$1.48 billion for the FBI for fiscal 1988 and \$1.51 billion for fiscal 1989; \$1.09 billion for the Immigration and Naturalization Service for 1988 and \$1.07 billion for 1989; \$522 million for the Drug Enforcement Administration for fiscal 1988 and \$563 million for fiscal 1989; \$981 million for the federal prison system for 1988 and \$1.1 billion the following year.

A one-year House authorization bill (HR 1400 — H Rept 100-138) is pending at the Rules Committee. It authorizes \$5.43 billion for fiscal 1988.



## Bipartisan Compromise:

# Panel Approves Bill to Help Fight Price Fixing

After intense last-minute discussions among three of its members, the Senate Judiciary Committee Aug. 6 approved legislation to make it more difficult for manufacturers to terminate contracts with their distributors over pricing disputes.

The bill (S 430), which was approved by voice vote, amends the antitrust laws to make clear that "vertical" price fixing — an agreement between a manufacturer and one or more of his distributors to set a price for a product — is an antitrust violation. And it makes it easier for a plaintiff to prove his price-fixing charge.

In effect, the legislation overturns a 1984 Supreme Court decision, *Monsanto Co. v. Spray-Rite Service Corp.*, that made such charges difficult to prove.

Disputes in this area of the law generally arise when a distributor decides he wants to discount a manufacturer's product. Then, another distributor — often a bigger, more powerful one — objects to the competition discounter and leans on the manufacturer to terminate its contract with the discounting distributor.

In the *Monsanto* case, the court upheld a \$10.5 million judgment against Monsanto, finding that the company improperly terminated its contract with Spray-Rite, which had consistently undercut the prices of other distributors. (1984 *Almanac* p. 12-A)

But the court said that to prove such a violation, the complaining party had to provide either direct or circumstantial evidence showing that the manufacturer and others consciously intended to maintain resale-price levels.

Some antitrust lawyers and their allies in Congress believe that *Monsanto* was incorrectly decided and that it has led to confusing results in cases before the federal appeals courts.

The Supreme Court is expected to consider the issue once again in a

case it accepted for the 1987-88 term, *Business Electronics Corp. v. Sharp Electronics*.

A central question in this case is whether there can be a violation of the antitrust laws without an explicit finding by a judge of a direct agreement on resale-price levels between a manufacturer and distributor.

## How Much Evidence?

S 430, which was negotiated by Howard M. Metzenbaum, D-Ohio, chairman of the Antitrust, Monopolies and Business Rights Subcommittee; Dennis DeConcini, D-Ariz.; and Charles E. Grassley, R-Iowa, specifies what kind of evidence is sufficient for a judge or jury to conclude that there was a concerted effort to fix resale prices.



Dennis DeConcini  
D-Ariz.



Howard M. Metzenbaum  
D-Ohio



Charles E. Grassley  
R-Iowa

The legislation says that the plaintiff is allowed to present evidence showing that a manufacturer received "an express or implied suggestion, request or demand" that the manufacturer take steps to curtail or eliminate price competition by the plaintiff.

The plaintiff also could attempt to show that because of that suggestion, the manufacturer refused to supply the plaintiff some or all of the goods or services he requested.

At that point, it would be up to the judge or jury to determine, based on the information, whether the manufacturer's action violated the antitrust laws.

This language provides a tighter standard of proof than Metzenbaum's original version of S 430, which he introduced Feb. 2.

There was only brief discussion of the compromise at the Judiciary meeting Aug. 6. Despite the changes, Metz-

enbaum declared his bill "consumer oriented."

But even though the committee approved the bill, there is likely to be more discussion on the Senate floor. Some senators worry that the bill doesn't go far enough in protecting discounters, and by inference, consumers who would shop at the discounters' stores.

But other senators believe, as does the Justice Department, that the bill is an "unwise and unwarranted" intrusion into an area of the law that has already been settled.

The day before the markup, Deputy Assistant Attorney General Charles F. Rule wrote Strom Thurmond, S.C., the ranking Republican on the committee, objecting to the legislation. Rule said that

the bill would substitute the "flexible language" of the Sherman Act, one of the main antitrust laws, with "novel statutory language" on resale-price maintenance.

The legislation, Rule added, threatened a longstanding interpretation of the antitrust laws requiring case by case consideration of non-price vertical re-

straints — such as restricting dealer locations. This approach, he contended, allowed the kind of flexibility that S 430 would take away.

Although Metzenbaum did not respond directly to Rule's letter, he was highly critical of the Justice Department when he introduced his bill in February.

In Senate floor remarks, he said the Justice Department had not brought one vertical price-fixing case in six years and actually had intervened on behalf of defendants who were seeking to overturn existing rules on the subject.

Many members have been unhappy with the department's actions in this area. Since 1983, they have included language in the Justice Department's annual appropriations bill barring officials from using funds to seek changes in the resale-price-maintenance law. (1983 *Almanac* p. 478) ■

—By Nadine Cohodas



**Case Studies in Luck and Skill:****'Flukes' Top the Target Lists, But They Often Beat the Odds**

At this point in almost every congressional election cycle, the parties' strategists start licking their chops over the prospect of unseating a particular breed of House incumbent — the "flake."

These incumbents, who occupy districts where their party is a distinct minority, first won office by having the luck of campaigning in the "wrong" place at just the right time — when some freakish factor made the majority party's nominee unusually weak.

But while the party strategists enjoy passing on the colorful epithets coined to describe these targeted members — "electoral accidents," "one-term wonders" and "sitting ducks" among them — they commonly fail to devise strategies that oust the alleged political weaklings. Like the overwhelming majority of other House incumbents who seek re-election, flukes, too, find a way to win.

**A Felon for a Foe**

One of the best-known House flukes of recent years is Idaho Democrat Richard H. Stallings, whose 2nd District is among the strongest Republican constituencies in the country. In 1984, it gave President Reagan 77 percent of the vote.

But that same year, Stallings had the rare opportunity of running against an incumbent convicted of a felony and facing a prison sentence. Even with GOP Rep. George Hansen's conviction for filing false financial disclosure statements, Stallings prevailed by only 170 votes. From the day he arrived in Washington, the GOP marked him for defeat.

Stallings says now he could not blame Republicans for putting him atop their 1986 target list. "I make no illusion. The first election was definitely a repudiation of [Hansen] more than it was a vote of confidence for me. . . . He

had gotten so outrageous that even the most hard-core Republicans had trouble continuing to support him."

Stallings' dispassionate analysis of his initial electoral appeal comes easy for him now, because in 1986, he defied the widespread expectation that he would lose. Against popular GOP broadcaster Mel Richardson, Stallings won by over 16,500 votes.

How he did it is a case study in what often happens to transform fluke winners into formidable incumbents.

**Tours and Helping Hands**

It is typical for House incumbents to strengthen their political bases at home with assiduous attention to constituent needs, but Stallings exceeds the norm in trying to establish a personal rapport with voters. In addition to maintaining a steady regimen of visits to the 2nd District, which is more than 2,000 miles from Washington, D.C., Stallings tells his constituents to call him collect to discuss their concerns, and he goes out of his way to accommodate Idaho tourists who have made the long journey east to visit the nation's capital.

Nearly all congressional offices will offer visiting constituents free passes to tour the White House, but Stallings, who was a history professor before he came to Congress, is in the habit of joining Idahoans on their White House tours, and he conducts tours of the Capitol himself. Just before an interview with Congress-

sional Quarterly for this story, Stallings was taking the high school marching band from Burley, Idaho, through the Capitol. Stallings needs all the friends he can get in Burley and surrounding Cassia County, because he beat Richardson there by just 86 votes in the last election.

Stallings also boosted his standing as a freshman with an advantage often enjoyed by flukes — special hand-holding from party leaders in Washington.

Realizing that Stallings needed every advantage to have a chance for re-election, Democratic leaders in the 99th Congress arranged for him to receive the committee assignments he felt would help him most in the 2nd — Agriculture and Science and Technology. And during debate on the 1985 farm bill, Rep. Tony Coelho, then chairman of the Democratic Congressional Campaign Committee (DCCC), and Rep. Thomas S. Foley, then majority whip, saw to it that Stallings got



**Idaho Democratic Rep. Richard H. Stallings was labeled a fluke when he entered Congress in 1985, and after he voted against contra aid, "many people said, 'That's finished you,' " he recalls. They were wrong.**

—By Peter Bragdon



***"Two-year Clyde" is what some in Louisiana call freshman GOP Rep. Clyde C. Holloway. But he is drawing enough praise from Democrats to stir talk that he might shed his "flake" label in 1988.***

credit for agricultural measures aimed at helping Idaho's troubled economy.

### **Be Careful, but Not Timid**

The House Democratic leadership and many staunch Democrats in Idaho also understand that Stallings needs to vote a careful line so as not to offend the traditionally Republican 2nd District electorate.

"I think they recognize that I can give them 100 percent votes for two years, but that would be the end of it," Stallings says of the Democratic faithful. As a freshman, Stallings assuaged conservatives with "yes" votes on two of their litmus-test issues — relaxing gun control laws and lifting the 55 mph speed limit.

But to avoid being tagged as timid, a fluke must have the political acumen to know when he can cast a controversial vote and defend it successfully at home. For Stallings, Reagan's request for aid to the Nicaraguan contras in 1986 was such a vote. "I voted against contra aid and many people said, 'That's finished you, Idaho 2 is such a Republican district, and they like the president so much,'" Stallings recalls.

But he believed he could weather the advertising that contra supporters threatened to air against him in the 2nd, and he was right. The vote never stirred the controversy in Idaho that many in Washington had predicted, and Stallings earned a measure of respect for saying, "If I can't stick my neck out for something that is right, perhaps the office isn't worth it."

### **A New Aura**

Idaho Republicans still expect to recapture the 2nd, but they also realize that the burden of proof has shifted. Now they must convince a number of Republicans who have voted twice for Stallings that they made the wrong choice.

"The power of the incumbency is just something that we've got to recognize," says Dave Pearson, the state GOP's executive director.

The demographics of the 2nd are virtually certain to encourage a credible challenge to Stallings in 1988, and the GOP will not be concentrating on the governorship or on Steve Symms' Senate seat, as it was in 1986.

But the aura of inevitable defeat that surrounded Stallings two years ago is gone. He is now respected as a sitting incumbent, not reviled as a sitting duck.

### **Laughing No More**

With one re-election under his belt, Stallings is but a recent graduate from the ranks of flukedom. In New Jersey, Republican Rep. Christopher H. Smith, first elected in 1980, has shown how a member once considered a fluke can move beyond merely surviving and reach a point where he appears politically secure.

Smith, who made his early reputation in politics as an anti-abortion activist, ran his first campaign against Democratic Rep. Frank Thompson Jr. in 1978, taking 37 percent of the vote in a traditionally Democratic constituency centered on Trenton.

After that loss, Smith gave news-

paper reporters a press release announcing that he would be back in two years. "They all kind of laughed," he recalls. In 1980, the chuckles might have continued had it not been for the FBI's Abscam bribery probe. Thompson was indicted for accepting a bribe, and Smith capitalized on the scandal to win with 57 percent of the vote.

Smith says that he did not get any special attention from the National Republican Congressional Committee (NRCC) "until mid-September of the year of Abscam. That's how strong Trenton is perceived as a Democratic bastion."

Only 27 years old when he took office in 1981, Smith geared up for his first re-election campaign amidst predictions that he was a goner. The 4th's Democratic tilt was enhanced by a 1982 redistricting that removed Smith's home and a bloc of his Republican supporters from the district. Facing a well-known Democratic challenger, former state Senate President Joseph P. Merlino, Smith was one of the few incumbents ever to be viewed as a sacrificial lamb.

Smith recalls the questions posed to him by one reporter during that campaign. "He kept asking me, 'What are you going to do when you lose?' He worded it in different ways, it was diplomatically worded, but it was the bottom line of what he was saying."

Democrats were so confident that the election would be like shooting fish in a barrel that they ended up shooting themselves in the foot. A cocky Merlino dismissed Smith as a "kid" and promised to make him a House page once he was ousted.

But Smith's energetic and personable style contrasted with Merlino's gruffness and overconfidence. The Republican's tireless efforts to endear himself to voters in the redrawn district helped him win with 53 percent of the vote.

***A fluke winner at age 27, GOP Rep. Christopher H. Smith was such an underdog in his 1982 re-election that his Democratic foe offered to make him a House page. But Smith won that race, and two more since.***





# For Some, 'Fluke' Is a Slur That Does Not Fit

It is no puzzle why political strategists brand as "flukes" House members like Richard H. Stallings, Christopher H. Smith and Clyde C. Holloway; each clearly owed his initial election to some very rare confluence of events.

But the strategists often play a bit too loose with the fluke label, unjustifiably attaching it to any member



Rep. Howard Wolpe

who has taken over a seat traditionally held by the opposition party.

In fact, many of these so-called flukes did not get into the House because some bizarre fate befell their opponents. They won because they demonstrated an exceptional ability to politic in a difficult district.

In 1978, that sort of political skill and energy was what made Michigan's Howard Wolpe only the second Democrat in this century to win the

state's 3rd District, which includes Kalamazoo, Battle Creek and part of Lansing.

After honing his constituent-service skills while in local office, Wolpe ran a strong House campaign in 1976, polling 49 percent against GOP Rep. Garry E. Brown. Two years later, he narrowly ousted Brown.

Throughout the 1980s, Republicans have been insisting that Wolpe's days are numbered. But despite his liberal voting record in the House, he has survived several bruising re-election battles, and in 1986 pushed his winning tally up to 60 percent for the first time.

"Most of the voters there would characterize themselves as being of Republican families and being generally Republican in inclination," Wolpe says of his constituency. "And yet I think they would also say that party affiliation is increasingly less significant as the

basis for their votes."

Wolpe is just one of many House members who win re-election in difficult districts, proving, for those election "experts" who missed it the first time, that some politicians are especially skilled at appealing to voters across the spectrum.

## All the Right Moves

In this year's House freshman class, there is one Democrat being wrongly tagged as a fluke by some Republican strategists in Washington: Indiana's Jim Jontz. In 1986 and earlier years, he amply demonstrated that he has a special gift for courting support from constituencies stacked against him.

Republicans underestimated Jontz in 1986 because they had become accustomed to routine election victories in Indiana's 5th District. As they haggled over whom to nominate in the district, which was open, they overlooked the fact that Jontz had made a career out of beating long odds.

At age 22, he challenged the Republican leader of the Indiana

House and unseated him by two votes. In 1984 he ran for a GOP-held state Senate seat and won easily despite the Reagan presidential landslide. Two years later, his energetic campaigning brought him to the House.

In 1988, Republicans likely will make a strong effort to defeat Jontz, who was elected with only 51 percent of the vote. But because of Jontz' track record, one veteran political observer in Indiana says that a lot of people there are betting on the Democrat, because "he's done all the right things — as he always does."



Rep. Jim Jontz

## Evolving to Survive

Since then, this one-time fluke has won two re-elections with tallies exceeding 60 percent. Some of his success stems from another remap that added more GOP territory to the 4th, but the major factor has been Smith's political adroitness.

As is typical with flukes, Smith has compiled a record that is a far better fit for the district than his critics first expected. In his early campaigns, Democrats portrayed Smith as a menacing right-wing zealot preoccupied with outlawing abortion.

While it is true that Smith remains an active and visible abortion foe, he has broadened his agenda sub-

stantially and moved to the left side of the Republican caucus on many issues. On the Foreign Affairs Committee, for instance, he has promoted immunization of children in Third World countries, encouraged the adoption of "Amerasian" babies and supported sanctions against South Africa.

Statistics clearly show how Smith's record has evolved into one with wider appeal in his constituency. In 1981, he voted with a majority of Republicans 65 percent of the time. By 1986, his "party unity" score had dwindled to 32.

In his 1978 campaign, Smith complained that Thompson received a 6 percent rating from the U.S. Chamber

of Commerce and a 91 percent rating from the AFL-CIO. Yet in 1986, Smith's ratings were 93 percent from the AFL-CIO and just 33 percent from the Chamber. In his 1986 re-election bid, Smith received the AFL-CIO endorsement.

When a fluke survives his first re-election, the advantages of incumbency begin to outweigh partisan concerns. After his victory over Thompson in 1980, Smith says, traditionally Democratic groups were confident "that it was one-term Smith and that's it." But when he showed his ability to hold the seat, "There was a feeling that 'now we have to deal with this congressman.'"



"When you're an unknown, party prevails. When you are not an unknown, when people really know you, the party becomes very much secondary."

Virginia Feggins, former vice chairman of the state Democratic Party, insists that her party will always keep Smith in its sights, but she concedes, "The guy has not made a lot of mistakes."

### Defying the Numbers

The foremost fluke of the House class of 1986 was Louisiana nurseryman Clyde C. Holloway, a Republican from south-central Louisiana's 8th District. It is difficult to imagine any GOP candidate winning the 8th: Only a little more than 7 percent of its voters are registered as Republicans; the Democratic advantage among registered voters is about 12-to-1. The district was crafted to be a safe haven for

Democratic Rep. Gillis W. Long, who died in 1985.

"I was told over and over when I was running the first time that you can't win," Holloway says. "Even the Republican Party didn't feel we could win the seat, because there is no way to match the numbers and see that you can get a victory."

That first try for the House was in 1980, when Holloway, who entered the political arena as an anti-busing activist, managed only 25 percent of the vote against Long. In 1985, Holloway received 16 percent in a special election won by Long's widow, Cathy Long. Understandably, Holloway's political stock was low when he entered the 1986 contest for the 8th, which Cathy Long chose to give up.

But in Louisiana, all candidates of both parties run on a single primary ballot, and Holloway was the only Republican in a field crowded with Dem-

ocrats. He made it into the runoff on the strength of his narrow base.

Even so, he still would not have been taken very seriously had not his Democratic runoff foe been attorney Faye Williams, a liberal black whose base was equally narrow. The district is roughly 40 percent black, but many rural and blue-collar white Democrats found Holloway more palatable than Williams, who had spent most of her adult life outside Louisiana. He won with 51 percent of the vote.

### Sensitive to 'Hard Times'

Shortly after the election, one local reporter referred to Holloway as "two-year Clyde," and there is little doubt the 1988 election will be a tense affair for him.

Yet there are hints from some local Democrats that Holloway is making the same sort of inroads that enabled Stallings and Smith to graduate from their status as flukes.

During Holloway's first few months in office, some have been pleasantly surprised by his efforts on local issues. Though Holloway is a conservative who says that his two main concerns are a balanced budget and aid to the contras, one of his early votes was to override Reagan's veto of the highway bill, which contained money for local road work.

"I wouldn't vote for a few of the bills that I vote for if I was in [GOP Rep.] Bob Livingston's district in Louisiana, because it is a conservative district, and they don't have the very, very, very hard times that we have in my district," Holloway says.

One Democrat pleased with Holloway's attitude is Paul Keller, Democratic president of St. James Parish. "If he was to be given a report card for what he's done so far," says Keller, "it has to be good." Keller contributed to a fund-raiser that Holloway put on to retire his 1986 campaign debt.

Although GOP officials in Washington obviously will make a strong effort to hold the 8th next year, the Democrats' lopsided advantage in the district means that Holloway himself bears nearly all the burden of sloughing off his billing as a fluke.

"There is not a lot that anyone can do for me in my district," Holloway says. "I can't take a Jack Kemp or I can't take a Ronald Reagan even to my district and really go out there and pull votes. . . . It's really up to Clyde Holloway to go out and prove to them that I represent them and represent them fairly."

## Mississippi Democrats Face Runoff

Though the top finishers in Mississippi's August 4 gubernatorial primaries were Democratic state Auditor Ray Mabus and Republican businessman Jack Reed, precedent suggests that the Democratic runner-up, businessman Mike Sturdivant, stands a good chance of being the next governor. Because Mabus failed to win a majority of the vote, he faces an Aug. 25 runoff with Sturdivant, and in the state's last five gubernatorial campaigns, the second-ranked Democrat in the primary has surged to win the runoff and general elections.

Working to Mabus' advantage, however, is that he finished far ahead in the eight-person Democratic primary, taking 276,546 votes (37.0%) to Sturdivant's 117,902 votes (15.8%), according to nearly complete, unofficial returns. No runner-up in the past 20 years has confronted the challenge of closing such a large gap.

To earn a spot in the runoff, Sturdivant got past former Gov. William L. Waller (1971-75), who received 93,236 votes (12.5%); attorney John Eaves, who got 86,701 votes (11.6%) in his third bid for the gubernatorial nomination; unsuccessful 1978 Democratic Senate nominee Maurice Dantin, with 86,066 votes (11.5%); and state Attorney General Ed Pittman, with 74,827 votes (10.0%). Two minor candidates, pipefitter Gilbert Fountain and businessman H. R. Toney, each took less than 1 percent.

Mabus, 38, who has received favorable publicity as auditor for battling corrupt practices, ran slightly better in urbanized areas than in rural quarters. He comes from the small town of Ackerman, but was educated at Johns Hopkins and Harvard and came under fire as a "Mississippi yuppie who wants Mississippi to be more like California" in TV ads aired by Pittman. But Mabus was endorsed by the 13,000-member Mississippi Association of Educators and did well among union members and blacks.

This is the second gubernatorial try for Sturdivant, 59, of Glendora; he finished third in the five-person 1983 primary after spending \$1.6 million. This year, his spending boosted him above the other hopefuls and into the runoff.

Reed easily won the Republican nomination, taking 14,318 votes (78.2%) to financial adviser Doug Lemon's 3,998 votes (21.8%). The 62-year-old Reed, who is chairman of the state board of education, takes a long GOP losing streak into the Nov. 3 general election. The party has not held the Mississippi governorship since 1876.

—By John Authers



## Committee Remains Silent on Boner Case:

## **GOP Critics of Ethics Panel Are Rebuffed Again by House**

The House has given its ethics committee a second vote of confidence after the latest attack from conservative Republicans protesting the panel's record of policing members' conduct.

By a 111-291 vote Aug. 5, the House rejected a resolution directing the Committee on Standards of Official Conduct to reopen an investigation of Fernand J. St Germain, D-R.I., chairman of the Banking Committee. (Vote 300, p. 1854)

The committee in April had closed a 14-month inquiry into published allegations that St Germain used his position for personal gain. Despite finding violations of law and House rules, it recommended no sanction. A Republican faction led by Newt Gingrich, Ga., and Robert S. Walker, Pa., sought to revive the matter after a July 16 *Wall Street Journal* story raised new questions about both St Germain and the committee's inquiry. (*Weekly Report* p. 1745)

## A Spotlight on Democrats

The defeated resolution was part of the conservatives' ongoing effort to spotlight controversies involving a number of House Democrats, including Speaker Jim Wright of Texas. The GOP critics want to publicize what Duncan Hunter, R-Calif., called Democrats' "double standard" in zealously investigating administration officials, Wall Street financiers and religious broadcasters, while ignoring their colleagues' alleged sins.

In so doing, the conservatives hope to blunt what is shaping up as a Democratic theme for the coming election year — public integrity.

While the strategy has made headlines, it has little House support. In a related challenge June 29, the House voted 77-297 against the group's proposal for an independent commission to review House ethics

procedures. (*Weekly Report* p. 1446)

On the latest vote, only one Democrat, Romano L. Mazzoli, Ky., voted for the resolution (H Res 244), while Republicans favored it 2-to-1, with 110 for it and 51 against. Of the 46 Banking members who voted, five — all Republicans — voted to investigate the chairman, who has a reputation for vindictiveness. St Germain was absent, and an aide said he would have no comment.

All 12 members of the ethics committee, six Democrats and six Republicans, voted "present," though several Democrats initially voted "no" and switched.

On Aug. 4, the committee had met privately in anticipation of the vote. Conservatives provoked the floor fight when the panel did not answer their July 28 letter seeking a response to the Journal's report that St Germain had used a credit card belonging to lobbyist James O. "Snake" Freeman of the U.S. League of Savings Institutions. The paper also said that St Germain may have exceeded House limits on gifts from lobbyists, and that the ethics committee avoided the matter in its inquiry and retreated from an attempt to question Freeman.

Committee Chairman Julian C. Dixon, D-Calif., insisted during floor debate that it was "absolutely untrue" that his committee dodged any allegations.

As for the new reports against St Germain, Dixon said, "It is the unanimous opinion of the members of the committee that the relevant material is entirely from one press account. . . . It is nothing more or less than rumor."

Dixon confirmed reports that St. Germain is the subject of a Justice Department criminal investigation. His revelation was made to buttress a plea that the House not force his committee to break its policy of deferring to legal authorities when they have separate investigations under way.

Meanwhile, Justice subpoenaed

the records of another lobby group, the Securities Industry Association, adding to those it sought earlier from the U.S. League and the American Bankers Association.

After the vote, Gingrich suggested his resolution lost because members were "rattled" by a story in that day's Journal questioning Wright's political and business ties to Texas developer George Mallick. The members, he said, did not want to call for an investigation of St Germain based on a single Journal story if that precedent could be used against the Speaker.

But Gingrich, during debate, also invoked Wright's name, claiming he was part of what Gingrich called "a \$50 billion scandal" in the savings and loan industry. Wright has been criticized for his efforts to protect insolvent Texas thrifts and investors from regulators; \$50 billion is the speculative estimate of the government's potential cost of bailing out depositors.

## No Action on Boner Case

Meanwhile, it appeared the ethics committee might never resolve its longest-pending inquiry, an 18-month-old investigation into reports that Bill Boner, D-Tenn., grew rich in office by violating numerous House rules governing members' finances and conflicts of interest.

Boner was the top vote-getter in Nashville's Aug. 6 primary election for mayor, and he is the front-runner for a Sept. 17 runoff. If Boner wins, the ethics inquiry would probably become moot. Typically, the ethics committee drops cases against members who leave the House, as it did for five members who were defeated or resigned after they were implicated in the 1980 Abscam bribery scandal.

The committee suspended its Boner inquiry in April 1986 at the request of the Justice Department, which was conducting a criminal investigation. Justice closed its case in March without seeking indictments.

At that time, ethics committee leaders said the department's decision was irrelevant to their responsibility to enforce House ethics rules, but they have been silent on Boner's case.

An aide said Boner had no comment about the unresolved inquiry. He feels vindicated by the Justice Department's inaction, the aide said. ■

—By *Jacqueline Calmes*

**Veto Threat Shadows Legislation:****Conferees Open Negotiations Over Omnibus Housing Bill**

House-Senate conferees Aug. 4 opened negotiations aimed at reconciling their differences over major housing legislation (S 825) and confronted their biggest problem: how to deter, override or circumvent a presidential veto.

The session began with jokes about the lengthy layoff since the last House-Senate conference on a housing bill, which occurred in 1980. This Congress is the first in four to see both chambers approve freestanding authorization bills for housing and urban development programs. (1980 *Almanac* p. 278)

The programs have generally survived through the appropriations process, albeit on attenuating funds.

Now, with Democrats again controlling the Senate, Alan Cranston, D-Calif., chairman of the Banking Subcommittee on Housing and Urban Affairs, was able to win a floor vote of 71-27 for his bill (S 825) on March 31. (*Weekly Report* p. 631)

The House passed its version (HR 4) June 11 by 285-120. (*Weekly Report* p. 1238)

But Sen. John Heinz, R-Pa., said the Senate vote contained "a lot of 'yes, buts'" and predicted a veto could be sustained.

Sen. Alfonse M. D'Amato, R-N.Y., whose presence on the conference committee was generally viewed as a boost to the urban cause, also warned that the wide margin of the Senate vote was "rather deceiving."

In essence, both bills would freeze current levels of spending. The Senate would authorize \$15.6 billion in budget authority for each of the next two fiscal years. The House would allow a small increment for inflation, authorizing \$15.9 billion for fiscal year 1988 alone.

But a veto is expected because the administration has proposed trimming current spending in these categories to

about \$11 billion per year.

Moreover, both the House and Senate bills propose new programs and preserve existing ones the administration wants eliminated, such as the much-debated Urban Development Action Grants (UDAG).

Cranston, acting as conference chairman in the absence of Senate Banking Committee Chairman William Proxmire, D-Wis., urged conferees to approve "a lean bill" to improve its chances of enactment.

**Some Issues Can Wait**

He urged that nothing be included in the bill that might wait until next year. He also urged that nothing be included unless supported "by all or nearly all the conferees."

If the bill is vetoed, Cranston said, and an override looks beyond reach, "we will try to attach the bill's provisions to another piece of legislation that will not be vetoed."

But for now, the senator suggested, "if any provision gives the Office of Management and Budget a better story [against the bill], we should at least consider dropping it."

Cranston assured House conferees that any such provisions would be revisited in a more comprehensive bill that he is preparing for introduction next year.

Cranston has said he wants to attempt a major overhaul of all federal housing and development programs while Reagan remains president to highlight housing issues in the 1988 presidential campaign and build momentum toward enactment under a new president in 1989.

He has begun gathering suggestions from the public, activists, experts and the housing and financing industries. Joint hearings will be held later this year around the country with Henry B. Gonzalez, D-Texas, chairman of the House Banking Subcommittee on Housing and Community Development.

**Other Problems Are Urgent**

But, for the present, House Banking Committee Chairman Fernand J. St Germain, D-R.I., reminded Cranston that program issues have been piling up in a succession of House-passed bills over the last three Congresses.

Without guidance from Congress, St Germain said, "the Department of Housing and Urban Development has taken over."

"The House has worked very hard," St Germain said, "and there are very few of us who are not being affected by the housing crisis."

One provision requiring immediate attention is a renewal of Federal Housing Administration (FHA) authority to insure mortgage loans, which expires with the fiscal year Sept. 30.

Cranston said he would introduce a separate bill in September to extend that deadline through October. In 1986, FHA had to shut down its mortgage operations six times, for a total of 51 days, because of Congress' failure to renew this authority. Both bills would make this authority permanent.

St Germain also reminded the Senate conferees that their House counterparts had accepted a long list of Senate provisions in a just-cleared banking bill that had no counterpart in the House version. (*Banking measure*, p. 1791)

Rep. Charles E. Schumer, D-N.Y., said the House had tired of going along with the administration's edict against new programs.

"This is the only way we have to try alternatives to programs that did not muster the political strength to survive," Schumer said. "We have an obligation to look at them carefully."

One example is a national extension of the Nehemiah program, a New York City experiment in which nonprofit corporations supervise interest-free government loans to low-income families. The loans allow such families to buy new or rehabilitated houses in inner-city neighborhoods.

Cranston responded that the Senate would "do everything we can to adopt everything in the House bill that is neither controversial nor costly."

The conferees instructed their staffs to resolve as many conflicts as possible over the August recess. ■

—By Ronald D. Elving



# Reagan Endorses Revised GOP Welfare Plan

House Republicans emerged from a White House meeting Aug. 6 saying they have President Reagan's approval for a new welfare reform plan that could serve as the basis for meaningful negotiations with congressional Democrats.

Republican leader Robert H. Michel, Ill., announced Reagan's support at a news conference to unveil the bill (HR 3200), which he said would cost less and get more people off welfare than the Democratic alternatives.

The measure was put together over the past four months by a Republican task force headed by Hank Brown, Colo., ranking Republican on the House Ways and Means Subcommittee on Public Assistance.

During that time, House Republicans have remained largely on the sidelines while attention has focused on HR 1720, the Democratic-backed bill that has been approved by three committees, and S 1511, a less costly alternative introduced by Sen. Daniel Patrick Moynihan, D-N.Y. (*House action, Weekly Report p. 1588; Moynihan bill, p. 1674*)

The Republican bill picks up a number of themes common to both HR 1720 and S 1511: stepped-up child-support enforcement, new education and training programs for welfare mothers, and an emphasis on child care and other benefits so those on welfare can make the transition to jobs in the private sector. It contrasts sharply with Reagan's original plan, which called only for giving states broad authority to experiment with new welfare approaches. And it goes far beyond an earlier welfare bill (HR 1985) introduced by Brown. (*Weekly Report p. 683*)

The GOP plan has an estimated net cost of \$1.4 billion over five years — considerably less than the five-year price tag for HR 1720 (\$5.3 billion) or S 1511 (\$2.72 billion).

The major reason for the cost differential is that the GOP bill envisions no increases in current welfare benefits, as HR 1720 and S 1511 do to different extents. Missing is a provi-

sion in both HR 1720 and S 1511 to require states to provide welfare benefits to poor two-parent families. Only half the states currently offer such optional coverage.

But Republicans charged at their news conference that benefit increases encourage welfare dependency.

"If you increase welfare benefits, you will encourage people to get on the rolls," said John G. Rowland, R-Conn.

Added Brown, "We view the question as one of self-sufficiency instead of dependency, which [HR 1720 and S 1511] foster."

But Brown was more conciliatory toward his Democratic colleagues after the news conference. "There is a great deal of similarity between our

original bill [HR 1985] and the Moynihan bill and this narrows the gap even further," he said. "The big question at this point is whether you're going to have a bill at all."

That sentiment was echoed by Thomas J. Downey, D-N.Y., acting chairman of the Public Assistance Subcommittee. Earlier in the week Downey said, "The White House wouldn't sign a bill I would vote for, and I wouldn't vote for a bill the White House would sign." But when the new GOP bill was unveiled, he called it "an indication that there's a consensus that welfare reform will be dealt with this year. All those skeptics who think that welfare reform is only a pipe dream, let me assure you it is going to happen." ■

## Senate Passes Older Americans Act

The Senate Aug. 6 approved legislation reauthorizing through fiscal 1992 the Older Americans Act, the major vehicle for the organization and delivery of social and nutritional services to the nation's senior citizens.

By a vote of 98 to 0, members passed HR 1451, which was passed by the House May 28. Before approving the bill, the Senate replaced the text of HR 1451 with that of S 887, the Senate's own version of the measure. (*Vote 229, p. 1861; House action, Weekly Report p. 1138*)

As approved by the Senate, the bill authorizes approximately \$1.6 billion for fiscal 1988. The House version of the bill also authorized approximately \$1.6 billion for fiscal 1988. Both bills would increase authorizations for most programs by about 5 percent annually for fiscal years 1989-92.

Among the programs reauthorized by the bill are those providing congregate and home-delivered meals for the elderly, as well as subsidized jobs for low-income senior citizens.

In recognition of the increasing number of senior citizens entering nursing homes, the Senate version of the bill would also strengthen and expand the long-term care ombudsman program. Long-term care ombudsmen are charged with investigating and resolving complaints from residents of nursing homes and other long-term care facilities.

Before passing the bill, the Senate adopted an amendment authorizing a \$100 million per-year block-grant program to pay for home-care services for low-income elderly not eligible for other federal programs. It also adopted an amendment requiring the secretary of labor to develop a consumer price index for elderly Americans.

The Labor and Human Resources Committee approved S 887 (S Rept 100-136) July 22, and the Senate Indian Affairs Committee followed suit July 30 (S Rept 100-140). (*Weekly Report p. 1674*)

Both the House and Senate versions of the bill also contain a four-year reauthorization of the Native Americans Programs Act, which includes programs that seek to promote economic and social self-sufficiency for American Indians, Alaskan Natives and Native Hawaiians.

—By Julie Rouner



## **Added Spending Voted for Medicaid:**

# **New Medicare Funding Cuts OK'd by House Committee**

Moving to bring health program funding in line with the fiscal 1988 budget, the House Energy and Commerce Committee Aug. 6 voted to increase spending on Medicaid for the poor while curbing Medicare fees to physicians treating the elderly.

The health budget measure, approved 22-4, also includes far-reaching new standards to upgrade the care nursing homes provide to the elderly.

Energy and Commerce, like other panels, has been ordered by the Budget Committee to submit "reconciliation" proposals to meet the specifications of the budget resolution (H Con Res 93) adopted by Congress in June.

The budget calls for some \$1.5 billion in spending cuts in Medicare in fiscal 1988 but allows spending for Medicaid to increase by \$550 million. Energy and Commerce shares responsibility for making the Medicare cuts with the Ways and Means Committee, which already has approved a plan for complying with the budget. (*Weekly Report* p. 1721)

Energy and Commerce is expected to fall short of its deficit-reduction target, which is not limited to health programs. The panel earlier approved an increase in user fees charged by the Nuclear Regulatory Commission, but it has not fully complied with instructions to save an additional \$440 million in unspecified areas.

Chairman John D. Dingell, D-Mich., annoyed at the budget's demand for "unspecified" savings, at the Aug. 6 meeting rejected a GOP request to instruct Energy and Commerce subcommittees to come up with another \$304 million in cuts.

The panel also rejected, 5-14, an amendment by William E. Dannemeyer, R-Calif., to drop all health provisions that increased spending, such as a plan to cover the cost of flu vaccines.

The principal author of the Medicare-Medicaid package was Henry A. Waxman, D-Calif., chairman of the Energy and Commerce Subcommittee on Health.

The increased Medicaid spending included the latest stage in a gradual, multi-year effort to combat infant

mortality by expanding the Medicaid eligibility of poor and near-poor pregnant women and children. One proposal would allow states to extend Medicaid coverage to pregnant women and infants in families with incomes up to 185 percent of the federal poverty line. The cutoff now is the poverty line.

The reconciliation measure also included a provision, transplanted from a pending welfare-reform bill (HR 1720), to extend Medicaid eligibility for the working poor after they leave the welfare rolls. Another provision, similar to one in the House-passed catastrophic health insurance bill (HR 2470), would raise the amount of income and assets elderly people may retain when Medicaid pays nursing home bills for their spouses. (*Weekly Report* pp. 1674, 1637)

### **Medicaid: Nursing Home Flap**

The reconciliation changes that provoked the most protracted committee debate were the new standards for nursing homes that care for Medicaid recipients. Comparable provisions were approved by Ways and Means for nursing facilities participating in Medicare.

An early Waxman proposal would have required all nursing homes that receive Medicaid payments to comply by October 1990 with stringent new requirements for staffing by registered and licensed practical nurses.

Faced with opposition from both Democrats and Republicans who considered his initial plan impracticable, Waxman offered the committee a compromise that would impose the nurse-staffing requirements more gradually. The compromise, approved 25-0, called for large facilities to have a registered nurse on duty 16 hours a day by Oct. 1, 1992, but eased staffing requirements for small facilities and allowed other special exemptions.

Despite those changes, Waxman's plan still came under fire from critics, mostly Republicans, who said projected shortages of nurses would make it difficult for institutions to recruit the needed personnel. Two amendments by Tom Tauke, R-Iowa, to ease the staffing requirements were both re-

jected on votes of 16-26, largely along party lines.

On the other hand, an amendment by Doug Walgren, D-Pa., to impose more stringent staffing requirements by 1995 failed on a 21-21 tie, with Dingell and other swing Democrats joining Republicans in opposition.

### **Doctors' Fees**

In the Medicare program, the Energy Committee is responsible only for coverage of physician services and other non-hospital expenses. Ways and Means handles the whole program, including hospital coverage.

Both committees proposed cutting projected Medicare costs by holding down the increases in physician fees, but there were differences in their approaches. If past practice is followed, both versions will be included in the reconciliation bill sent to the House floor, and differences will be resolved later.

In setting the annual rate of increase for fees, Ways and Means provided a 1 percent hike for most doctors. But the panel provided a 2 percent increase for "participating physicians," who agree to accept what Medicare pays as payment in full for all Medicare patients.

Energy and Commerce backed a 2 percent increase for most services, regardless of whether they were provided by a participating physician. But the panel approved a 6 percent increase for primary-care services, such as office visits to a family doctor, which Waxman said are now undervalued by Medicare. Like the Ways and Means panel, the committee proposed cuts in fees for other physicians' services that analysts consider overpriced.

Energy and Commerce also approved, by voice vote, an amendment by Jim Slattery, D-Kan., designed to reduce disparities in what Medicare pays for the same physicians' services in different regions of the country.

The committee also included a provision blocking an administration proposal to impose a flat-fee prospective-payment system for three hospital-based physician specialties. But the panel adopted its own proposals to regulate fees for those specialized services, including a fee schedule for radiology similar to one rejected by Ways and Means. Energy and Commerce narrowed the application of that fee schedule to certified radiologists — exempting other doctors who perform radiology services. ■

—By Janet Hook



**Health/Human Services Notes:**

# House, Senate Pass Bills Dealing With AIDS

The House and Senate passed bills the week of Aug. 3 that are designed to help the nation cope with the AIDS crisis.

After some unexpectedly heated debate Aug. 4, the House passed a bill calling for the creation of a national AIDS advisory commission. The vote was 355-68. (*Vote 297, p. 1854*)

The next day, the Senate, by voice vote, approved S 945, legislation to encourage the placement in foster homes of infants who are abandoned in hospitals because they have AIDS, or who are drug-dependent because their mothers used illegal drugs. The bill was sponsored by Howard M. Metzenbaum, D-Ohio, and Orrin G. Hatch, R-Utah. (*Weekly Report p. 1543*)

The House measure, HR 2881, sponsored by J. Roy Rowland, D-Ga., the only physician in the House, enjoyed wide bipartisan support and was approved unanimously by the Veterans' Affairs Committee July 22 (H Rept 100-245, Part 1).

The measure was scheduled for floor action Aug. 4 under a suspension of the rules, a fast-track procedure normally reserved for non-controversial measures. But the bill ran into a controversy early that morning in the Energy and Commerce Committee, where routine approval had been expected.

Committee member William E. Dannemeyer, R-Calif., complained that the bill, which was not considered by the panel's health subcommittee, was being railroaded through in an attempt to avoid debate.

Dannemeyer's delaying tactics included forcing a reading of the bill and demanding roll-call votes on several amendments, and kept the committee occupied for close to three hours. The amendments, which would have required the commission to study and report on a number of specific issues, were all defeated, largely on party-line votes.

The delay forced sponsors to scramble, because the House was ready to proceed with the measure before the Energy and Commerce Committee had approved it.

The bill would create a 15-member panel to study and make recom-

mendations to Congress concerning national policies and priorities with respect to AIDS research, testing, confidentiality of test results, treatment and care of AIDS patients and education about the disease.

The president, the House and the Senate would each appoint five of the panel's members, although at least eight members of the panel would be required to be "recognized experts in the scientific and medical communities and in legal and ethical issues."

Supporters argued that the commission envisioned by the bill would complement one appointed by President Reagan July 23.

But Dannemeyer and others complained that it had become a case of dueling commissions.

Hal Daub, R-Neb., suggested the motive for the bill "is just politics, to be one up on the administration, because they have already taken action."

"I am all for studying all we can about AIDS, but I do not think we have to have duplicative commissions," said Howard C. Nielson, R-Utah.

Off the floor, Henry A. Waxman, D-Calif., chairman of the Energy and Commerce Subcommittee on Health, said the principal difference was that the congressional commission, unlike the president's commission, will include a number of AIDS experts. ■

## Developmental Disabilities

The House Aug. 4 passed legislation to reauthorize for three years programs that seek to extend services to and protect the rights of mentally retarded or severely handicapped individuals.

By voice vote the chamber approved HR 1871, reauthorizing programs created by the "Developmental Disabilities Assistance and Bill of Rights Act." The bill was approved by the Energy and Commerce Committee July 21 (H Rept 100-265).

The bill, sponsored by Edward R. Madigan, R-Ill., ranking minority member of the Energy and Commerce Subcommittee on Health, extends the programs for three years at "such sums as may be necessary."

The Senate July 21 passed its own version of the reauthorization, S 1417.

Before completing action, the House substituted the text of HR 1871 for that of S 1417, then passed the Senate version so the two chambers could go to conference. (*Weekly Report p. 1692*)

The bill authorizes four separate programs: grants to states based on the number of developmentally disabled individuals, grants to support protection and advocacy systems, grants for special projects and grants to university-affiliated facilities. ■

## Minority Health Training

The House Aug. 4 cleared for the president legislation authorizing grants to certain medical, pharmacy, dental and veterinary schools that have trained large numbers of minority health professionals.

By voice vote the chamber approved S 769, which was passed by the Senate July 21. The Labor and Human Resources Committee had reported the bill (S Rept 100-110) July 15.

The House Energy and Commerce Committee ordered the bill reported earlier Aug. 4 by voice vote.

The bill authorizes \$10 million for fiscal 1988 and such sums as necessary for fiscal 1989 and 1990. That money would be used for grants to "support the health professions schools which have trained a significant number of the nation's minority health professionals." The funds are also designed to enable those schools to supply health professionals to serve minority populations in underserved areas.

The grants program replaces a program set to expire at the end of fiscal 1987. ■

## Nursing Shortage

The Senate, by voice vote Aug. 5, passed a bill designed to combat a growing shortage of nurses.

The bill (S 1402 — S Rept 100-132) was reported by the Labor and Human Resources Committee July 28.

The measure would create nurse recruiting programs to attract students and would change procedures required at hospitals to give nurses less paperwork and more time with patients. ■

—By Julie Rouner



**Adding Funding for Base-Rights Countries:****Foreign Affairs Panel Approves  
A New Authorization Measure**

In an effort to get a foreign aid authorization bill to the House floor, the Foreign Affairs Committee approved Aug. 5 a revised measure intended to meet some of the objections lodged by the Reagan administration and committee Republicans.

The new bill (HR 3100) would authorize \$11.45 billion for foreign aid in fiscal 1988, \$376 million more than would be authorized by an earlier version (HR 1630), which the committee approved April 9. The bill also would authorize \$11.46 billion for foreign aid in fiscal 1989. (*Chart, p. 1815; earlier markup, Weekly Report p. 667*)

The fiscal 1988 boost reflected the addition to the new bill of \$400 million to be distributed among countries that allow U.S. military bases on their territory: Greece, Turkey, Spain and Portugal. One major GOP objection to the earlier bill was that it cut by a total of \$656 million the administration's request for those countries.

The base countries' increase was partly offset by modest reductions in other programs, most of them economic programs for which the panel had recommended more funding in HR 1630 than the administration wanted.

In a further effort to win Republican support, the new bill drops several provisions that would have restricted the administration's discretion to shift money among foreign aid programs.

Even as HR 1630 was drafted last spring, it was widely viewed as dead politically. Because foreign aid is unpopular on Capitol Hill, Democrats likely could not muster the votes to pass a bill without major GOP support.

In 1985, the House passed a bill authorizing foreign aid for fiscal 1986-87, but it had failed to pass a foreign aid bill in the three preceding years.

The search by Foreign Affairs Chairman Dante B. Fascell, D-Fla., and other panel members for a com-

promise was driven by concern that if the panel failed again to produce a bill that the House would pass, the preponderance of influence over the foreign aid program would pass to the Appropriations Committee.

"If we're going to stay in this process, we've got to act on legislation," Fascell said when the committee met Aug. 5 to approve the new bill.

David R. Obey, D-Wis., chairman of the Appropriations Subcommittee on Foreign Operations, encouraged the Foreign Affairs members to work out a compromise. Obey's panel, which writes foreign aid spending bills, would be the beneficiary of a loss of power by Fascell's panel.

But Obey long has favored the

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***"If we're going to  
stay in this process,  
we've got to act  
on legislation."***

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—Rep. Dante B. Fascell, D-Fla.

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traditional procedure under which policy issues are settled by authorizing legislation while the appropriation bill merely funds programs on the basis of those decisions.

The day after Foreign Affairs acted, the full House Appropriations Committee met and approved by voice vote a foreign aid spending measure reported July 29 by Obey's subcommittee. That bill would appropriate \$10.9 billion for foreign aid in fiscal 1988. But it includes different items than HR 3100. (*Story, p. 1862*)

**Remaining GOP Objections**

William S. Broomfield, Mich., the committee's senior Republican, lauded Fascell for making a good-faith effort to develop a compromise au-

thorization bill. But he insisted that major issues had yet to be settled before Republicans would back it. Failing additional changes, Broomfield said, he would insist that committee Republicans be allowed to contest provisions of the bill when it came before the House after Labor Day.

"We'll help you get the bill out onto the floor with the understanding that we'll continue negotiating," he said to Fascell.

Among the items in HR 3100 at which Republicans balk are:

- A provision barring the administration from conditioning U.S. aid on the recipients' agreement to assist the contra guerrillas in Nicaragua.

- \$50 million earmarked for "front-line" states in southern Africa — the nine countries neighboring white-ruled South Africa. Conservative Republicans have pressed for sharp cuts in aid to those countries, particularly to Marxist-ruled Mozambique and Angola.

**Major Programs Unchanged**

The new bill made no change in the amounts authorized for four countries that receive more than half of the funds covered by the bill. Like HR 1630, HR 3100 would provide:

- For Israel, \$1.8 billion in military and \$1.2 billion in economic aid.

- For Egypt, \$1.3 billion in military and \$815 million in economic aid.

- For Greece, a total of \$343 million.

- For Turkey, a total of \$490 million.

In keeping with longstanding congressional practice, the bill gives Greece \$7 in aid for every \$10 Turkey gets. The new legislation requires that that ratio be preserved if the two countries receive any of the \$400 million added for nations that host U.S. bases.

The bill also made available for aid programs \$532 million that is earmarked in Obey's companion appropriations bill to fund a loan guarantee program called the Guaranty Reserve Fund (GRF).

Though the administration argued to the contrary, Obey's panel had insisted that the congressional budget resolution required the foreign aid appropriations bill to earmark \$532 million to replenish the GRF.

HR 3100 bars appropriation of funds to the GRF, setting the stage for

—By Pat Towell

administration allies to try later in the appropriations process to reallocate those funds to substantive aid programs.

### Other Concessions

Though committee Republicans had objected that HR 1630 authorized too much money for some countries and programs, the revised bill made only a few, relatively small reductions.

For instance, the Fund for Africa, for which the administration requested \$500 million and the earlier bill authorized \$475 million, was trimmed to \$450 million.

The panel had added \$48 million to the \$1.14 billion requested for bilateral development assistance — aid to the poorest countries, the least politically unpopular component of the aid program. The revised bill trimmed that total by \$20 million, leaving the authorization still \$28 million higher than President Reagan originally had requested.

Reagan's \$194 million request for voluntary contributions through international organizations was increased by \$43.3 million to \$237.3 million. The revised bill changed that to \$222.3 million.

More significant from the Republicans' standpoint may have been the deletion of provisions in HR 1630 that would have limited the administration's control over the amount allocated to each aid recipient.

Overall, a total of \$7 billion of the amount authorized in HR 1630 had been earmarked for specific recipients. In HR 3100, the earmarked total was reduced to \$6.9 billion, but the small dollar difference masked significant political concessions by the committee's Democratic majority.

For instance, as the United Nations' staunchest ally on Capitol Hill, House Foreign Affairs has routinely earmarked all funds authorized for international organizations — including specific U.N. programs. That has denied the administration flexibility in administering those funds. HR 3100 earmarked specific amounts for three large U.N. programs, but left unencumbered the rest of the amount authorized for international organizations.

The new bill also weakened a provision authored by Lee H. Hamilton, D-Ind., that would have sharply limited the administration's freedom to "reprogram" funds from one part of the aid program to another without congressional approval. (*Background, Weekly Report p. 617*) ■

## House Foreign Aid Revisions

Following is a comparison between fiscal 1988 foreign aid authorizations (HR 1630) approved by the House Foreign Affairs panel April 9 and a new version (HR 3100) marked up Aug. 5 (*amounts in thousands of dollars*):

	FY '87 appropriation	Reagan's FY '88 request	House markup	Revised House markup
<b>ECONOMIC AID</b>				
<b>Bilateral Development</b>				
Agriculture	\$ 639,613	\$ 471,000	\$ 481,612	\$ 471,612
Population	234,625	207,500	223,724	223,724
Health	166,762	120,100	143,161	143,161
Child survival	75,000	61,000	66,000	66,000
Education	155,000	123,650	122,699	122,699
Science, technology	149,999	162,700	156,699	146,699
<b>Subtotal</b>	<b>\$ 1,420,999</b>	<b>\$ 1,145,950</b>	<b>\$ 1,193,895</b>	<b>\$ 1,173,895</b>
<b>Other Economic Programs</b>				
International				
Organizations	237,264	194,000	237,264	222,264
Fund for Africa	0	500,000 *	475,000	450,000
Africa Development Fund	6,500	6,754	8,000	7,500
Sahel Development	70,000	0	0	0
Agency for International Development				
operating expenses	340,600	426,810	340,600	340,600
AID Inspector General	21,000	22,687	21,000	21,000
Disaster Aid	70,000	25,000	33,000	25,000
private sector				
revolving fund	(15,553)	(12,000)	(3,000)	(3,000)
Trade and development	20,000	20,000	20,000	20,000
American Schools and Hospitals Abroad	35,000	20,000	35,000	35,000
Inter-American Foundation	11,800	11,300	16,000	16,000
Peace Corps	137,200	130,682	147,000	142,000
Narcotics control	65,445	98,750	95,750	95,750
Narcotics Supplemental	53,000	0	0	0
Other Anti-Drug funds	3,000	0	1,000	1,000
<b>Subtotal</b>	<b>\$ 1,070,809</b>	<b>\$ 1,455,983</b>	<b>\$ 1,429,614</b>	<b>\$ 1,376,114</b>
<b>TOTAL, economic aid</b>	<b>\$ 2,491,808</b>	<b>\$ 2,601,933</b>	<b>\$ 2,623,509</b>	<b>\$ 2,550,009</b>
<b>SECURITY AID</b>				
Anti-terrorism	9,840	9,840	9,840	9,840
Peacekeeping	31,689	46,311	31,689	31,689
Military Assistance Program	950,000	1,329,800	1,033,716	1,033,716
Military Education and Training	56,000	56,000	55,851	55,851
Foreign Military Sales	4,053,441	4,421,150	3,950,000	3,950,000
Economic Support Fund	3,901,000	3,587,500	3,430,812	3,380,812
Existing Authorization (Ireland)	0	0	35,000	35,000
Base Rights Adjustment	0	0	0	400,000
<b>TOTAL, Security Aid</b>	<b>\$ 9,001,970</b>	<b>\$ 9,450,601</b>	<b>\$ 8,546,908</b>	<b>\$ 8,896,908</b>
(Adjustment)			- 100,000 *	
<b>GRAND TOTAL</b>	<b>\$ 11,493,778</b>	<b>\$ 12,052,534</b>	<b>\$ 11,070,417</b>	<b>\$ 11,446,917</b>

\* The committee voted to increase funds for Africa by \$100 million without increasing the total authorized by HR 1630. The provision required the administration to provide the additional funds from amounts authorized for other aid programs.



# Fight Over Davis-Bacon Deferred to House Floor

Legislation to give federal contractors more leeway in setting pay scales was approved by the House Education and Labor Committee Aug. 4, but Republican committee members and the Labor Department say the bill does not go far enough.

The measure (HR 2216) was approved by voice vote after a low-key, two-hour debate. But the quiet markup simply reflected a decision by opponents and their allies in the business community to save their energy for a floor fight.

Then, both sides are expecting a much more vigorous battle to amend the Davis-Bacon Act, which has not been changed in any significant respect in more than 50 years.

The Davis-Bacon Act requires that workers covered by contracts on federal jobs valued at more than \$2,000 be paid the prevailing local wage rate, as determined by the Labor Department. Most of the time this is the wage paid to union workers.

Over the years, the law has been extended to cover not only federal agency construction, but all projects, including those at the state and local level, receiving federal funding or loan guarantees.

The impetus for Davis-Bacon was the Great Depression, when there was concern about unscrupulous, fly-by-night construction companies setting up shop with unskilled, cheap laborers who were driving down wage rates.

Those conditions have changed — in large part because of tighter labor regulation — and Davis-Bacon critics say the law has to change as well.

All during the Reagan administration, Republicans have tried to amend the law, contending that the \$2,000 threshold for coverage is anachronistic. Its most vehement critics contend the law is nothing but a monopoly for the construction unions that costs the federal government money.

In 1986 alone, there were three separate attempts to raise the threshold to \$250,000, but each of them failed. One effort came on a major

## Labor Panel Hikes Threshold to \$50,000

highway bill, another was on an authorization for Defense Department programs and the third was an authorization for federal housing programs. (1986 *Almanac* pp. 286, 477, 480, 485, 587)

Davis-Bacon supporters — principally organized labor and its Democratic allies — agree the law needs fixing, but they object to the revisions many Republicans support.

### Raising the Threshold

The bill approved by the Labor Committee Aug. 4 is virtually identical to the version approved by the Labor Standards Subcommittee June 24. Its most significant provision raises the threshold level for coverage to \$50,000 for new construction projects and to \$15,000 for remodeling or repair work. (*Weekly Report* p. 1399)

Austin J. Murphy, D-Pa., chief sponsor and subcommittee chairman, said that the \$50,000 limit was twice the amount the House had agreed to last year in its version of the defense bill. But Republicans Harris W. Fawell, Ill., and Dick Armey, Texas, said the increase was almost meaningless and that the two-tiered approach was too complicated to be workable.

In a letter to committee Chairman Augustus F. Hawkins, D-Calif., Labor Secretary William E. Brock III echoed those concerns. He added that unless changes were made, he would recommend a presidential veto.

Fawell offered an amendment to have a single, \$1 million threshold for all types of construction work, and said that even with that hike, only 28 percent of government construction contracts would escape coverage.

Fawell said the Congressional Budget Office estimated that this provision, if enacted, would save \$230 million in budget authority in fiscal 1988 and \$55 million in outlays, money actually spent.

Murphy opposed the amendment,

and it was rejected by voice vote. However, another Democrat, Timothy J. Penny, Minn., who helped draft HR 2216, said he would work for a higher threshold during floor consideration.

HR 2216 also would bar splitting of contracts on a project in order to avoid coming within the Davis-Bacon provisions. The bill says splitting is prohibited when the contracts made with the government "all relate to the same work or related work at the same site."

Any "interested person" would be permitted to sue in U.S. district court challenging the labor secretary's refusal to apply Davis-Bacon standards to contracts that may have been split.

Fawell sought to delete this provision, but his amendment was rejected 12-20. He and Steve Bartlett, R-Texas, said the provision was so broadly drafted that virtually every contract would be considered "related" to another contract and thus covered under the law.

### Other Provisions

HR 2216 defines the terms "apprentice," "trainee" and "helper" to spell out when these types of workers can be paid less than the prevailing wage rate.

The most controversial definition, according to Republican members, is the one for helpers.

Under the bill, a helper can be paid less than the required wage if the helper's duties are defined and are clearly different from the duties of the more experienced workmen on the job. In addition, the helper cannot be used as an informal apprentice or trainee.

A trainee or an apprentice must work for a program officially registered with either federal or comparable state labor officials who monitor formal training programs.

Current Labor Department regulations allow widespread use of helpers, and bill sponsors, along with organized labor, believe the regulations end up driving down wages for skilled workmen.

Fawell offered an amendment to rework the helper definition, but it was rejected by voice vote. ■

—By Nadine Cohodas

**Response to Passenger Complaints:****House Committee Backs Bill Requiring Airline Disclosure**

Spurred by a rash of passenger complaints about shoddy airline service, a House panel Aug. 5 approved legislation intended to protect consumers from such problems as excessive delays and lost baggage.

The Public Works and Transportation Committee approved by voice vote a bill (HR 3051) that would require airlines to disclose their on-time performance records and other data.

Proponents said such information would help passengers learn which airlines provide good service, thereby giving carriers an incentive to improve their records. They described this as a market-based approach in keeping with the goal of the 1978 airline deregulation law (PL 95-504) to increase industry competition. (*Background, Weekly Report* pp. 707, 1489)

"What this really does is enhance competition and deregulation" by providing more information to travelers, said Norman Y. Mineta, D-Calif., chairman of the Public Works Subcommittee on Aviation.

But the measure also contains provisions that require more action than disclosure and, as Mineta acknowledged, could force fare increases. For example, one provision would require airlines to compensate consumers for lost baggage. If baggage was not available within two hours of arrival time, the airline would have to give the passenger a free one-way stand-by ticket between the same two points. If it was not available within 24 hours, the airline would have to provide a free round-trip stand-by ticket for the same route.

Another provision would require the Department of Transportation (DOT) to set minimum "passenger service requirements" for "hub" airports that handle the bulk of flights. For example, DOT could require carriers to provide more time between flights to make it easier for passengers

to make connections.

Several committee Republicans, including Newt Gingrich of Georgia, ranking minority member of the Aviation panel, voiced concern about the hub requirement and other provisions he termed "re-regulatory."

Still, the measure is expected to win bipartisan support on the floor. Ron Packard, R-Calif., said it would be politically difficult for any lawmaker to oppose the bill because of intense consumer anger at the airlines.

"The message is loud and clear to elected officials to do something," Packard said.

**Avoiding New Amendments**

Chairman James J. Howard, D-N.J., and Mineta said they would ask the leadership for permission to call up the measure under suspension of the rules, a procedure that would not allow for any amendments but would

require a two-thirds vote to pass. Howard said he wanted to sidestep potential "re-regulatory" proposals.

"This is not a radical bill at all," Howard claimed.

But a spokesman for the Air Transport Association (ATA), the chief trade group for the airline industry, disagreed, saying that such things as the baggage compensation requirement would lead to higher fares. The spokesman, Tom Tripp, said the group was "strongly opposed" to the bill. Tripp maintained that new consumer legislation was unnecessary since airlines had agreed voluntarily to report more information to DOT.

**Possible Veto Bait**

Although the Reagan administration has yet to take a formal position on the legislation, several committee members said they would not be surprised by a veto threat. DOT leaders in the past have said they would prefer to handle consumer problems through new regulations rather than legislation.

A somewhat similar disclosure bill (S 1485) was approved July 14 by the Senate Commerce, Science and Transportation Committee. That bill was denounced by DOT leaders as administratively onerous. One provision, not contained in the House panel's bill, would require DOT to calculate a "minimum realistic time" for each domestic flight. Travel times displayed on computerized reservation systems used by ticket sellers would have to reflect the DOT calculations. (*Weekly Report* p. 1596)

The Senate measure does not, however, provide for compensation for delayed baggage or require DOT to set standards for hub airports.

Prospects for a White House veto may be increased by the House panel's inclusion of provisions to require airlines that merge to pay benefits to employees who lose their jobs or are otherwise hurt by the transaction. An identical plan was contained in an administration-opposed labor protection bill (HR 1101) passed by the House June 22. (*Weekly Report* p. 1413)

The House committee included the labor plan based on the expectation that the Senate will attach separate labor-protection legislation to S 1485 when that bill is brought to the floor. Senate Commerce June 4 ap-



**Airlines complain of "re-regulation," but James J. Howard, D-N.J., says, "This is not a radical bill at all."**

—By Paul Starobin



proved a measure (S 724) that contains labor provisions at odds with the House plan. In particular, the Senate bill would shift authority to impose payment of benefits from the transportation secretary to the labor secretary. The House bill leaves such authority in the hands of the DOT secretary. (*Weekly Report* p. 1196)

### Major Provisions

The Public Works bill was approved after two days of markup observed by a packed room of airline industry lobbyists. The committee attached a number of amendments to a "bare-bones" measure approved July 30 by the Mineta subcommittee. The only roll-call vote occurred on the baggage plan, which was offered by Bud Shuster, R-Pa., and adopted 39-9. (*Weekly Report* p. 1767)

The committee rejected by voice vote an amendment by Benjamin L. Cardin, D-Md., that would have limited airlines' penalty charges for ticket cancellations. Gingrich said the plan would lead to fewer discount fares, which typically carry a heavy penalty charge.

As approved by Public Works, the bill includes provisions addressing:

- **Disclosure.** DOT would have to issue monthly public reports on airlines' performance with respect to delayed flights, lost and damaged baggage, canceled flights and numbers of passengers denied boarding because of overbooking. The Senate Commerce bill contains similar requirements.

In addition, like the Senate package, the bill requires computerized reservation systems used by ticket sellers to include the on-time perfor-

mance for each scheduled flight. Such information must be available to the public, although the measure does not explicitly require sellers to volunteer the data to customers.

This provision was added to the House measure through an amendment by Jim Chapman, D-Texas.

Airlines object to having to include new information in the computer displays, saying that they will have to undertake costly overhauls of the reservation systems.

The bill also requires carriers to notify passengers before they board a flight of any delay of 15 minutes or more in the scheduled departure or arrival time of the flight as well as the reasons for the delay.

Anyone providing DOT with false or misleading information would be subject to a \$10,000 fine.

- **Airport Capacity.** DOT would be required to establish annual capacity levels for takeoffs and landing of aircraft at major airports across the country. Airports would have to comply with the capacity limits.

Shuster offered the capacity plan as an amendment to the subcommittee package because of concerns that busy airports are scheduling an unsafe number of landings and takeoffs during peak-hour periods.

- **Unfair Trade Practices.** This provision seeks to limit alleged abuses of near-monopoly power of large airlines that lease computer reservation systems to travel agents. Two airlines, United and American, own the systems that are used by more than half of the nation's automated travel agencies. Mineta and others are concerned that this market power gives these airlines the ability to impose excessive costs on competitors by charging large fees for having their schedules listed in the system.

The bill would make it much easier for travel agents to terminate their contract with a computer system provider and turn to a new vendor.

- **Bankruptcies.** Lawmakers are concerned about airline bankruptcies that leave consumers with worthless tickets. Airlines would be required to develop a plan to honor tickets issued by a bankrupt carrier. The plan would be subject to DOT approval.

- **Cancellations.** Carriers would not be allowed to cancel flights within 72 hours of the scheduled departure time except for safety reasons. Panel members are concerned about last-minute cancellations simply because of a low number of bookings.

## House, Senate Panels OK Air Taxes

House and Senate panels took action the week of Aug. 3 to reauthorize the taxes that finance federal airport programs. The panels added provisions that would automatically reduce the taxes in the event that airport appropriations fall significantly short of authorizations.

The House Ways and Means Committee Aug. 3 adopted by voice vote an amendment to a \$27.5 billion, five-year reauthorization of aviation programs (HR 2310) approved June 3 by the Public Works and Transportation Committee. The amendment reauthorizes taxes that support federal aviation programs, such as an 8 percent tax on airline tickets, at their current level through Dec. 31, 1992. The money is kept in the Airport and Airway Trust Fund. (*Weekly Report* p. 1196)

By voice vote, the panel adopted a plan by Hal Daub, R-Neb., to require tax reductions if the trust fund surplus is more than \$2 billion at the end of a fiscal year, and if appropriations for the following fiscal year fall at least 10 percent short of authorizations. Taxes would be reduced by the same percentage that funding has fallen short, up to 25 percent. Thus, if funding was 80 percent of authorized levels, taxes would be cut by 20 percent.

This "trigger tax" plan is intended to prod the Appropriations Committee into spending money in the trust fund faster. The surplus, or gap between cash in the fund and the amount actually spent, is projected to exceed \$5 billion at the end of the current fiscal year. The surplus helps make the federal deficit look smaller, even though it remains in the trust fund and is not available for other programs. (*Weekly Report* p. 711)

Opposition to the tax-reduction plan is possible from members of the Budget and Appropriations committees, on the grounds that the provision could force increased airport spending at a time when other federal programs are being cut to reduce the deficit.

Separately, the Senate Finance Committee Aug. 5 adopted by voice vote a tax amendment to the three-year, \$15.6 billion airport reauthorization bill (S 1184) approved May 14 by the Commerce Committee. The taxes would be extended at their current levels through Dec. 31, 1990. In 1991, they would be reduced by half if the trust fund surplus were projected to exceed \$3 billion. They would expire altogether Dec. 31, 1991. (*Weekly Report* p. 1000)

Bob Packwood, R-Ore., offered the tax-reduction plan; it was adopted 9-4. Opponents expressed concerns that an administration would deliberately seek to restrain spending simply out of a desire to lower taxes.



**Notes on Recent Action:**

## House-Passed Bills Give Veterans Housing and Education Benefits

The House Aug. 3 passed legislation to improve veterans' housing programs.

The bill (HR 2672), passed by voice vote under suspension of the rules, encourages more veterans to participate in the Veterans Administration (VA) home-loan program.

Under current law, the maximum VA home loan is \$27,500 or 60 percent of the cost of the home, whichever is lower. HR 2672 would raise the limit to \$40,000 or 40 percent, whichever is lower.

By providing larger loans, the bill seeks to help veterans living in high-priced real estate markets participate in the home-loan program. Sponsors say that under current limits, far too many homes are out of the reach of veterans.

HR 2672 also decreases the potential indebtedness of veterans who default on small to moderately sized loans.

In addition, the bill requires the VA to provide financial counseling to veterans who are delinquent in paying their loans, and it establishes a mortgage-relief program to authorize loans of up to \$8,400 to veterans who face foreclosure through no fault of their own.

The bill was reported by the Veterans' Affairs Committee (H Rept 100-257) July 30. (*Committee action, Weekly Report p. 1671*) ■

### Veterans' Training

The Senate Aug. 4 passed its own version of a House-passed bill to improve management of veterans' employment, job training and counseling programs.

The bill (HR 1504) extends through fiscal 1990 a veterans' job training program established in 1983 (PL 98-77). The program authorizes

subsidies to employers who hire and train unemployed veterans of the Korean War and the Vietnam era. Before passing the bill, the Senate substituted the text of its own measure (S 999 — S Rept 100-128) for that of the House-passed bill.

The Senate bill also seeks to improve coordination between the Department of Labor's assistant secretary for veterans' employment on the one hand and training programs, state governments and local veterans' groups on the other. It seeks to do this by increasing the number of veterans' employment representatives around the country and by proposing standards to govern their performance.

The House version of HR 1504 (H Rept 100-192), passed June 30, does not contain the provision coordinating veterans' programs. (*Weekly Report pp. 1478, 1027*) ■

### Apology for Internment

The Senate Governmental Affairs Committee Aug. 4 approved legislation (S 1009) that would make amends both verbally and financially to Japanese-Americans held in internment camps during World War II.

The bill, approved on a voice vote, issues a formal congressional apology "on behalf of the nation," and authorizes a \$1.3 billion fund for Japanese-Americans who survived internment. Each survivor would be eligible to receive up to \$20,000 in compensation. Family members and heirs of survivors would not be eligible.

An additional \$5 million would be set aside for persons of Aleutian ancestry who were interned on the Aleutian and Pribilof islands during the war.

Sponsor Spark M. Matsunaga, D-Hawaii, urged his colleagues on the committee to approve the legislation and "remove the one blot on the Constitution — the blot that has been there for 45 years."

The legislative effort to provide compensation took on new importance after internment victims suffered a legal setback June 8. The Supreme Court ruled then that plaintiffs had made their case to the wrong court. (*Weekly Report p. 1191*)

The committee approved by voice vote an amendment, offered by Republican William V. Roth Jr. of Delaware, to stretch the funding for the program out over five years, beginning in fiscal 1989. The Roth amendment was intended to diminish the financial impact of the legislation during any one fiscal year.

S 1009 is similar to legislation (HR 442) approved by the House Judiciary Committee in June. (*Weekly Report p. 1326*) ■

### Postmasters' Appeal Rights

The House Aug. 3 cleared legislation to grant all postmasters and Postal Service supervisors the right to appeal adverse personnel actions to the Merit Systems Protection Board (MSPB).

Under current law, only those postmasters and postal supervisors who are veterans of the armed forces may appeal to the MSPB. Employees covered by a collective bargaining agreement have the right to binding arbitration, but other employees must appeal to the U.S. Postal Service. Such appeals are decided under an internal review process.

The bill (HR 348) initially passed the House on March 3. The Senate approved HR 348 by voice vote on July 28, after deleting one provision that would have allowed the Postal Service to seek, through the Office of Personnel Management, judicial review of certain MSPB decisions which set precedents in Postal Service personnel policy.

The House accepted the Senate version of HR 348 on Aug. 3, thus clearing it for the president.

Before passing the bill July 28, the Senate defeated, 18-74, an amendment by Republican Jesse Helms of North Carolina. The amendment sought to ensure that no postal employee would be required to join a union in order to appeal adverse actions to the MSPB. (*Vote 214, p. 1762*) ■

—By Tom Watson



# Trade Topics Compete for Hill's Attention

As Congress prepared to leave town for its Labor Day recess, the writing of the last chapter of the omnibus trade bill (HR 3) got under way — five months after markups began.

Even so, with members harboring minimal hopes for finishing that bill before late in the fall, other contentious trade concerns have begun to bubble to the surface.

An 81-member House-Senate conference on the trade bill convened Aug. 7, for the largely ceremonial purpose of renewing a commitment to stiffen the United States' response to the perceived unfair trading practices of some of its closest allies and to shore up the competitiveness of threatened domestic industries. (*Comparison of House and Senate trade bill provisions*, p. 1822; *House passage*, *Weekly Report* p. 811; *Senate passage*, p. 1633)

Conference Chairman Dan Rostenkowski, D-Ill., said achieving a conference agreement will require Congress and the White House to be "flexible and open-minded."

And in reference to oft-repeated administration objections, Rostenkowski, who chairs the House Ways and Means Committee, urged President Reagan to "refrain from further veto threats" to allow the conference to do its work.

## Canada and the Caribbean

While the omnibus bill has dominated trade talk on Capitol Hill this summer, attention has also turned to related issues: trade with Canada and Caribbean nations and limits on imports of textiles and shoes.

The most time-sensitive issue is an Oct. 5 deadline on talks to establish a free-trade relationship between the United States and Canada — whose exchange of goods and services last year was worth \$126 billion — that some fear could be much more advantageous to Canada.

And when that issue is settled, or even before, some members hope to start work broadening the Caribbean Basin Initiative, a pact that grants

trade concessions to 22 nations to bolster their economies and attract investment to the region.

As efforts to eliminate most if not all tariffs and other barriers to trade between Canada and the United States are nearing an end, members are showing signs of concern that the outcome might not be to their liking.

Congress must approve the results of those negotiations, just as it must approve nearly every trade agreement. But the Canada talks must conclude in two months if that agreement is to qualify for an expedited review by Congress under a procedure that will prevent members from tinkering with it.

On Aug. 5, several members of the Senate Finance Committee noted that Canadian barriers to U.S. trade were in many cases much higher than comparable restraints on this side of the border, and pointed out that the U.S. market is more than 10 times larger than the Canadian market.

The message, repeated the next day by House members from the Northeast-Midwest Coalition, was that Canada will have to offer serious concessions to make a free-trade agreement worthwhile to the United States.

"We recognize that while a good agreement would be in the best interests of both countries ... not any old agreement would be acceptable to members of the Finance Committee," said Sen. John C. Danforth, R-Mo., expressing a widely held sentiment.

Rep. Jim Leach, R-Iowa, offered the equally widely held belief that a satisfactory agreement could be crafted. He noted that the possibility of relaxing trade barriers "is in sharp contrast to the protectionist mood sweeping the country."

On a second free-trade front, Rep. Sam Gibbons, D-Fla., introduced a bill (HR 3101) Aug. 5 with 27 cosponsors to extend duty-free treatment of some imports from 22 Caribbean nations through 2007.

The bill also would expand the list of duty-free imports to include clothing manufactured from U.S.-produced raw materials and would in-

crease import quotas on cane sugar.

Gibbons, chairman of the Ways and Means Trade Subcommittee, said the existing Caribbean Basin Initiative has not been as successful at expanding economic development as was hoped, in part because it limited duty-free treatment to about 10 percent of the region's exports. (*Background*, 1983 *Almanac* p. 252)

Clothing and sugar, which are restricted by current law, are among the region's largest industries, he noted. But relaxing import controls on them will be difficult to sell in Congress.

## Textile Quotas

Overarching those potential trouble spots are textile, apparel and shoe import quotas, long sought by industries that say they are about to be overwhelmed by foreign competition, and may disappear by the turn of the century, but just as vigorously opposed by the administration, which says that sector of the economy is now stronger than it has been in years.

Virtually identical versions of a textile import-quota bill (HR 1154, S 549) have been sent to the floors of both chambers, but without recommendation because of opposition from key members of both the House Ways and Means and Senate Finance committees. (*Weekly Report* p. 1727)

The Senate panel acted July 30, and Ways and Means followed suit Aug. 3.

Efforts to bring the bill up in the House before the recess were thwarted largely by other demands on the time of chief sponsor Butler Derrick, D-S.C. He was serving on the conference committee crafting a restoration of the automatic-spending-cut provisions of the Gramm-Rudman anti-deficit law. (*Story*, p. 1788)

Derrick now hopes the House will act soon after it reconvenes Sept. 9.

## Trade Bill Conference

The convening of the trade bill conference — which will grow with the later addition of 100 House members — enables the staffs of 21 House and Senate committees that had a hand in HR 3 to work out many of the details.

—By John Cranford

# House Panel OKs Bill to Deter DAT Imports

Legislation to discourage imports of digital audio tape recorders (DATs), at least temporarily, won approval Aug. 3 from a House Energy and Commerce subcommittee.

The bill (HR 1384), approved by voice vote, would require that all DATs sold in the United States contain a special microchip to inhibit the machines' recording ability. Without the microchip, the U.S. recording industry fears that DATs would be used to make near-perfect copies of prerecorded tapes, compact discs and records, thereby undercutting sales.

Currently, DATs are available only in Japan, where they are manufactured, and in Europe. However, Marantz Co. Inc., a company that imports Japanese products, announced in May at the Consumer Electronics Show that the first DATs could arrive as early as October and be available for mass distribution by the end of the year. (*Background, Weekly Report p. 1235*)

Before approving HR 1384, the Subcommittee on Commerce, Consumer Protection and Competitiveness adopted an amendment offered by Chairman James J. Florio, D-N.J.

Florio's amendment would limit the microchip requirement to one year rather than three as provided in the original bill, and it would allow the secretary of commerce to void the requirement under certain conditions: if the system caused audible degradation of sound quality in prerecorded music (the National Bureau of Standards (NBS) has been asked to study this question); if it were easily bypassed; or, if an alternative technology were developed that provided greater protection against unauthorized copying. In addition, the bill as amended would exempt DATs used for legitimate business purposes, such as in professional recording studios.

Two panel members offered token opposition to Florio's amendment: Joe L. Barton, R-Texas, who expressed "lukewarm opposition" to the bill; and Dennis E. Eckart, D-Ohio, who voted for the amendment but said he disliked the idea of giving the commerce secre-

tary discretionary authority over DATs and would prefer a "one-year, shoot-'em-when-they-show-up ban" on DATs without the microchip.

The full committee will not consider HR 1384 until after Congress returns from its August recess.

Florio said the pre-recess subcommittee markup was prompted by "a particular manufacturer's" decision to go ahead and market DATs in spite of congressional requests for more time to consider issues associated with the new recorders.

However, Marantz President Jim Twerdahl said Aug. 4 that "nobody has even called us and said, 'Will you consider doing something differently?'" He added that Marantz might delay its plans to import DATs if directly asked to do so.

Florio also read a July 29 letter from U.S. Trade Representative Clayton Yeutter that urged the subcommittee to forge ahead on the legislation.

The Senate Commerce Consumer Subcommittee, which is considering a similar measure (S 506), is waiting for the results of the NBS study before proceeding. That study, which has not yet begun because NBS is waiting for funding, may take as long as three to five months.

The Commerce Department, parent agency of the bureau, has asked two competing lobby groups — the Recording Industry Association of America, which wants controls on DAT imports, and the Home Recording Rights Coalition (HRRRC), which opposes curbs — to provide the \$150,000 necessary to complete the study. Both have agreed, but the HRRRC is having second thoughts after what spokesman Gary Shapiro called "a serious breach of faith" by Florio and the Reagan administration when Florio's subcommittee approved HR 1384. "This makes the NBS study an afterthought," said an outraged Shapiro. "It makes the DAT an illegal product."

—By Macon Morehouse

Although the bills are each about 1,000 pages long, aides say they expect to find only a double handful of truly difficult issues to resolve.

Those problem areas, which in many cases are exacerbated by strong administration objections, include harsh, mandatory responses to unfair trade practices abroad, mandatory relief for firms and workers harmed by rising imports, new training programs for displaced workers and debt relief for Third World countries.

But lesser problems could crop up in countless cases in which the two chambers differ more in technical, rather than substantive, ways.

One such issue may be how Congress should respond to what is seen as

a serious national security breach by Japanese and Norwegian manufacturers that illegally sold sophisticated metal-milling equipment to the Soviet Union that may have been used to produce extra-quiet submarine propellers. (*Weekly Report p. 1435*)

There is virtually unanimous agreement that the incident requires a strong response. But there is less agreement about how to respond, and how to ensure against the same thing happening again without going overboard in restricting exports.

Awaiting resolution of all the differences between the two bills are upcoming multilateral negotiations in Geneva to reduce tariffs and eliminate trade barriers worldwide, the first

such talks since 1979.

The administration sees this so-called Uruguay Round of the GATT, the General Agreement on Tariffs and Trade, as the United States' last best hope for sharply reducing farm subsidies that are sapping industrialized countries.

But Congress has its eye on these discussions, fearful of concessions that might jeopardize U.S. agricultural interests.

And without enactment of a trade bill that renews the president's authority for these multilateral talks and re-establishes expedited congressional consideration of resulting agreements, U.S. negotiators say they cannot hope for success.



# Provisions of House, Senate Trade Bills Compared

Both versions of the 1,000-page omnibus trade bill (HR 3) — the Trade and International Economic Policy Reform Act of 1987, which passed the House April 30, and the quite similar Omnibus Trade and Competitiveness Act of 1987, which passed the Senate July 21 — contain provisions to stiffen the U.S. response to unfair trading practices abroad, provide greater relief to domestic industries and workers harmed by imports, increase the government's role in stimulating exports, and enhance the emphasis on math, science and foreign-language training. (*Making the two bills*, p. 1823; *House passage*, *Weekly Report* p. 811; *Senate passage*, p. 1633)

Both also would take steps toward streamlining and reorganizing the government's trade policy-making machinery, granting debt relief to Third World countries, stabilizing currency exchange rates, and negotiating multilateral and bilateral reductions in tariffs and other barriers to trade. Both also would make numerous changes to existing duties on U.S. imports.

The bills take different approaches in several areas, particularly the president's authority to reduce tariffs, retaliate for unfair trade practices and grant import relief.

Following is a comparison of major provisions of the two versions. As it passed the House and Senate, HR 3 would:

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- **National Trade Policy.** Set as U.S. policy the achievement by 1992 of a balance in the nation's trade accounts and a stable, competitive exchange rate for the dollar. The bill specifically would require the president to coordinate economic and monetary policy with major trading partners, expand markets for exports, retaliate against the unfair trade policies of other nations, negotiate a more open world trading system and better manage Third World debt problems.
- **Negotiating Objectives.** Set specific objectives for bilateral trade negotiations and multilateral trade negotiations under the GATT (the General Agreement on Tariffs and Trade, an international body that governs some, but not all, foreign trade) for the reduction of tariffs and elimination of non-tariff trade barriers. Objectives would be specified for agriculture, unfair trade practices, services, patents and other intellectual property rights, improvement of the GATT process for settling disputes, worker rights, and reciprocal market access, among other subjects.
- **Consultation.** Require the U.S. trade representative (USTR), a Cabinet-level officer responsible for trade negotiations and development of certain aspects of trade policy, to report to Congress by March 1 of each year the administration's trade policy goals for the year, activities planned to reach those goals and progress made in meeting the prior year's goals. Such reports can be made in confidence, if appropriate.
- **Expand requirements of the Trade Act of 1974 (PL 93-618)** for consultation with Congress, appointment of a committee of House members and senators to serve as designated congressional advisers to the administration on trade matters, and appointment of a private-sector committee to advise the administration on trade policy and to comment on trade activities. (*1974 Almanac* p. 553)
- **Require the president to notify Congress, 60 days before a trade agreement is to take effect, on how that agreement would affect the international and domestic competitiveness of significant services and industries.** The president could waive this requirement for reasons of expediency, if in the national interest.
- **Tariff-Reduction Negotiations.** Authorize the president to negotiate through Jan. 3, 1993, to reduce tariffs and to put the reductions in place

## Trade Policy and Negotiations

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- **Negotiating Objectives.** Set specific objectives for bilateral trade negotiations and multilateral trade negotiations under the GATT (the General Agreement on Tariffs and Trade, an international body that governs some, but not all, foreign trade) for the reduction of tariffs and elimination of non-tariff trade barriers. Objectives would be specified for agriculture, unfair trade practices, services, patents and other intellectual property rights, improvement of the GATT process for settling disputes and better enforcement of existing GATT rules, among other subjects.  
The bill also would target for negotiated agreements elimination of foreign policies or practices that limit U.S. access to foreign-held patents or research and development projects. Opportunities for foreign persons to gain access to U.S. technology is to be taken into account in such negotiations.
- **Consultation.** Amend requirements of the Trade Act of 1974 (PL 93-618) for consultation with Congress, requiring by Jan. 1, 1991, separate reports on the status of negotiations from the president and a private-sector committee that advises the administration on trade. (*1974 Almanac* p. 553)
- **Multilateral and Bilateral Trade Negotiations.** For multilateral negotiations, authorize the president to negotiate through Jan. 3, 1994, to reduce tariffs and non-tariff barriers to trade, subject to congressional consultation and approval in all cases. Existing-law authority for tariff reduction expired in 1980 and 1982. Existing authority for non-tariff barrier negotiations is to expire Jan. 3, 1988. The bill would not extend authority that expired in 1982 for the president to put certain multilateral tariff reductions into effect without further congressional approval.  
The bill would limit tariff reductions; for tariffs that exceed 5 percent, negotiated reductions could not exceed 50 percent of the rate in existence on the date of enactment of HR 3.
- **Authorize the president to enter into bilateral agreements to eliminate or reduce tariffs and non-tariff trade barriers until Jan. 3, 1994, subject to congressional consultation and approval.** Existing authority for such negotiations is to expire Jan. 3, 1988. Bilateral negotiations would be allowed only at the request of another country.  
The provisions would not affect ongoing free-trade negotiations with Canada or an existing free-trade

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without further congressional approval. Existing-law authority for tariff reduction expired in 1980 and 1982.

The bill would restrict tariff reductions, allowing the president to reduce a rate of duty to not less than 40 percent of the rate in existence on the date of enactment of HR 3 if the USTR or the U.S. International Trade Commission (ITC), an independent agency charged with assessing the impact of foreign-trade actions on U.S. industries, determines that a reduction below that level would be harmful.

Tariff reductions would have to take effect within 10 years, and one subject to the maximum reduction limit would have to be phased in over 10 years.

- **Non-Tariff Barrier Reductions and Bilateral Negotiations.** Authorize the president to negotiate multilaterally for the removal of non-tariff barriers, subject to congressional consultation and approval. Existing authority for such negotiations is to expire Jan. 3, 1988.
  - Authorize the president to enter into bilateral agreements to eliminate or reduce tariffs or non-tariff trade barriers until Jan. 3, 1993, subject to congressional consultation and approval. Existing authority for such negotiations is to expire Jan. 3, 1988. Bilateral negotiations would be allowed only at the request of another country.
- The provisions would not affect ongoing free-

### Trade Policy and Negotiations (cont.)

agreement with Israel. And trade concessions negotiated under this section could not be extended to a third country without similar negotiations.

- **Require the president to notify Congress and the public 90 days before a multilateral agreement is to take effect and 150 days before a bilateral agreement is to take effect.** The president would be required to provide Congress with a draft bill implementing the agreement and a statement of administrative action required. No agreement would take effect without enactment into law of the implementing bill.
- **State Trading Enterprises.** Limit the president's authority to negotiate trade-barrier reductions with countries where state-run businesses produce a significant share of goods either that are exported or that compete with imports, and where such activity unduly restricts U.S. trade. Such negotiations would have to include agreements by the foreign country that state-run businesses will buy and sell on the basis of commercial considerations, and allow U.S. firms opportunity to compete.
- **Reciprocity.** Require the president to determine by Jan. 1, 1991, if Canada, Japan, members of the European Community or any other "major industrial country" is denying the United States equivalent (reciprocal) access to its markets. If a country is found to be denying reciprocal access, the president is to

## Individual Measures That Make Up the Trade Bill

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Following are the bills combined by the Rules Committee (H Res 151 — H Rept 100-67) to form HR 3 for floor action:

- **HR 3**, the omnibus trade bill, reported April 6 by the Ways and Means Committee (H Rept 100-40, Part 1).  
By the Energy and Commerce Committee April 6 (Part 2).  
By the Foreign Affairs Committee April 6 (Part 3).  
By the Banking Committee April 6 (Part 4).  
By the Education and Labor Committee April 6 (Part 5).  
By the Agriculture Committee April 7 (Part 6).
- **HR 1928** (HR 1854), small business competition, reported April 6 by the Small Business Committee (H Rept 100-38).
- **HR 1290**, ocean transportation practices, reported April 6 by the Merchant Marine and Fisheries Committee (H Rept 100-39).
- **HR 1972**, air transportation competition, reported April 8 by the Public Works and Transportation Committee (H Rept 100-45).
- **HR 1509**, patent and copyright protections, and **HR 1931**, process patent protections, approved April 8 by the Judiciary Committee.
- **HR 1307**, trade impact statements, reported April 27 by the Rules Committee (H Rept 100-71).

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Following are the bills combined in S 1420 for Senate floor action; S 1420 as amended was substituted for HR 3:

- **S 490**, trade negotiations, retaliation, import relief and tariffs, reported June 12 by the Finance Committee (S Rept 100-71).
- **S 538**, worker retraining and plant closing notification, reported June 2 by the Labor and Human Resources Committee (S Rept 100-62).
- **S 406**, math, science and foreign-language education, reported June 16 by the Labor and Human Resources Committee (S Rept 100-73).
- **S 512**, farm export subsidies, reported June 19 by the Agriculture Committee (S Rept 100-77).
- **S 907**, industrial competitiveness, reported June 22 by the Commerce, Science and Transportation Committee (S Rept 100-80).
- **S 1406**, export promotion and foreign investment, reported June 23 by the Foreign Relations Committee (S Rept 100-81).
- **S 1233**, trade and commerce organization, reported June 23 by the Governmental Affairs Committee (S Rept 100-82).
- **S 1200**, patent and copyright protections, reported June 23 by the Judiciary Committee (S Rept 100-83).
- **S 1344**, small business export promotion, reported June 23 by the Small Business Committee (S Rept 100-84).
- **S 1409**, export controls and Third World debt, reported June 23 by the Banking, Housing and Urban Affairs Committee (S Rept 100-85).



trade negotiations with Canada or an existing free-trade agreement with Israel. And trade concessions negotiated under this section could not be extended to a third country without similar negotiations.

- **Require the president to notify Congress and the public 90 days before a multilateral non-tariff agreement is to take effect and 150 days before a bilateral agreement is to take effect.** The president would be required to provide Congress with a draft bill implementing the agreement and a statement of administrative action required. No agreement would take effect without enactment into law of the implementing bill.
- **Fast-Track Approval.** Extend existing law expediting congressional consideration of bills to implement non-tariff barrier reductions until Jan. 3, 1991. This short-term extension was primarily designed to put pressure on the upcoming Uruguay Round of GATT negotiations to meet a four-year deadline for conclusion of those talks. If the administration certifies that progress is being made, fast-track approval would be extended an additional two years, to Jan. 3, 1993.

Fast-track approval limits to 45 days congressional committee consideration of administration-provided draft bills to implement trade agreements. Floor consideration must occur within 15 more days, and a motion to proceed to floor consideration must be acted on without delay or debate. Debate on the implementing bill is limited to 20 hours, and amendments are not in order.

- **Extend fast-track consideration of bilateral trade agreements to Jan. 3, 1993.**

During the first 60 days after being notified of bilateral negotiations, either the House Ways and Means Committee or the Senate Finance Committee would be authorized to disapprove the negotiations, thereby canceling fast-track approval for an agreement stemming from those negotiations.

- **Harmonized Tariff System.** Authorize implementation of the Harmonized Commodity Description and Coding System, negotiated under the GATT, without further congressional action. The Harmonized System seeks to make the imposition of tariffs more uniform by setting international standards for identifying and measuring items subject to tariff.
- **Compensation.** Expand the authority of the president to negotiate trade agreements granting concessions to other countries when the United States has imposed tariffs or quotas to retaliate for unfair trade practices or to grant import relief to domestic industries, but only when such compensation would be required to meet international obligations. Under GATT rules and other multilateral agreements, foreign governments may retaliate against the United States in response to U.S. retaliation or other trade-limiting actions. Offers of offsetting compensation are seen as ways to avoid retaliation against sensitive industries, while complying with international agreements.
- **Canada.** Authorize elimination or reduction of tariffs on 11 specific items of interest to Canada, without further approval by Congress, in the context of continued bilateral free-trade talks with that country. Such tariff reductions would be allowed only if Canada granted reciprocal trade relief, and

### Trade Policy and Negotiations (cont.)

recommend to Congress legislative penalties to balance trading opportunities.

- **Fast-Track Approval.** Extend existing law expediting congressional consideration of bills to implement trade agreements, except that the fast track would be available only if the president has submitted to Congress a statement of U.S. trade policy after Jan. 1, 1988. Fast-track authority would terminate on Jan. 1, 1992, if either chamber between Jan. 1, 1991, and July 1, 1991, adopts a resolution disapproving extension of the fast track because of insufficient progress in trade negotiations.

Fast-track approval limits to 45 days congressional committee consideration of administration-provided draft bills to implement trade agreements. Floor consideration must occur within 15 more days, and a motion to proceed to floor consideration must be acted on without delay or debate. Debate on the implementing bill is limited to 20 hours, and amendments are not in order.

- **Allow Congress to cancel fast-track consideration of trade agreements if both chambers adopt resolutions to that effect within 60 days of each other because the administration had failed to consult properly with Congress.**

Fast-track approval would not be available for bilateral agreements if the president had not complied with the bill's timetable for notifying Congress, or if either the Senate Finance Committee or the House Ways and Means Committee disapproved of the negotiations within the first 60 days after being notified of them.

- **Harmonized Tariff System.** Authorize an expedited fast-track approval mechanism for implementing the Harmonized Commodity Description and Coding System, negotiated under the GATT. The system seeks to make the imposition of tariffs more uniform by setting international standards for identifying and measuring items subject to tariff.
- **Compensation.** Expand the authority of the president to grant concessions to other countries when the United States has imposed tariffs or quotas to retaliate for unfair trade practices or to grant import relief to domestic industries, but only when such compensation would be required to meet international obligations.

Under GATT rules and other multilateral agreements, foreign governments may retaliate against the United States in response to U.S. retaliation or other trade-limiting actions. Offers of offsetting compensation are seen as ways to avoid retaliation against sensitive industries, while complying with international agreements.

- **North American Free Trade.** Require the president to begin negotiations for the ultimate elimination of tariffs and non-tariff trade barriers among the United States and Canada, Mexico and 27 Caribbean nations granted eligibility for duty-free export to the United States in the Caribbean Basin Initiative (PL 98-67). The bill also would extend for 12 years after the date of enactment the Caribbean nations' eligibility for duty-free export to the United States; existing duty-free treatment was to last until 1995. (1983 Almanac p. 252)
- **Citrus and Pasta.** Implement an agreement negotiated with the European Community in August 1986 covering tariffs and other barriers to trade

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would be authorized for five years from the date of enactment.

- **Mexico.** Require the president to appoint an interagency commission to study how to improve economic relations with Mexico, including the creation of a free-trade zone between the two countries.
- **Citrus and Pasta.** Authorize implementation of an agreement negotiated with the European Community in August 1986 covering tariffs and other barriers to trade involving citrus fruits, other commodities and pasta.

### Trade Policy and Negotiations (cont.)

involving citrus fruits, other commodities and pasta. The bill would authorize duties on pasta in certain instances equal to export refunds paid by the European Community to its exporters.

- **Transfer of Authority.** Transfer to the USTR from the president authority under Section 301 of the Trade Act of 1974 to make determinations of foreign unfair trade practices that restrict U.S. commerce, and to determine what action, if any, should be taken in response to such practices, subject to the specific direction of the president. The USTR would be required to make findings in all Section 301 cases.

### Unfair Foreign Trade Practices

- **Mandatory Retaliation.** In the case of a foreign country's abrogation of a negotiated trade agreement or other findings of "unjustifiable" practices that restrict U.S. commerce, the USTR would be required to cancel trade concessions or impose tariffs or quotas in retaliation, unless the president determines that such action would not be in the national economic interest.

Retaliation would have to be equivalent in value to the burden imposed on U.S. business by the practice. Retaliation could be waived if the GATT rules that the foreign practice does not injure U.S. rights, or if the USTR determines that the foreign government is acting to eliminate — or compensate the United States for — the practice or that retaliation would not be in the national economic interest.

The USTR would be required to report promptly to Congress on each instance of mandatory retaliation, or the reasons action was not taken.

In the cases of "unreasonable" or "discriminatory" practices — lesser offenses — that restrict U.S. commerce, the USTR would retain discretion to retaliate, subject to direction of the president.

In all cases, the form of retaliation would be discretionary.

- **Export Targeting.** Classify as an unfair trade practice subject to retaliation coordinated foreign-government actions, such as creation of cartels, that have the effect of boosting the exports of a specific industry. Retaliation would be mandatory for such practices that are found to restrict significantly U.S. commerce, subject to a waiver if the USTR determines that action would not be in the U.S. economic interest.

If retaliatory action is waived, the USTR must convene an industry panel representing management and labor to recommend actions to make the industry more competitive.

Retaliation would be discretionary for export-targeting activities that threaten to restrict significantly U.S. commerce.

- **Mandatory Investigations.** Require the U.S. trade representative (USTR), a Cabinet-level officer responsible for trade negotiations and development of certain aspects of trade policy, to estimate the cost to U.S. commerce of identified foreign unfair trade practices. These costs are to be included in the National Trade Estimate, a compilation of unfair trade practices required by existing law to be published annually.

The USTR would be required to begin investigations under Section 301 of the Trade Act of 1974 of those unfair foreign-trade practices whose elimination would yield the greatest improvement in U.S. exports. In cases in which the USTR determines, after consulting with representatives of affected domestic industries, that other efforts to eliminate such unfair practices would be jeopardized, investigations would not be required.

Within specified periods of time, the USTR would be required to determine if a foreign-trade practice violated a negotiated trade agreement, or if it was "unjustifiable," "unreasonable" or "discriminatory" and burdened or restricted (or threatened to burden or restrict) U.S. commerce. If so, he would be required to recommend retaliatory action to the president.

- **Mandatory Retaliation.** Require the president to act using existing-law remedies to eliminate or offset the results of any foreign-trade practice, in any case in which the USTR determines that retaliation is necessary.

Retaliation could be waived if: the GATT rules that the foreign practice does not injure U.S. rights; if the foreign country and the United States agree to settle the dispute and a majority of the representatives of the affected domestic industry concur; if the president determines that retaliation would cause serious harm to the national security; if the president determines that the practices cannot be eliminated, but the foreign country agrees to compensate for the practice; or, in the case of unreasonable or discriminatory practices — but not those that are unjustifiable — the president determines that the practices cannot be eliminated and that retaliation would not be in the national economic interest.

- **Export Targeting.** Classify as an unfair trade practice subject to retaliation coordinated foreign-government actions, such as creation of cartels, that have the effect of boosting the exports of a specific industry.



### Unfair Foreign Trade Practices (cont.)

- **Worker Rights.** Classify as an unreasonable trade practice subject to discretionary retaliation violations abroad of internationally recognized worker rights that serve to restrict U.S. commerce. The specific worker rights covered include the right to collective bargaining, freedom from forced labor and provision for a minimum age for employment. Subject to a country's level of economic development, minimum-wage and work-hour standards and protections for occupational safety and health also would be covered.
- **Anti-Competitive Practices.** Classify as an unreasonable trade practice subject to discretionary retaliation foreign-government toleration of systematic, egregious actions by businesses to restrict purchases of U.S. goods.
- **Time Limits.** Require the USTR, subject to direction of the president, to decide within 30 days what specific retaliatory action must be taken after a finding of an unfair foreign-trade practice. Implementation of the retaliation may be delayed for six months, if requested by the domestic industry or if the USTR determines that a successful negotiation is possible to end or compensate for the practice. The bill also would require the USTR to decide within six months of beginning an investigation whether export-targeting activities harm or threaten to harm U.S. commerce. In the case of allegations of violations of trade agreements referred to the GATT for settlement (except those involving export subsidies), the USTR would be required to decide within 18 months of beginning an investigation if a Section 301 violation exists, regardless of the status of the GATT settlement process, or within 30 days after a dispute settlement is reached. Existing-law deadlines for other investigations would not change.
- **Monitoring and Modification of Section 301 Actions.** Establish specific authority for the USTR to modify or terminate retaliation for unfair trade practices if the retaliation violates the GATT, fails to achieve the desired results, is harmful to U.S. economic interests or has succeeded in its objective. The bill would require the USTR to monitor a foreign nation's compliance with an agreement to eliminate an unfair trading practice or to compensate the United States for unfair practices. In cases in which a country is found not to be in compliance, the USTR would be required to retaliate.
- **"Excessive Surplus Countries."** Require the ITC annually for 1986-91 to identify by April 1 of the following year (Nov. 15, 1987, for 1986) "excessive-surplus countries," defined as those that have a global trade surplus, that have more than \$7 billion in annual trade with the United States, that export 75 percent more to the United States than they import, and that have a surplus with the United States (not counting trade in oil) in excess of \$3 billion. No determination would be required in a year when the total U.S. merchandise trade deficit is less than 1.5 percent of the gross national product (GNP). (In 1986 the trade deficit was about 4.5 percent of GNP.)
- Require the USTR to determine within 15 days of the ITC determination whether an excessive-surplus country maintains a pattern of unfair trade

If retaliatory action is waived, the USTR must institute negotiations with the foreign country to eliminate or compensate for the export-targeting activities. If negotiations fail, the president must convene an advisory panel to recommend actions to make the industry more competitive.

- **Worker Rights.** Classify as an unreasonable trade practice subject to retaliation violations abroad of internationally recognized worker rights that serve to restrict U.S. commerce. The specific worker rights covered include the right to collective bargaining, freedom from forced labor, provision for a minimum age for employment, minimum-wage and work-hour standards and protections for occupational safety and health.
- **Anti-Competitive Practices.** Classify as an unreasonable trade practice subject to retaliation foreign government toleration of systematic, egregious actions by businesses to restrict purchases of U.S. goods.
- **Foreign Subsidies.** Classify as an unreasonable trade practice subject to retaliation foreign subsidies designed to produce non-agricultural goods for which worldwide production exceeds demand. Retaliation in such cases would be discretionary.
- **Kansai Airport.** Require the USTR to investigate Japanese government barriers to U.S. engineering and construction firms. Specifically, the provision targets construction of a new, \$8 billion international airport near Osaka, for which U.S. firms have had little or no success in winning bids.
- **Time Limits.** Require the USTR to determine within nine months of beginning an investigation based on the National Trade Estimate whether unfair practices exist requiring retaliation. In the case of investigations of export targeting, determinations must be made within six months, unless complicated issues require additional time. For most Section 301 investigations: when claims are referred to the GATT for settlement, the president must act within six months of a preliminary or final GATT ruling, or within 19 months of the beginning of the investigation; when claims are not referred to GATT, the president must act within 15 months of the investigation's beginning, except that two 60-day delays would be allowed if the president determines that progress is being made to eliminate the unfair practice.
- **Modification and Termination of Section 301 Actions.** Establish specific authority for the president to modify or terminate retaliation for unfair trade practices for the same reasons that he may choose to waive retaliation before it is instituted, or when the burden on U.S. commerce of the foreign practices increases or decreases. In any event, retaliatory actions will end after four years, unless a representative of the involved domestic industry seeks an extension. In that case, the USTR must determine if it would be effective or if alternative steps would be preferable, and determine the consequences for the U.S. economy. A recommendation to continue a retaliatory action may be modified by the president.
- **Consistent Patterns of Unfair Practices.** Require the USTR within 29 days after the National Trade Estimate is published to identify those countries that

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practices that have a significant impact on U.S. commerce and contribute to the country's surplus.

- Require the USTR to negotiate with those countries to eliminate those unfair practices. Such negotiations may last no more than six months. If an agreement is reached, the country would have nine months to implement it. If negotiations fail to produce an agreement, the USTR, subject to direction of the president, would be required to retaliate by imposing tariffs or quotas or suspending trade concessions in an amount equal to the cost to U.S. business of identified unfair trade practices.

- Require the USTR to impose quotas or tariffs or revoke trade concessions to yield 10 percent annual reductions in a country's bilateral trade surplus if that country does not eliminate its unfair practices in the year following a determination that its surplus is unwarranted.

The 10 percent reductions would be required for each year through 1992, but would not apply to a country that is deemed to have eliminated its unfair practices.

- The president may waive or reduce the retaliation or the surplus-reduction goal if the country has severe debt problems and the U.S. action would cause the country significant economic harm, or if he determines that such action would cause substantial harm to the U.S. economy.

The president would be required to notify Congress within five days of deciding to waive any action, and Congress would have 60 days in which to enact a law — presumably by a two-thirds vote over the president's veto — reinstating the retaliatory action.

- **Transfer of Authority.** Transfer from the president to the USTR authority to determine what remedies should be applied when imports have injured a domestic industry. Under Section 201 of the Trade Act of 1974, businesses and workers can petition the ITC for a determination that import competition has unfairly limited an industry's ability to compete.

- **Injury Determination and Granting of Relief.** Require the ITC to determine within four months if a petitioning industry has been harmed. It would have an additional two months to recommend relief. (Existing law allows the ITC six months to make both a finding of injury and recommend relief.)

The USTR would have 30 days, 60 in certain circumstances, to decide if import relief is warranted, and relief would have to be granted unless the USTR determined it would not be in the national economic interest. The USTR would have the same options available to the president under existing law: increases in tariffs (not to exceed 50 percent), imposition of quotas or negotiation with foreign countries to limit exports to the United States of the specific products involved. Relief would be limited to five years, as under existing law.

The USTR also could decide to negotiate with the foreign country to address the underlying causes of the increase in imports or to otherwise alleviate the injury. If the USTR decides not to grant relief, or to grant relief different from that recommended

### Unfair Foreign Trade Practices (cont.)

maintain a consistent pattern of unfair trade practices. The USTR is also required to identify the major trade barriers of those countries, the elimination of which would significantly increase U.S. exports. Within 21 more days, the USTR must begin Section 301 investigations into each of the major trade barriers identified. And within the deadlines established for most 301 investigations, the USTR must attempt to negotiate agreements to eliminate identified trade barriers over three years, leading to an incremental increase in U.S. exports to the affected countries during that same period. If an agreement is reached, the Section 301 investigation will be suspended. If the president determines that the agreement is not being honored, he must direct the USTR to resume the investigation, which may lead to retaliation.

The USTR must report annually, revised estimates of the cost to U.S. commerce of identified major trade barriers, the evidence of increased U.S. exports, the status of negotiations and the effect of any retaliatory actions taken. After 1993, if any country is shown for two consecutive years to have eliminated all major barriers to trade, that country may be excluded from future USTR reports.

### Import Relief

- **Injury Determination and Granting of Relief.**

Require the U.S. International Trade Commission (ITC), an independent agency charged with assessing the impact of foreign-trade actions on U.S. industries, to determine within five months if a petitioning industry has been harmed by rising imports. The agency would have up to six months from the filing of a petition to recommend relief. Only those ITC commissioners who agree that an industry has been injured may vote on recommendations for relief.

Under Section 201 of the Trade Act of 1974, businesses and workers can petition the ITC for a determination that import competition has unfairly limited an industry's ability to compete. (Existing law allows the ITC six months to make both a finding of injury and to recommend relief.)

The president would have 60 days, or 75 if he requests additional information, to grant the relief recommended by the ITC, or additional relief that might make the industry more competitive. He could deny the recommended relief if such action would harm the national security, disproportionately burden the poor or farm interests, cost more jobs than it would protect or be a substantial cause of injury to another domestic industry.

The president would have expanded options for relief, including those available under existing law: increases in tariffs (not to exceed 50 percent), imposition of quotas or negotiation with foreign



by the ITC, or to conduct negotiations on the underlying causes of the problem, there would be an expedited process over 90 days for Congress to enact a law putting the recommended relief into effect.

- Clarify conditions the ITC must consider in making a finding of injury to a domestic industry. For example, the ITC would be allowed to disregard imports that are intended for geographically isolated markets that depend on imports for their survival, even when the same items imported to another part of the country might be injurious to that same industry.
- Create a two-pronged method for the ITC to use in crafting recommendations for relief. In cases in which an industry is expected to be able to improve its competitiveness, the relief would be designed to be the most effective to prevent or remedy the injury and improve the industry's competitiveness. When no competitive improvement is expected, the relief would be designed solely to prevent or remedy the injury.
- **Proposed Industry Adjustment.** Allow, but not require, a petitioning industry to include a statement of proposed "adjustments" to be undertaken during the period of import relief to make the industry more competitive. The ITC and USTR must take such statements into account when determining whether, and in what form, relief should be granted. The Ways and Means Committee report (H Rept 100-40, Part 1) said that the USTR would be expected to seek commitments from the industry to take actions to become more competitive in return for granting relief.
- **Emergency Relief.** Provide a fast-track process for granting temporary import relief for perishable agricultural products. The USTR would have to first designate a product as "perishable," then direct the ITC to monitor imports for 90 days. After that, the industry could petition the ITC for emergency relief, and the ITC would have to decide within 21 days if the industry is being harmed. The USTR must decide within seven days to grant relief or deny it because it would not be in the national economic interest.
- **Critical Circumstances.** Provide a new process for granting provisional relief in cases in which substantial increases in imports over a short time threaten an industry, but when waiting for a final ITC/USTR determination would create additional harm for the industry or limit the effectiveness of the relief.  
In petitioning for relief, an industry could claim that critical circumstances are involved. The ITC would have to rule on such a claim at the time it makes a finding of injury. If it rules critical circumstances exist, imports would be halted and goods already here could not be sold. The USTR would have seven days to lift the order freezing imports, if he finds such action would not be in the national economic interest.  
Upon a final determination that import relief is not warranted, the freeze on sales would be lifted. If import relief is granted, it must be retroactive to the freezing of imports.
- **Monitoring and Modification of Relief.** Require the USTR to monitor an industry that has been

### Import Relief (cont.)

countries to limit exports to the United States of the specific products involved.

He also could direct executive branch agencies to review petitions for modification of existing regulations that might limit an injured industry's ability to compete, except that no such action can suspend any requirement of law, and the president could also negotiate with foreign countries to address the underlying causes of an increase in imports or otherwise to alleviate the injury.

In recommending relief, the ITC may also suggest to the president whether mergers or acquisitions within the domestic industry would help it to compete. Such findings could be forwarded to the Justice Department or the Federal Trade Commission in the cases of proposed mergers, but the bill would make no changes in existing antitrust law as it applies to mergers and acquisitions.

Relief would be allowed for up to 10 years, double the five years allowed under existing law. But, as under existing law, relief granted for more than three years would have to begin to phase out after three years. After a period of relief has ended, the industry granted such relief could not file a new petition until a period of time equal to the previous relief period has passed.

- Clarify conditions the ITC must consider in making a finding of injury to a domestic industry, including a decline in market share, sales, productivity, profits, wages or employment. Evidence of co-ordinated foreign-government action to benefit that country's exports that harms or threatens to harm a domestic industry also would be cause for relief. The ITC also would be required to consider only the domestic operations of an industry.
- **Proposed Industry Adjustment.** Require a petitioning industry to include a public statement of proposed "adjustments" to be undertaken during the period of import relief to make the industry more competitive. The ITC must take such statements into account when recommending whether, and in what form, relief should be granted.  
The bill specifies that industry adjustments must comply with existing-law antitrust prohibitions against price-fixing, restraint of trade, boycotts and similar actions.  
The bill's intent, according to the Finance Committee report (S Rept 100-71), is that relief be more difficult to obtain for industries that have no hope of competing with foreign producers, but at the same time to make relief more certain for those that might become competitive by limiting presidential discretion to deny relief.
- **Emergency Relief.** Provide a fast-track process for granting temporary import relief for perishable agricultural products. If an industry asks for relief from rising imports of perishable commodities, the secretary of agriculture must within 14 days determine if there is injury or threat of injury to domestic producers and recommend relief. The president, within seven days of the secretary's finding, must either impose tariffs or quotas or publish his reasons for refusing to do so.  
Such emergency relief must cease when other import relief takes effect, the ITC finds there is no injury or the president determines that changed circumstances warrant no further relief.

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granted import relief to gauge its progress in becoming more competitive. The bill would authorize the USTR to adjust the form and amount of import relief to account for changed economic circumstances or to ensure the effectiveness of the prescribed relief. As under existing law, relief granted for five years would begin to phase out after three, and relief could be extended once for a period of up to three years.

- **Non-Market-Economy Countries.** Revise existing law that allows for relief for domestic industries harmed by imports from communist countries. The bill would transfer from the president to the USTR authority to order relief, and would drop the designation of communist countries, substituting "non-market-economy countries": those in which central government planning, not market forces, determines economic activity.

The bill would relax the standard for determining injury to a domestic industry by, for example, taking into account pricing policies. And, as in other cases of import relief, the bill would require relief to be granted unless the USTR determines it would not be in the national economic interest.

- **Trade Adjustment Assistance Eligibility.** Make all affected workers and businesses eligible for Trade Adjustment Assistance cash and other benefits within 48 hours of a finding of injury to an industry by the ITC, regardless of whether import relief is ultimately granted.

The bill would allow a laid-off worker, who is eligible for Trade Adjustment Assistance income-maintenance benefits and who takes a new job at a reduced salary, to receive supplemental benefits to make up the difference between his new salary and 80 percent of his previous salary.

As under existing law, workers would have to enter retraining and job-search programs to be eligible for benefits available from the Trade Adjustment Assistance program. And the bill would add to existing law a requirement that workers who have little likelihood of being rehired by their former employers must undergo retraining.

- **Supplemental Worker Training.** Authorize the Commerce Department to make grants and loans to educational institutions and firms that provide retraining programs that meet the criteria of the Trade Adjustment Assistance program. Total grants outstanding would not be allowed to exceed \$1 million and no one program would be allowed a loan in excess of \$1 million.

- **Adjustment Assistance Trust Fund.** Provide that all tariffs collected under Sections 201 or 301 and revenues from the auctioning of import licenses be deposited into a special account to pay benefits to workers and businesses.

The bill would require the president to negotiate through the GATT to allow all countries to impose small tariffs on virtually all imports to pay for worker adjustment to import competition. Such a tariff, if allowed under the GATT, would be authorized to be put into effect, with the revenues dedicated to the trust fund.

### Import Relief (cont.)

- **Critical Circumstances.** Provide a new process for granting provisional relief in cases in which substantial increases in imports over a short time threaten an industry, but in which waiting for a final ITC determination would create additional harm for the industry or limit the relief's effect.

When, during an investigation, the president finds critical circumstances exist, he must grant immediate relief by imposing tariffs or quotas or taking other action ordinarily available in Section 201 cases. The relief must stay in effect until the president removes it, the ITC finds the industry has not been injured or until 90 days after the ITC finds there has been an injury.

- **Monitoring and Modification of Relief.** Require the ITC to report to the president every three years on the progress made by an industry to become more competitive and the effect of import relief that was granted. The bill would authorize the president to reduce or modify, but not to increase, the form and amount of relief to account for changed economic circumstances and the industry's progress toward greater competitiveness.

- **Trade Adjustment Assistance Eligibility.** As under existing law, if the ITC determines that an industry has been injured by imports, it may recommend to the president that workers and firms in that industry be made eligible for Trade Adjustment Assistance (also called Trade Competitiveness Assistance in the bill) cash and other benefits. The president would have 30 days after receiving a recommendation from the ITC to direct the secretary of labor to make such workers and firms eligible.

Benefits would be extended for the first time to workers and firms in the oil and gas industry, if it is determined to be injured by imports, and to workers and firms that provide essential goods and services to that industry.

The period for which an unemployed worker would be eligible for assistance would be extended from 26 weeks (at the end of unemployment insurance benefits) to 52 weeks. Total benefits to a worker would be capped at \$4,000.

As under existing law, workers would have to enter retraining and job-search programs to be eligible for benefits. The secretary of labor could exempt certain workers when retraining would not be feasible or appropriate, and he would determine on a program-by-program basis if scheduled training programs are of sufficient duration.

Unless reauthorized, the Trade Adjustment Assistance program would end on Sept. 30, 1993.

- **Adjustment Assistance Trust Fund.** Require the president to negotiate through the GATT for two years to allow all countries to impose a tariff of no more than 1 percent on virtually all imports to pay for worker adjustment to import competition. If after two years negotiations do not result in a multilateral agreement for such a tariff, a U.S. fee would be put into effect anyway, with the revenues deposited into a special trust fund account to pay benefits to workers and businesses.

- **Coordination.** Require that agreements with states to provide employment and retraining services be coordinated with similar programs under the Job Training Partnership Act.



### Foreign Subsidies and 'Dumping'

- **Agricultural Producers.** Amend the definition of "industry" to give growers and other producers of raw agricultural products protections under existing law covering foreign-government subsidies and "dumping" of products in the United States or third countries below production costs. Under the Tariff Act of 1930, if foreign countries are found to be dumping products below cost, or improperly subsidizing exports, the United States may impose duties on those products to counteract the effects on pricing and make the products competitive with domestically produced goods.
- **Definition of Subsidy.** Expand the Commerce Department's interpretation of what constitutes a foreign-government subsidy, which would allow for imposition of a so-called countervailing duty on foreign imports that benefit from such a subsidy.
- **Material Injury.** Clarify the circumstances under which imported goods that are being dumped below cost or that benefit from foreign-government subsidies constitute a material injury or threat of injury to a domestic industry.
- **Geographically Isolated Markets.** Allow the ITC to disregard imports into certain markets when making a determination of injury in subsidy or dumping cases. The provision is designed to account for certain discrete areas where domestic producers within the area have not supplied a substantial portion of a specific good to the market, leaving the business to imports, even though substantial amounts of below-cost or subsidized imports of the same product into other markets may be injurious.
- **Circumvention of Anti-Dumping or Countervailing Duties.** Clarify that slightly altering a method of production cannot be used to avoid orders against subsidies and dumping. The provision would make clear that import of partially assembled goods for completion in the United States should not be a means of avoiding a dumping or countervailing duty, if the conditions that led to imposition of the duty still apply to the components used in the product.
- **"Downstream" Monitoring.** Require the ITC to monitor imports of products that include major components that have been subject to anti-dumping or countervailing duties in the previous five years, as directed by the Commerce Department. Domestic producers may request monitoring, and the Commerce Department would have to respond to such petitions within 14 days.  
If the ITC determines there is a 5 percent increase in imports of monitored products in a single calendar quarter, additional analysis of the product would be required to determine if dumped goods are being diverted to the United States.
- **Multiple Offenders.** Establish a process for more regular monitoring of imports from foreign producers previously found to have engaged in dumping. Domestic producers could request Commerce Department monitoring of a broadly defined category of imports from a foreign producer with one previous finding of dumping. After a second finding within 10 years, the Commerce Department would be required to monitor all imports from that producer in the same category.  
If evidence of dumping is obtained, the ITC would initiate expedited dumping investigations.

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- **Circumvention of Anti-Dumping or Countervailing Duties.** Clarify that slightly altering a method of production cannot be used to avoid orders against subsidies and dumping. The provision would make clear that import of partially assembled goods for completion in the United States should not be a means of avoiding a dumping or countervailing duty, if the conditions that led to imposition of the duty still apply to the components used in the product.  
The bill would clarify that negotiated import restrictions on steel would apply even if steel from a country subject to such an agreement was reprocessed in a country not subject to the agreement before it is imported into the United States.
- **"Downstream" Monitoring.** Require the ITC to monitor imports of products that include major components that have been subject to anti-dumping or countervailing duties in the previous five years, as directed by the Commerce Department. Domestic producers may request monitoring, and the Commerce Department would have to respond to such petitions within 14 days.  
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- **Multiple Offenders.** Establish a process for more regular monitoring of imports from foreign producers previously found to have engaged in dumping. Domestic producers could request Commerce Department monitoring of a broadly defined category of imports from a foreign producer with one previous finding of dumping. After a second finding within 10 years, the department could monitor any imports from that producer in the same category; after three such findings, the department would be required to monitor all imports from that producer in the same category.  
If evidence of dumping is obtained, the ITC would initiate expedited dumping investigations.
- **Non-Market-Economy Countries.** Establish a specific method for applying countervailing-duty laws to products from non-market-economy countries.

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- **Non-Market-Economy Countries.** State specifically that the countervailing-duty laws apply to products from non-market-economy countries to the extent that, on a case-by-case basis, improper subsidies can be identified.
- **Government Purchases.** Clarify that U.S. government purchases of imports, even those not subject to regular customs duties, are nevertheless subject to anti-dumping or countervailing duties.
- **Third-Country Dumping.** Require the ITC to consider whether there might be a pattern of world-wide dumping that has the effect of causing material injury to a U.S. producer.
- **Diversions Input Dumping.** Require the ITC to take into consideration that a regular component of an imported product is being dumped abroad, thereby significantly reducing the cost of a product. The provision would be limited in its reach, and would require evidence that the dumped component is being diverted to the completed product.
- **Private Right of Action.** For the purposes of civil lawsuits brought under the Antidumping Act of 1916, specify that three findings of dumping by the same foreign producer within 10 years would lead to a rebuttable presumption that the producer is dumping.  
No successful claim of civil damages has ever been brought under the statute. In addition to creating a strong *prima facie* case under the 1916 law, the bill would take other steps to make it more likely that domestic producers could win damage awards in dumping cases: eliminate the criminal penalties under the statute, leaving only civil actions, and limit awards to actual losses, not triple damages as currently under the statute.
- **Compensation for Dumping Victims.** Establish a fund to be administered by the ITC in which anti-dumping duties would be held to pay compensation to domestic producers injured by foreign dumping.
- **China Study.** Require a Commerce Department study of changes in the market structure of China and the need for a more flexible U.S. approach to countries, like China, that are moving toward a more market-oriented economy, including changes in anti-dumping and anti-subsidy laws.

### Foreign Subsidies and 'Dumping' (cont.)

- **Unfair Trade Practices.** Clarify that the Tariff Act of 1930, which allows the ITC to ban imports that injure domestic industries, applies to products that infringe upon U.S. trademarks, patents, copyrights and other so-called intellectual property rights. The protection also would extend to articles produced through processes protected by U.S. patents.
- Remove a requirement that a domestic industry show injury from the infringement of patents or other property rights, or that it is "efficiently and economically operated." The bill would allow the ITC to grant relief to a domestic industry solely upon the proof of infringement. But a patent owner would not automatically be considered a "domestic industry" eligible for relief under the bill unless he could also demonstrate, through significant investment or employment, that his industry either exists or is in the process of being established.

### Intellectual Property Rights

Market value for purposes of identifying government subsidies would be determined by the price of like goods from the foreign market-economy country that ships the largest volume of those goods to the United States. If that country's exports are being sold in the United States at less than fair market value, the bill would establish a procedure for calculating production costs. If the ITC begins an investigation into non-market-economy-country subsidies or dumping, the investigation may be suspended if the country agrees to limit its exports to the United States.

- **Government Purchases.** Clarify that U.S. government purchases of imports, even those not subject to regular customs duties, are nevertheless subject to anti-dumping or countervailing duties. The bill creates exemptions for Defense Department purchases subject to existing contracts and for purchases of goods when the market for such goods is normally limited to government agencies.
- **Critical Circumstances.** Authorize the ITC to impose retroactive anti-dumping and countervailing duties in cases in which the Commerce Department determines that massive surges in imports have threatened a domestic industry and the ITC finds that dumping or subsidy laws have been violated.
- **Foreign-Government Consortia.** Require that individual government subsidies be added together in the case of goods produced by a consortium of several countries for import into the United States. The provision is aimed specifically at the four-nation European Airbus consortium, which produces commercial passenger aircraft.
- **China Study.** Require a Commerce Department study of changes in the market structure of China and the need for a more flexible U.S. approach to countries, like China, that are moving toward a more market-oriented economy, including changes in anti-dumping and anti-subsidy laws.

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Intellectual  
Property  
Rights  
(cont.)

- Clarify that the ITC can issue cease-and-desist orders in addition to banning imports to protect U.S. patents, and change the penalty for violation of cease-and-desist orders from \$10,000 to \$100,000 or twice the domestic value of the products.
- **'Priority Foreign Countries':** Require the USTR to identify those countries most egregious in their lack of protection for intellectual property rights, whose failure to protect such rights has a significant adverse effect in international markets and that are not negotiating in good faith to protect such rights. The bill would require the USTR to initiate unfair-trade-practice investigations under Section 301 against such "priority foreign countries," unless he deems it not in the national economic interest.
- **Process Patents.** Enhance protections for holders of U.S. patents on processes, allowing for judicially imposed remedies, such as injunctions or damages, under existing patent infringement law for imported products made using patented processes. This provision would be in addition to relief available through the ITC.
- Require patent holders to seek damages from or injunctions against importers or producers before going after retailers or users.
- Exempt from action under this provision a product in continuous or substantial use by Jan. 1, 1987.

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- **Process Patents.** Enhance protections for holders of U.S. patents on processes, allowing for judicially imposed remedies, such as injunctions or damages, under existing patent infringement law for imported products made using patented processes. This provision would be in addition to relief available through the ITC.
- Allow patent owners to seek damages from or injunctions against importers, producers, retailers or users, except that actions against non-commercial users or retailers may be brought only if no remedies are available against importers or other users.
- Exempt from action under this provision a product in continuous or substantial use by May 15, 1987.
- **Foreign Patent Protection Assistance.** Require the Commerce Department to monitor intellectual property rights protections overseas and authorize the department to provide technical and other assistance to developing countries, to help them establish patent and trademark protection systems.
- **Drug Patent Extensions.** Allow patents on new drugs to be extended for five years beyond the statutory limit of 17 years, if certain federal Food and Drug Administration clinical trials leading to approval of the drug for general use take more than five years.

## Communications

- **Negotiating Objectives.** Specify trade negotiation goals to achieve non-discriminatory access to foreign markets for telephones, switching equipment and other telecommunications devices.
- **Investigations.** Require the USTR to investigate within six months of enactment each foreign country with a substantial telecommunications market to determine if there are barriers to U.S. manufacturers.
- **Negotiations.** Require the president to negotiate with each country identified by the USTR as maintaining barriers to free telecommunications trade to open those markets. Negotiations would have to be completed within 18 months, unless Congress specifically authorizes an extension. Two 12-month extensions would be provided for, if substantial progress were being made in negotiations.
- **Retaliation.** Require the president to retaliate against a country if negotiations fail by withdrawing trade privileges, refusing to purchase telecommunications equipment made in the foreign country, or taking other actions designed to force open the foreign market. Retaliation should first be directed against the foreign country's telecommunications industry.

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- Require the USTR to retaliate in a similar manner if a negotiated agreement is achieved and the country fails to abide by it.
- **Compensation.** Authorize the president to enter into trade agreements to compensate a foreign country for retaliatory action, if that should be necessary to comply with GATT rules.
- **Federal Communications Commission.** Require the FCC, in setting telecommunications policy for the United States, to take into account the impact of international trade on domestic telecommunications service. The bill would require the FCC to consult with the USTR on international telecommunications trade and to avoid taking actions that conflict with trade-related actions of the USTR or other agencies.

Communications  
(cont.)

- **Foreign Commercial Service.** Establish the U.S. and Foreign Commercial Service as a statutory agency to promote and protect U.S. business interests abroad. The agency was created by executive order in 1980, but its status as an arm of the Commerce Department has led to an ambiguous relationship with overseas missions. The bill would specify that Commercial Service officers would report to the chief of mission in an overseas post, as well as to the Commerce Department.
- Establish that the senior Commercial Service officer in a foreign mission would be the chief representative of U.S. commercial interests in that mission. The bill would allow up to eight such officers to use the diplomatic title minister-counselor at one time.
- Assign a Commercial Service officer to serve in every multilateral development bank with which the United States participates to enhance U.S. export opportunities financed by those banks.
- Establish a Market Development Cooperator Program. Patterned after a similar program in the Agriculture Department, it would work with trade associations, private firms and state governments to identify foreign markets, work to eliminate trade barriers and promote new products. Costs would be shared equitably by all parties.
- Authorize the Commerce Department to assist trade shows in the United States aimed at foreign buyers.
- Establish a special pilot program to focus on exports to Japan, South Korea and Taiwan.
- Require a report from the president after one year, evaluating existing export promotion activities and recommending improvements.
- **Authorization.** Authorize an additional \$6 million for fiscal 1988 export promotion costs.
- **Country Reports.** Require the State Department to provide Congress with detailed annual reports on the economic policies and trade practices of each country with which the United States has a trade relationship.
- **National Trade Data Bank.** Require the Commerce Department to develop and maintain a data system in concert with other federal agencies to include specific country-by-country details on exports, imports, business opportunities and general economic conditions and business practices, as well as other trade-related information. The data are to be generally available to the public and government agencies.

Export  
Promotion

- Require the USTR to retaliate in a similar manner if a negotiated agreement is achieved and the country fails to abide by it.
- **Compensation.** Authorize the president to enter into trade agreements to compensate a foreign country for retaliatory action, if that should be necessary to comply with GATT rules.
- **Foreign Commercial Service.** Authorize up to eight officers of the U.S. and Foreign Commercial Service, which promotes U.S. business interests abroad, to use the diplomatic title of minister-counselor.
- Assign a Commercial Service officer to serve in every multilateral development bank with which the United States participates to enhance U.S. export opportunities financed by those banks.
- Require the secretaries of state and commerce periodically to evaluate existing export promotion activities and take steps to improve them.
- **Country Reports.** Require each diplomatic mission in a country with which the United States has a significant trading relationship to provide Congress with annual reports on their efforts to promote U.S. exports and to improve the competitiveness of U.S. goods with those of third-country suppliers.
- **National Trade Data Bank.** Require the Commerce Department to develop and maintain a data system in concert with other federal agencies to include specific country-by-country details on exports, imports, business opportunities and general economic conditions and business practices, as well as other trade-related information. The data are to be generally available to the public and government agencies. The bill also would require the Commerce Department to prepare for commercial use a catalog of U.S. government assistance and information relating to exports, financing, foreign laws and the like, but it requires that various data banks not duplicate their efforts.
- **Export Trading Companies.** Relax Federal Reserve Board regulatory requirements on bank-owned exporting companies. For example, such companies would not have to generate 50 percent of their revenues from exports during their first two years. Export trading companies are designed to aid U.S. companies in finding overseas markets, and can be owned by banks as a means of providing a ready source of export financing.
- **Mixed Credits.** Transfer authority to make "mixed credit" financing arrangements for major projects in developing countries from the Agency for International Development (AID) to the Trade and Development Program, which functions in the State Department under the International Development Cooperation Agency. Mixed credit, or "tied aid" financing, combines direct cash assistance with low-



The bill also would mandate a separate export promotion data bank, but it requires that various data banks not duplicate efforts.

- **Pre-Shipment Inspections.** Regulate actions by foreign governments that perform customs inspections of U.S. exports before they leave the United States to prevent the use of such inspections to discriminate against U.S. firms or otherwise restrict trade.

Specifically, the bill would prohibit the use of inspections for the purpose of price comparison by foreign purchasers, and would impose civil penalties of up to \$10,000 for each violation of the prohibitions, as well as revocation of the inspection company's license.

- **Export-Import Bank.** Express the sense of the Congress that the Export-Import Bank is important to the United States, and that the bank's support for U.S. exports has declined significantly since 1980.

- **Export Trading Companies.** Relax Federal Reserve Board regulatory requirements on bank-owned exporting companies. For example, such companies would not have to generate 50 percent of their revenues from exports during their first two years. Export trading companies are designed to aid U.S. companies in finding overseas markets, and can be owned by banks as a means of providing a ready source of export financing.

- **Mixed Credits.** Transfer authority to make "mixed credit" financing arrangements for major projects in developing countries from the Agency for International Development to the Trade and Development Program, which functions in the State Department under the International Development Cooperation Agency. Mixed credit, or "tied aid" financing, combines direct cash assistance with low-interest loans to promote U.S. participation in major capital development projects in developing nations.

Decisions by an interagency committee on granting mixed credit financing would no longer have to be unanimous; a majority vote would be sufficient. State Department Economic Support Funds (ESF), which are cash given to foreign countries without conditions, could be used in the mixed credit program with the agreement of the secretary of state and director of the Agency for International Development.

- Establish the Trade and Development Program as the lead federal agency to promote U.S. exports in the context of overseas development activities. The bill would require that after Jan. 1, 1988, the director of the program be appointed by the president with the approval of the Senate.

- **Countertrade.** Require the president to appoint an interagency group to study the practice of countertrade, in which countries seek to conserve cash through barter or encourage the purchase of certain goods by requiring the purchase of a less desirable product in return for allowing the purchase of a more desirable item.

The group would be required to make recommendations on the use of countertrade to enhance U.S. finance assistance programs, and the Commerce Department would be required to maintain a list of existing countertrade practices.

- Require U.S. exporters that have contracts larger than \$2 million that are dependent upon foreign

### Export Promotion (cont.)

interest loans to promote U.S. participation in major capital development projects in developing nations.

Decisions by an interagency committee on granting mixed credit financing would no longer have to be unanimous; a majority vote would be sufficient for financing supplied by AID, but a unanimous vote would be required for financing supplied by the Export-Import Bank.

- Require that after Jan. 1, 1989, the director of the program be appointed by the president with the approval of the Senate.
- **Small Business Programs.** Direct the International Trade Office of the Small Business Administration (SBA) to work more closely with the Commerce Department to promote small-business exports, by identifying markets and products, by screening foreign buyers for credit purposes, by helping form trading companies and providing technical assistance, and by working with the Export-Import Bank and other federal export-financing agencies.
- Enhance SBA export-financing activities by specifying that export trading companies, as well as individual small businesses, would be eligible for loans or loan guarantees. The period for loans or lines of credit would remain 18 months.
- Increase from \$500,000 to \$750,000 the SBA loan guarantee limit for purchases of factories or equipment to produce goods for export.

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## SENATE

government countertrade requirements to report to the Commerce Department.

- **Small Business Programs.** Direct the International Trade Office of the Small Business Administration (SBA) to work more closely with the Commerce Department to promote small-business exports by identifying markets and products, by screening foreign buyers for credit purposes, by helping form trading companies and providing technical assistance, and by working with the Export-Import Bank and other federal export-financing agencies.
- Enhance SBA export-financing activities by extending the period for loans or lines of credit from 18 months to three years, and specify that export trading companies, as well as individual small businesses, would be eligible for loans or loan guarantees.
- Increase from \$500,000 to \$1 million the SBA loan guarantee limit for purchases of factories or equipment to produce goods for export, provided that the loans are sold on the secondary market.

### Export Promotion (cont.)

- **Oil Exports.** Extend an existing ban on the export of Alaskan North Slope crude oil to all domestically produced crude oil. The bill also would ban "export refineries," those that export more than one-third of their refined petroleum as a means of avoiding the ban on crude oil exports.

An exemption would be allowed for the exchange of crude oil with Canada or Mexico, provided the exchange was done for reasons of efficiency or reduction of costs to consumers.

- **Controlled Items.** Require the secretary of commerce, in consultation with the secretary of defense, to identify high-technology goods that are no longer militarily significant; existing law controls the export of militarily significant goods to prevent them from reaching Soviet-bloc countries.

The secretary of commerce would be required, as much as possible, to reduce the list of controlled items by 40 percent within three years, focusing on medical equipment and certain high-tech items that under existing law could be shipped to Soviet-bloc countries as long as most NATO countries and Japan are notified of the shipment.

Strike from the list of controlled items any product whose export the United States alone controls, unless the secretary of commerce determines that the product is not otherwise available abroad, or the president is seeking to establish multilateral controls on the product.

- **Shipments to China.** Authorize repeated shipments of the same high-technology product to the same buyer in the People's Republic of China without requiring a separate license for each export. Under existing law, each shipment requires a new license. The bill also would authorize the shipment of any item to China for exhibition in a trade show.
- **General Controls.** Require no export license for shipments of goods to any Western country if shipping the item to China as of March 1, 1987, would have required only notifying most NATO countries. The Commerce Department would have to be informed of such shipments, and could require licenses in the case of buyers suspected of diverting

### Export Controls

- **Oil Exports.** Affirm existing law that no controls are authorized on exports from existing U.S. oil refineries, unless the president deems such controls necessary.

- **Controlled Items.** Establish a procedure for regular review of items whose export is controlled for national security purposes, and require that goods whose shipment to the People's Republic of China would require notice only to most NATO countries and Japan would automatically be stricken from the list if control of that item is not re-established at least every two years.

- **Shipments to China.** Authorize repeated shipments of the same high-technology product to the same buyer in the People's Republic of China without requiring a separate license for each export. Under existing law, each shipment requires a new license. The bill also would authorize the shipment of any item to China for exhibition in a trade show.

- **General Controls.** Establish a general export license for users deemed reliable and unlikely to violate export controls.

Only a general license would be required for shipments of goods to most NATO countries or to Japan, if shipping the item to China as of May 6, 1987, would have required only notifying most NATO countries. The secretary of commerce may require notice for certain extraordinarily sophisticated items, and may require a specific license for certain users or for users in countries that are deemed to engage in a pattern of diverting high-tech goods to the Soviet bloc.

The bill would require no export license for shipments of goods to any Western country, if shipping the item would merely require that most NATO countries be notified of the shipment.

- **Re-export Controls.** Eliminate for all but certain extraordinarily sophisticated items a requirement that the Commerce Department license the re-export of controlled high-technology U.S. products to most NATO countries and Japan. The Commerce Department must license re-exports of certain sophisticated goods, if the country is engaging in



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high-tech goods to the Soviet bloc.

No authority would be required for shipments to most NATO countries or to Japan, except in cases in which the secretary of commerce specifies controls on certain extraordinarily sophisticated items for certain users or for countries that are deemed to engage in a pattern of violating export controls.

- **Re-export Controls.** Eliminate for all but certain extraordinarily sophisticated items and certain users a requirement that the Commerce Department license the re-export of controlled high-technology U.S. products to most NATO countries and Japan. No re-export license would be required for shipments of goods from any country if the controlled item to be re-exported equals 25 percent or less of the value of the goods.
- **Defense Department Review.** Limit Defense Department review of licenses for exports destined for the Soviet bloc. Existing law shares authority for certain Western export licenses between the Departments of Defense and Commerce.
- **Foreign Availability.** Require expedited review of a complaint that a controlled item is available abroad, and therefore should not be subject to control.
- **Western Regional Office.** Establish a West Coast office for review and issuance of export licenses.
- **Export License Fee.** Prohibit the charging of a fee for processing export license applications.
- **Export Administration Reform Commission.** Require the president to establish a commission to study the use of export controls to protect militarily significant technology and ways to improve such controls.
- **Authorization.** Increase by \$3 million the fiscal 1988 authorization for export control activities.

- **Competitive Exchange Rate.** Mandate negotiations with foreign governments to establish a "competitive exchange rate" for the dollar to help prevent severe market fluctuations and make U.S. goods more competitive in price internationally.

The bill would encourage, but not require, intervention in currency markets by the Treasury Department and the Federal Reserve System to prevent the dollar from shifting far from its designated competitive exchange rate.

- **Pegged Currencies.** Require the Treasury Department to determine if a country with an "excessive" trade surplus with the United States (as defined above under "unfair trade practices") is maintaining an artificially low exchange rate with the dollar that contributes to that surplus. If the country refuses to agree to alter the exchange rate, the president may impose tariffs on imports from that country.
- **Third World Debt.** Mandate international negotiations for the creation of an independent agency to buy loans owed by Third World nations at a discount to provide debt relief for those countries and some return for U.S. banks that currently hold loans that may or may not be repaid.
- **Request the Treasury Department to study ways to relieve the most severely indebted countries, those in sub-Saharan Africa, including the granting of so-called special drawing rights through the Interna-**

### Export Controls (cont.)

a pattern of violating export controls.

No re-export license would be required for shipments of goods from any country if the controlled item to be re-exported equals 20 percent or less of the value of the goods, and the goods themselves would not be subject to export controls.

- **Defense Department Review.** Leave unchanged Defense Department review of licenses for exports destined for the Soviet bloc, but require the department to act on applications for an export license within 20 days. Existing law shares authority for certain Western export licenses between the Departments of Defense and Commerce.
- **Foreign Availability.** Require expedited review of a complaint that a controlled item is available abroad, and therefore should not be subject to control.
- **Export License Fee.** Prohibit the charging of a fee for processing export license applications.
- **Kongsberg/Toshiba and Export Control Violations.** Require import bans on all products from the Toshiba Corp. of Japan and Kongsberg Vaapenfabrikk of Norway, and their subsidiaries, for at least two and no more than five years. The Toshiba Machine Co., a subsidiary firm, and Kongsberg, a state-owned arms manufacturer, sold sophisticated milling equipment and related computer software to the Soviet Union, which used the equipment to manufacture quieter submarine propellers.

The bill would require similar bans in similar instances of severe export-control violations discovered in the future, and allow import bans of up to five years in cases of lesser infractions.

### International Development and Finance

- **Exchange Rates.** Mandate negotiations with foreign governments to better coordinate the macroeconomic policies of the major industrial nations, to establish stable exchange rates for the dollar and provide sustainable levels of trade, and to review the existing system for setting exchange rates with the goal of changing the world monetary system to provide long-term exchange rate stability.
  - **Pegged Currencies.** Require the president to initiate expedited, bilateral negotiations with countries that he determines are maintaining artificially low exchange rates with the dollar in order to gain unfair trade advantages.
  - **Third World Debt.** Mandate international negotiations for the creation of an independent agency to buy loans owed by Third World nations at a discount to provide debt relief for those countries and some return for U.S. banks that currently hold loans that may or may not be repaid.
- The bill would prohibit the use of taxpayer money to create or operate the debt management agency.
- **Require discussions within the World Bank to encourage debt-for-equity swaps to reduce the debt burden in the Third World and encourage private investment through the exchange of ownership in assets in return for cancellation of some debt.**
  - **Require the Treasury Department to study ways to relieve the most severely indebted countries, those**

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tional Monetary Fund that could be used to reduce the debt.

- In cases in which several banks are involved in negotiations to grant debt relief to a Third World borrower, allow banks options by which to meet their debt-relief obligations. Regardless of the method of debt relief chosen by the so-called lead bank in a deal, the smaller banks would be authorized to negotiate interest rate reductions, reductions in principal, additional loans or debt-for-equity swaps, in which ownership in assets is exchanged for cancellation of some debt.
- **Multilateral Investment Guarantee Agency.** Authorize U.S. participation in a new World Bank agency designed to encourage private capital investment in Third World countries by issuing guarantees against non-commercial risks. The bill would limit initial U.S. capital investment in the agency to \$22 million.
- **Reciprocity for Securities Dealers.** Prohibit the acquisition by a foreigner of a primary dealer in U.S. securities if the country involved does not grant U.S. securities dealers the same access to its markets that the foreign country's dealers are afforded in the United States.
- **Foreign Investment Reports.** Require identification of foreign individuals or businesses that purchase sizable portions of U.S. businesses or real estate and detailed disclosure of foreign ownership of a controlling interest in a privately held U.S. firm.

### International Development and Finance (cont.)

in sub-Saharan Africa, including the granting of so-called special drawing rights through the International Monetary Fund that could be used to reduce the debt.

- Require a study of bank regulatory practices to find ways to reduce the amount of outstanding Third World loans that threaten the health of the U.S. banking industry. Bank regulatory agencies would have to report annually to Congress about the extent of bad-debt exposure of U.S. banks.
- **Multilateral Investment Guarantee Agency.** Authorize U.S. participation in a new World Bank agency designed to encourage private capital investment in Third World countries by issuing guarantees against non-commercial risks. The bill would limit initial U.S. capital investment in the agency to \$44 million. Participation in the agency would be prohibited if it did not agree to prevent investments that would result in production of goods that would compete with U.S. goods in domestic markets or in third countries, or if it did not prevent investments in countries that fail to adhere to internationally recognized worker rights.
- **Reciprocity for Banks and Securities Dealers.** Prohibit the acquisition of a U.S. bank by a foreigner if the country involved does not grant U.S. banks access to its markets equal to the access the foreign country's banks are afforded in the United States. The same principle would be applied to primary dealers in the U.S. securities markets.
- **Mergers and Acquisitions.** Authorize the president to suspend or prohibit proposed mergers with or acquisitions of U.S. firms by foreigners to determine if such action threatens to impair national security or essential commerce. He must immediately notify Congress, which may block his action by enacting a joint resolution of disapproval within 15 days.

### Agriculture

- **New Agriculture Offices.** Establish new offices within the Agriculture Department to monitor foreign countries' trade practices and to assist U.S. victims of unfair practices, with spending authority increased to provide such functions.
- **Agricultural Missions.** Create 15 agricultural trade missions in less-developed countries that are friendly to the United States to promote exports of U.S. farm products.
- **Commodity Bonuses.** Raise from the current ceiling of \$1.5 billion to \$2.5 billion the total value of surplus, U.S. government-owned commodities that the Agriculture Department may give away as an incentive for foreign buyers to purchase U.S. crops.
- Determine the cost of commodities given away as bonuses according to current market values, rather than the cost of acquisition, which often is higher.
- Extend authority for the commodity incentive program, currently scheduled to expire at the end of fiscal 1988, through fiscal 1990.
- **Commodities for Non-Profit Groups.** Allow non-profit groups and cooperatives to obtain surplus commodities for food-aid programs.
- **Surplus Grain, Dairy Products.** Raise the minimum amount of surplus grain made available for overseas aid from 500,000 metric tons per fiscal year to

- **Unfair Trade Practices.** Require the secretary of agriculture to assist U.S. farmers who are victims of unfair foreign trading practices to prepare complaints to appropriate federal and other agencies.
- **Agricultural Missions.** Create at least 16 agricultural trade missions in less-developed countries that are friendly to the United States to promote exports of U.S. farm products.
- **Commodity Bonuses.** Raise from the current ceiling of \$1.5 billion to \$2.5 billion the total value of surplus, U.S. government-owned commodities that the Agriculture Department may give away as an incentive for foreign buyers to purchase U.S. crops, and extend the program through fiscal 1990.
- **Tobacco Export Subsidy.** Make government-owned stores of tobacco eligible for the export-subsidy program at no cost to tobacco growers or cigarette manufacturers that now pay all costs of the federal tobacco price-support program.
- **Triggered Marketing Loan.** Require imposition by 1990 of a federal marketing loan program for wheat, corn and soybeans, if no progress is made in negotiating multilateral reductions in agricultural subsidies. Such loans would be repaid at the rate of low, world commodity prices, instead of at the borrowed rate.
- **Commodity Credit Corporation Appropriations.**



800,000 tons, and the minimum of surplus dairy products from 150,000 metric tons to 200,000 tons.

- **Wood Products.** Include wood and wood products among agricultural commodities eligible for federal export credit programs.
- **Sugar "Drawbacks."** Authorize refunds to sugar importers of duties paid on imported sugar between Oct. 31, 1977, and April 1, 1985, based on exports of products made from refined sugar that are exported before Oct. 1, 1991. Under existing law, refunds are allowed only for raw sugar that is processed and re-exported within five years.

### Agriculture (cont.)

Grant the Commodity Credit Corporation, which administers most federal farm programs, a current, indefinite appropriation, eliminating the need for annual, specific-dollar appropriations for the agency.

- **Limits on Multilateral Assistance.** Seek to bar aid to developing nations from development banks, if the money would be used to produce minerals or farm goods for which there is a global surplus.
- **Wood Products.** Include wood and wood products among agricultural commodities eligible for federal export-credit programs.
- **Sugar "Drawbacks."** Authorize refunds to sugar importers of duties paid on imported sugar between Oct. 31, 1977, and April 1, 1985, based on exports of products made from refined sugar that are exported before Oct. 1, 1991. Under existing law, refunds are allowed only for raw sugar that is processed and re-exported within five years.

- **Worker Readjustment.** Authorize \$980 million in fiscal 1988 for a new program of worker training for those displaced by plant closings or efforts at modernization, even if the dislocations are not import-related. Self-employed persons who are out of work because of general economic conditions, including farmers and ranchers who are unemployed because of natural disasters, also would be eligible.

- Require governors to appoint worker readjustment councils to advise on retraining plans and allocation of money. Designated "substate areas" would qualify for 90 percent of appropriated funds designated for states.

The bill would authorize 30 percent of appropriated funds go to states for basic adjustment services, including training, counseling, job search and relocation assistance. Another 50 percent of the money would be allocated to worker readjustment training programs to aid those who lose jobs due to automation or other production changes designed to make a company more competitive internationally. Services would include classroom and occupational training, relocation assistance and remedial education.

The remaining 20 percent of the money would go to a federal readjustment program providing similar training and relocation aid on a large scale, such as after a major natural disaster or aid directed at an entire industry.

- Authorize \$50 million in fiscal 1988 for creation of state-based computerized job banks.
- **Math, Science and Foreign Languages.** Authorize \$501 million in fiscal 1988 for grants to elementary and secondary schools and colleges to improve the teaching of math, science and foreign languages.

Literacy training programs for skills used in the work place and for individuals with limited English proficiency would get \$102 million in fiscal 1988. Grants for vocational education would total \$52 million; grants for math, science and foreign-language training in elementary and secondary schools would total \$100 million. College-level math, science and language programs would get \$10 million.

Programs to improve college-level training for math, science and language teachers would get \$100 million, divided between summer teacher training and instructional equipment. And \$85 million would be authorized to upgrade college research facilities.

### Education and Training

- **Worker Readjustment.** Authorize \$980 million in fiscal 1988 for a new program of worker training for those displaced by plant closings or efforts at modernization, even if the dislocations are not import-related. Self-employed persons who are out of work because of general economic conditions, including farmers and ranchers who are unemployed because of natural disasters, also would be eligible.

- Require governors to appoint job training coordinating councils to advise on retraining plans and allocation of money. States would receive 75 percent of appropriated funds, and designated "substate areas" would receive at least 50 percent of the state money. State funds would be used for basic adjustment services, including training, counseling, job search and relocation assistance, and for worker readjustment training programs, including classroom and occupational training, and relocation assistance.

The remaining 25 percent of the money would go to a federal readjustment project of demonstration programs, providing similar training and relocation aid on a large scale, such as after a major natural disaster or aid directed at an entire industry.

- **Math, Science and Foreign Languages.** Authorize more than \$575 million in fiscal 1988 and similar amounts for later years for education programs. The bill would reauthorize for five years a \$350 million program of grants for elementary and secondary schools to improve the teaching of math, science and foreign languages. Another \$35 million would be authorized for local school district model foreign language programs. A special telecommunications network or "star schools" program for math, science and language instruction would be authorized at \$100 million over five years.

Literacy programs for skills used in the work place and for individuals with limited English proficiency would be authorized at \$10 million in fiscal 1988. Grants for adult retraining and industry-education partnerships to assist workers in qualifying for high-technology jobs would be authorized at \$25 million. The bill would authorize \$400 million in fiscal 1988 for a new program for disadvantaged secondary school students, and \$20 million for each of fiscal 1988-93 for a new program of business-public school education partnerships.

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## Miscellaneous

● **National Security Concerns.** Authorize the president to act to reduce imports of certain products if the secretary of commerce determines that such imports threaten the national security by injuring domestic suppliers of those products.

● **Romania.** Deny most-favored-nation status (non-discriminatory access to trade concessions granted other countries) to Romania for six months because of human-rights abuses. Require review of Romania's most-favored-nation status every six months, as opposed to annually for other communist countries that currently have such status.

● **Foreign Corrupt Practices.** Stiffen penalties for payment of bribes by U.S. firms to foreign governments and companies in return for their business, and change the standards of culpability for payments of bribes through third parties, with separate standards for civil and criminal penalties.

Payments that are legal in a foreign country and that are made to expedite routine government actions would be permissible under the bill.

● **"Buy American Act."** Prohibit U.S. government agencies from buying from companies in foreign countries whose governments restrict purchases from U.S. businesses.

● **Ocean Transportation Practices.** Require the Federal Maritime Commission to investigate denial of equal access to oceangoing freight to U.S. carriers. If such unfair practices are found, negotiations would be required to eliminate them, and if negotiations are unsuccessful, retaliation would be required.

The bill also requires the president to negotiate with every country that ships more than 50,000 automobiles to the United States annually to remove unfair barriers to U.S.-flag auto carriers and to increase the transport of imported cars on U.S. ships.

● **Air Transportation Practices.** Accelerate investigations by the Transportation Department into allegations that U.S. airlines are denied equal access to foreign airports or airline services.

● **Council on Industrial Competitiveness.** Require the president to appoint a private-sector 16-member council to advise on policies to enhance U.S. exports and the competitiveness of U.S. industry. The bill would authorize \$5 million for the council.

● **Semiconductor Manufacturing.** Authorize \$100 million for each of fiscal 1988-92 for use by the Commerce Department to make grants to a consortium of U.S. semiconductor manufacturers to stimulate development of new technologies for making semiconductors and their application in a variety of industries.

● **Trade Impact Statements.** Require that the president's annual budget request and budgets adopted by Congress contain assessments of their impact on U.S. economic competitiveness.

● **Customs Fraud Scofflaws.** Require the Treasury secretary to prohibit for three years a "multiple customs law offender" from continuing to engage in import activities. A multiple offender would be defined as one who has three criminal convictions under customs law over seven years, or is assessed three civil penalties under customs law that are finally determined to involve fraud or criminal culpability.

Violations of the prohibition against future import

● **'Windfall' Oil Tax.** Repeal the seven-year-old, so-called "windfall" tax on oil revenues that exceed a statutory base price.

● **Plant Closings.** Require an employer with more than 100 full-time workers to provide 60 days' notice before closing a plant permanently or temporarily (for at least 30 days), if 50 or more workers would be laid off. An employer also would have to provide 60 days' notice before a mass layoff of 50 or more full-time workers for 30 days or more, provided that one-third of the work force is laid off.

● **National Security Concerns.** Authorize the president to act to reduce imports of certain products, if the secretary of commerce determines that such imports threaten the national security by injuring domestic suppliers of those products.

● **Romania.** Deny most-favored-nation status (non-discriminatory access to trade concessions granted other countries) to Romania for six months because of human-rights abuses. Require review of Romania's most-favored-nation status every six months, as opposed to annually for other communist countries that currently have such status.

● **Angola.** Deny most-favored-nation status to Angola for six months because of human-rights abuses. Require review of Angola's most-favored-nation status every six months.

● **Afghanistan.** Authorize the president to prohibit imports into the United States from Afghanistan, but not from those Afghan forces for which Congress has expressed support. The president must report to Congress within 45 days if he chooses not to ban Afghan imports.

● **Terrorist Countries.** Require the secretary of state to identify countries that repeatedly provide aid to international terrorists, and require the president to deny most-favored-nation status to such countries. He could waive this requirement if he believed it in the national interest.

● **Aid to Poland.** Authorize the following aid to Poland: \$10 million for agricultural development, 8,000 tons of surplus farm commodities for 1988 and 1989, \$1 million to implement a 1987 agreement between the United States and Poland for science and technology cooperation, \$4 million for medical and hospital supplies. The bill would require that \$1 million in each of fiscal 1988 and 1989 be made available to Solidarity, the outlawed Polish labor union.

● **Persian Gulf.** Require an immediate ban on U.S. imports from Iran — or any other Persian Gulf nation — if it launches a military attack against the United States.

● **Foreign Corrupt Practices.** Clarify the application of civil and criminal penalties for payment of bribes by U.S. firms to foreign governments and companies in return for their business. The bill would specifically prohibit direct payment of bribes to foreign officials and those payments made by a third party that are expressly authorized or authorized through a course of conduct.

Payments that are legal in a foreign country and that are made to expedite routine government actions would be permissible under the bill.

● **Ocean Transportation Practices.** Require the Federal Maritime Commission to investigate denial of equal access to oceangoing freight to U.S. carriers. If such



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activities would be subject to \$250,000 fines and 10 years' imprisonment.

- **Import Marking.** Increase the penalty for anyone who, with intent to conceal information, alters or destroys any mark required on imported products. First offenses would be punishable by fines of up to \$100,000 and imprisonment of one year. For later offenses the fine would increase to \$250,000.
- **Soviet Fur Skins.** Repeal a ban since 1952 on the import of fur skins from the Soviet Union.
- **Miscellaneous Tariff Provisions.** Make changes in at least 75 specific tariffs charged on imports into the United States.

### Miscellaneous (cont.)

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unfair practices are found, negotiations would be required to eliminate them, and if negotiations were unsuccessful, retaliation would be required.

The bill also requires the president to negotiate with every country that ships more than 50,000 automobiles to the United States annually to remove unfair barriers to U.S.-flag auto carriers and to increase the transport of imported cars on U.S. ships.

- **Air Transportation Practices.** Accelerate investigations by the Transportation Department into allegations that U.S. airlines are denied equal access to foreign airports or airline services.
- **Council on Industrial Competitiveness.** Require the president to appoint a private-sector nine-member council to advise on policies to enhance U.S. exports and the competitiveness of U.S. industry. The bill would authorize \$5 million for the council.
- **National Institute of Technology.** Re-establish the National Bureau of Standards as a National Institute of Technology to maintain existing programs, while emphasizing research, development and assistance to the private sector in the high-technology fields, including automated manufacturing. The bill would authorize \$145.8 million for the institute in fiscal 1988.
- **Semiconductor Manufacturing.** Establish an inter-agency committee to study and report within 90 days on the need for a government-sponsored consortium of U.S. semiconductor manufacturers to stimulate development of new technologies for making semiconductors and their application in a variety of industries. The bill would authorize \$100 million in each of fiscal 1988-92 for federal support for the consortium.
- **Trade Impact Statements.** Require that the USTR and secretary of the Treasury prepare an annual report to the Senate Finance and House Ways and Means committees on the impact of foreign trade barriers and macroeconomic factors on the U.S. balance of trade.
- **Trade Statistics.** Require the director of the Census Bureau to determine a way to report statistics that measure the real volume of U.S.-foreign trade along with existing trade reports that are measured in dollar amounts.
- **Customs Fraud.** Allow private citizens and the U.S. government to seek judicial damages for customs law violations.
- **Soviet Fur Skins.** Express the sense of the Senate that a ban dating to 1952 on the import of fur skins from the Soviet Union should remain in effect.
- **Steel Fencing.** Require the USTR to seek import restraints on foreign steel fencing and other steel mesh, as part of existing, negotiated steel import quotas. If a foreign country refuses such controls, no other adjustments in steel import quotas may be negotiated.
- **Miscellaneous Tariff Provisions.** Make changes in at least 75 specific tariffs charged on imports into the United States.
- **Trade Agency Authorizations.** Make fiscal 1988 authorizations for the ITC, \$35.4 million; for the U.S. Customs Service, \$1.04 billion; and for the USTR, \$15.3 million.

## Panel Leaders Make Closing Comments:

# Public Iran-Contra Hearings End With Regan, Weinberger

*President Reagan's former chief of staff, Donald T. Regan, appeared July 30 before the special committees investigating the Iran-contra affair. Following are excerpts of his testimony from transcripts provided by the House Office of the Clerk:*

[Terry] SMILJANICH [Senate counsel]: ... The contras and their success or failure were much on the President's mind during your tenure; is that a fair statement?

REGAN: Yes.

SMILJANICH: And much time was spent at the White House attempting to get Congress to repeal the Boland amendment [that restricted U.S. aid to the Nicaraguan contras]?

REGAN: Yes.

SMILJANICH: The Tower Board report quotes the President as saying he did not know the NSC [National Security Council] staff was engaged in helping the contras during the 1985-1986 time frame. [The Tower board report, issued Feb. 26, was the result of the president's Special Review Board inquiry into the Iran-contra affair.]

Did you know that the NSC staff was engaged in helping the contras?

REGAN: Well, I knew that Lt. Col. [Oliver L.] North would speak to various groups, I knew that through our public liaison person at the White House, meetings were set up, people brought into the White House for purposes of discussing the freedom fighters.

North was one of the ones that they had as a briefer.

SMILJANICH: Well, other than these types of jaw-boning activities, were you aware or familiar with any of Col. North's other activities in connection with helping or assisting the contras?

REGAN: No.

SMILJANICH: — paramilitary assistance, that type of thing?

REGAN: No.

SMILJANICH: All right.

Did you ever ask Mr. [Robert C.] McFarlane or Adm. [John M.] Poindexter who was filling the void created by the fact the CIA could not engage in activities in Central America on behalf of the contras?

REGAN: No, I did not.

SMILJANICH: All right. Well, in any of the legislative strategy sessions, you did have strategy sessions in connection with attempting to get Congress to change

its mind about assistance to the contras; is that correct?

REGAN: Yes, we did.

SMILJANICH: In any of those sessions, did anyone ever suggest that the NSC staff was already helping to coordinate assistance to the contras?

REGAN: No, not in that sense of the word. The NSC staff, and particularly when Bud McFarlane was there, and he enjoyed such a good relationship with the Congress, he was in charge of our legislative efforts, but as far as in the field or relationships with the contras outside of the legislative process, I never got into that.

SMILJANICH: Well, in any of these sessions, did anyone ever suggest that even if the Boland Amendment could not be repealed, the NSC staff could continue to engage in many activities which would assist the contras in Central America?

REGAN: I'm not conscious of any discussions of that in the legislative sessions or other sessions.

SMILJANICH: Mr. McFarlane told this committee that he believed that the Boland Amendment applied to the National Security Council staff; Adm. Poindexter testified that he believed that the Boland Amendment did not apply to the National Security Council staff, and that indeed the National Security Council had taken over the role of the CIA in Central America.

Now, you were Chief of Staff during the tenure of both of those gentlemen. What did you know or understand about that subject?

REGAN: Well, I never looked into the legality of the Boland Amendment. I've never had the privilege of being a lawyer, and I didn't think that I knew enough to be able to opine as to whether or not this was legal, who could do it, who couldn't do it. I left that up to the NSC.

\* \* \*

SMILJANICH: In September of 1985, Mr. McFarlane specifically advised you and the President that the Israelis had in fact shipped 500 TOW [anti-tank] missiles to Iran; is that correct?

REGAN: That is right.

SMILJANICH: All right.

Is it your testimony that the — that you and the President did not know prior to that shipment of TOW missiles that Israel intended to do so?

REGAN: I certainly did not know it, and I have no recollection of anyone telling the President in my presence about the shipment prior to its being done.

SMILJANICH: What was said at that meeting in September of 1985 about the replenishment of the missiles that Israel had shipped to Iran?

REGAN: The President was quite upset that his hand was being forced this way. He still wasn't certain, because he had told McFarlane in the Aug. 6 meeting to go slow on this and let's make sure we know who we are dealing with before we get too far into this.

As a result, to have his hand forced that way was quite upsetting. And he said, "As far as any replenishment is concerned, we will cross that bridge later. I am not going to do anything about that now."

SMILJANICH: It would be fair to say he did not rule out the possibility at that time?

REGAN: He didn't, but he didn't volunteer to do it right away either.

\* \* \*

SMILJANICH: All right, sir. Well, if you will turn to Exhibit 17 in your book.

REGAN: Yes.

SMILJANICH: Do you have that?

REGAN: Yes.

SMILJANICH: That is a Presidential covert action finding [that allowed the covert sale of arms to Iran], dated at the bottom, Jan. 17, 1986.

REGAN: Yes.

SMILJANICH: And the signature of Ronald Reagan appears on it?

REGAN: That is right.

SMILJANICH: Is it your testimony then — what you are saying is you don't specifically recall the President signing this document?

REGAN: That's right. I don't remember him signing it, but that certainly is his signature.

SMILJANICH: When did you first discover that the President had signed a finding on Jan. 17 allowing this matter to go forward?

REGAN: Sometime in October of 1986. [Director of Central Intelligence William J.] Bill Casey called me to ask if I had a copy of the finding of January. I asked my staff to see if we had a copy in our files. We had none.

I went back to him and said no, I don't have one, ask John Poindexter. I said how come you don't have one. He said we don't have one in our files, and he said that's why I'm trying to find one.

So I didn't realize that the thing had been signed or where it was until late October of '86.

SMILJANICH: So you are saying that in late October of 1986, after this operation had been going forward for eight, nine,



10 months, neither you nor Director Casey had specific knowledge that the President had signed a finding dated Jan. 17?

REGAN: I think both of us — although I shouldn't characterize what he was thinking, but I will say that I was thinking that all along I just assumed that he probably had signed it. I just didn't see it.

SMILJANICH: And you couldn't locate a copy and the Director of Central Intelligence couldn't locate a copy?

REGAN: That is correct.

SMILJANICH: You finally did determine who had the only copy of that finding; is that right?

REGAN: Yes.

SMILJANICH: Who did you call?

REGAN: I asked Poindexter about it the next day. I said did Casey call you about that finding. He said yes. I said where the hell has it been — excuse my language. That is normal for me. Excuse me.

And he said I have the only copy, it's in my safe, it's with me. . .

SMILJANICH: Under the plan that had been discussed with the senior advisers in January, upon the shipment of this first 1,000 TOW missiles all of the American hostages held in Lebanon were supposed to be released; isn't that correct?

REGAN: Yes.

SMILJANICH: When no hostages were released after shipment of those TOW missiles, what did you recommend the President do about the fact that the Iranians had broken their word?

REGAN: I told him I thought we ought to break it off, that we had been snookered again, how many times do we put up with this rug merchant type of stuff — or words to that effect.

SMILJANICH: What did the — what was the President's attitude or decision?

REGAN: I think he shared my view that we had been had.

SMILJANICH: Did he instruct anyone to terminate their activities?

REGAN: No. There was a pause then and I sort of lost track of what was going on. At that point we were deep in the middle of the tax bill and the budget battle and I sort of lost track of what was going on. I wasn't paying that much attention to it.

\* \* \*

SMILJANICH: Well, during the [President's Nov. 13] speech and during the [Nov. 19] press conference one of the matters that the President did volunteer was the statement that all of the weapons shipped to Iran could easily fit into a single cargo plane with plenty of space left over.

Now, obviously the President had to be told something like that in order for him to make a statement like that.

How did that particular information come to his attention?

REGAN: Somewhere in these notes I think you may find it. Somewhere in here are notes that have been furnished to this committee.

This was during a meeting where, discussing with Poindexter and [Poindexter's

Deputy Alton G.] Keel, the President — I'm not sure whether the Vice President [George Bush] was there or not — we were discussing just how much had been done.

And the President said, well, we have only sent them a small amount. Poindexter volunteered the information, oh, hell yes, a very small amount. I said, well, you know, like that old "What's My Line" type of questioning, you know, bigger than a breadbox.

I said, John, how big is it, can you tell me how big it is, I have no idea. I fought a different war — what a bigger TOW missile is, let alone how big spare parts for Hawks [anti-aircraft missiles] are.

He said, oh, hell, they'd fit on a small plane, a couple pallets.

So I said, well, can you find out the answer, and he came back and — a little red-faced — and said, well, make it a C-5. But it literally could fit on a C-5.

So that's where the statement came from, it all could fit on a plane. Most people think of it as a 727 or something — no. They are talking about a C-5, and I doubt even at that they would fit, but that's something else again.

SMILJANICH: I think the record will probably reflect eventually they would have a lot of difficulty getting into a C-5. Perhaps it could be done with a shoehorn. I'm not certain.

At any rate, when you first asked this question and Adm. Poindexter gave you his opinion about how big a TOW missile was, do you recall that you were in the Oval Office and he said every one they shipped could probably fit in that office?

REGAN: Yes, I think he did say something like that.

SMILJANICH: There wouldn't be much room in the Oval Office to get any work done if, as it turned out — when you find out how much it would take to ship these TOW missiles; is that right?

REGAN: The Secret Service would have quite a problem if they had that many TOWs in the Oval Office.

\* \* \*

### Poindexter's Resignation

SMILJANICH: The next morning, Nov. 25th, I think you have already briefly touched on it. When you came into the White House, you went and talked briefly with Adm. Poindexter?

REGAN: Well, that evening at home, the evening of the 24th, I drew up a rather lengthy plan of action as to what steps we would take in order to remind me of various things.

I got into the office early, at 6:30 in the morning, to work with the staff on the presidential statement, to check with [Attorney General Edwin] Meese [III] to see if he were ready, and — to answer all the media inquiry that would come about; and then I told my secretary that I wanted to see Adm. Poindexter, if she could find out was he in. He wasn't.

He didn't come in until much later

than normal that morning, but then I did go see him.

SMILJANICH: And what did you tell Adm. Poindexter and what did he tell you?

REGAN: Well, again, this is a very vivid recollection in my mind. He was sitting at the end of his conference table having breakfast from a tray, and I went in and in my normal fashion said, you know, "What's going on, John?" You know, "What the heck happened here?"

And he was very careful, deliberate. John is a deliberate person. He adjusted his glasses, he dabbed at his mouth with his napkin, put it down. He said, "Well, I guess I should have looked into it more, but I didn't."

He said, "I knew that Ollie was up to something but," he said "I didn't know what." And he said, "I just didn't look into it."

I said to him, "Why not? What the hell? You are a vice admiral. What is going on?"

And he said, "Well, I suppose this will get me into trouble now with one of my old neighbors from my old neighborhood back in Cambridge, Mass., but," he said, "Well, that damned Tip O'Neill [D-Mass., former Speaker of the House]."

He said, "The way he is jerking the contras around, I was just so disgusted," he said, "I didn't want to know what he was doing."

SMILJANICH: You didn't have any discussion with Adm. Poindexter about any authorization he might have received in connection with this matter?

REGAN: No. I told him then — I said, "Well, John, when you go in to see the President at 9:30, I think you better make sure you have your resignation with you."

SMILJANICH: What did he say?

REGAN: He said, "I have been thinking of that." He said, "I will."

SMILJANICH: And at the 9:30 daily national security briefing, Adm. Poindexter submitted his resignation?

REGAN: He came in and immediately started the discussion by saying — he told the President he was sorry for what had happened and again repeated that he probably should have looked into it more, but didn't. And he was submitting his resignation.

SMILJANICH: What did the President say?

REGAN: Well, it was a very sorrowful moment, a very hushed moment. The Attorney General was there, as I recall. And the President nodded and said, "I understand." He said, "This is a shame that it has happened this way, that a man with your great naval record," so on, "has come to this end," but he said, "That is it," and there was sort of an awkward silence.

Poindexter left the room.

\* \* \*

### The Arms-for-Hostages Deal

[Sen. William S.] COHEN [R-Maine]: On July 26, 1986, [hostage] Father Lawrence Jenco was released. Again Counsel tried to bring this out. When Bud McFarlane went on this very dangerous mission to Tehran, he was told "Bring all



the hostages or come back"; and he couldn't get all the hostages because the Iranians were — we will give them two now, we will give you two later. He pulled up and came back in a very controversial type of negotiation.

Then on July 26, Father Jenco was released, and according to the Tower Report, the Americans feared that if they didn't respond positively, they risked the death of the hostages, is that correct?

REGAN: That is what we were told.

COHEN: Did you play a part in the decision to then go forward and release the weapons to the Iranians?

REGAN: I offered no opposition. I won't say that I played a role in it, because it was more a passive role. I sat, I heard, I listened.

COHEN: Here we have a situation where Mr. McFarlane rejected an offer for two and came back to Washington and then a short time later, we ended up giving all of the weapons for one hostage.

I guess the question is, in your own language, we sort of got taken down a Persian alley and got mugged. No one said anything about it. It is hard to understand why we were capitulating in this fashion, and no one seemed to be raising objections and pounding on people's doors saying, "This has got to stop now."

REGAN: I think people were upset, very disgusted with what was going on. The bait was there, though, that we could save a life here, a life there. You weigh that sort of thing, and it is very hard to — with a degree of finality — say "to hell with it."

COHEN: You wanted to save the hostages?

REGAN: Definitely. That was the way to get arms.

COHEN: If it were not for the hostage issue, you agree it is unlikely the President would ever have agreed to sell weapons to the Iranians?

REGAN: I don't think he ever would have agreed, bona fides, or what have you.

COHEN: So from the very beginning, there is no question in anyone's mind, at least not yours, the hostages were in fact the driving force that kept holding this thing together?

REGAN: No. Not the driving force, but a force. Because the driving force was, and I believe still is, if this President doesn't make contact with Iran, the next one will certainly have to or his successor. We are going to have to make that contact.

COHEN: No one disputes that, but it is the fact that it was the hostages that kept the issue alive. The President could have walked away from the table at any time from dealing with [arms dealers Manucher] Ghorbanifar, [Adnan] Khashoggi, or anyone else?

REGAN: Oh, yes. To that extent, sure. But, again, you have to ask yourself what is the job of the President of the United States? Should he turn his back on people like this? If he has a chance to get them out, should he do it? This President tried, it didn't work.

\* \* \*

COHEN: You indicated before there is a Wall Street term of NPH, "no profit here," but you added lightly that a 600 percent markup might be another way to balance the budget. I was wondering, because it raises the question about the whole diversion issue. What is wrong, from your point of view, having told Col. North to help get arms to the Iranians, having directed Col. North to get munitions and money to the contras, what is wrong in your mind with combining the two and killing two birds with one stone? Why did you react with horror to that?

REGAN: Well, this a major decision that having, as we thought, agreed to sell arms, and the normal practice when the United States sells arms to any nation is to sell them at our cost. As far as I know, we don't sell to make a profit. We might, but we don't.

And this, in my judgment, was an unauthorized action on the part of Col. North to make a markup without consulting his superiors.

COHEN: He did consult Adm. Poindexter? Adm. Poindexter testified clearly before this committee that he in fact —

REGAN: It was an unauthorized act on both of their parts.

COHEN: Yes.

REGAN: Because certainly I think the President of the United States should have been contacted on that one, or the Secretary of Defense, certainly. Had been alerted this type of thing was going on.

COHEN: Well, that is one of the other questions that I think all of us have, that John Poindexter has a reputation of — not of someone who takes bold leaps or engages in any sort of "Kissingerian" — if I can use that phrase — ingenuity, but straightforward, by the book. His whole history has been absolute chain of command.

How could he have been so wrong in this case to have presumed the President would have authorized such a major decision on his part?

REGAN: I notice that he testified that way before this committee or these committees. I would dispute that.

I don't think the President of the United States would have condoned this had he known about it. I don't think that he would have said, "Yes, let's go, mark this stuff up and divert the money to the contras." I don't think he would have participated in that. I know I wouldn't have.

That whole idea would have been, you know, very, very much contrary to the Ronald Reagan that I knew.

\* \* \*

[Rep. Jack] BROOKS [D-Texas]: Do you think, Mr. Secretary, that it was primarily the aftermath of the Iran arms-contra scandal that precipitated your early retirement about three months later?

REGAN: Yes. I think it was a direct cause of that.

BROOKS: Col. North has been characterized by some as a national hero for having carried off this scheme to divert

funds from the Iranian arms sales to the contras which he apparently did without the knowledge or approval of the President, according to the testimony of you and others.

Do you, as a former Marine with extensive overseas duty in World War II, consider Col. North to be a national hero for coming up with this neat idea?

REGAN: Well, let me put it this way: I admire the colonel's enthusiasm, his ingenuity, his — obviously I am very impressed by the courage he has shown previously on the battlefield and in his previous assignments.

My question, however, not recognizing him as a real hero, is insofar as I think he might have asked permission or shared with us his plan rather than to put it into effect in an unauthorized way and have this come out. Perhaps had more of us thought about it in a longer period of time, this wouldn't have happened and would have obviated the necessity for our being here today.

BROOKS: Are you concerned or disappointed or possibly angry about the damage that his and Adm. Poindexter's activities caused you and the Administration, the anguish that all of us have shared in the last —

REGAN: Oh, there were momentary frustrations on my part, yes. At my age, and background, you learn to live with these things. So I bear them no ill will at this point.

\* \* \*

[Sen. Warren B.] RUDMAN [R-N.H.]: ... Do you think it is fair to say that the President's staff — and I am not talking about — I am talking about the National Security staff, not only ill-served the President by not advising him of the diversion scheme and allowing him to make that choice himself, but in fact did not adequately brief him on, during and after these events took place?

REGAN: Well, this may be an unkind characterization of them, but nevertheless, it's the way I feel. I do think they should have discussed this with the President, allowed him to make the decision to divert funds or not.

Secondly, knowing of that, that this money had been done but yet knowing that the cover had been blown and this would eventually come out, they should not have allowed this President to go to speak to this nation without revealing that fact, among others. That would have put a whole new light on the situation.

They also did him a very much grave disservice, hurt him badly by allowing him to go before the nation's media or its representatives, and not know that these deeds had been done. What if somebody that night had challenged the President, an enterprising reporter had found this information out one way or another? What would the President's embarrassment have been? As it so happened, it was the Attorney General that found it or one of his people, and the President himself was allowed to make this announcement. I say



"allowed." There was no choice. I mean, the man wanted to do it. But it was certainly embarrassing to the President.

Now, that to me was a grave disservice that the National Security advisers did to the President in knowing that and nobody spoke up.

**RUDMAN:** Thank you. My time is up. I'll simply wind up by just observing that a number of people on this panel, both Republicans and Democrats, have been criticized for being tough on certain witnesses and boring in on the facts, and I want to tell you, as a member, you and I are members of the same party, you served the President as Chief of Staff, I represent my constituents of New Hampshire here in this body, I happen to think that the greatest tragedy of this entire event is that this President, who has been good to the people, who has been reticent to fire people, who was known to be kindly and decent, was so ill-advised and deceived by key members of his own staff, I think it is an outrage, and frankly that has outraged me from the very beginning. And I would suspect it's probably outraged you.

**REGAN:** It has.

\* \* \*

#### A Need to Lie?

**[Sen. George J.] MITCHELL [D-Maine]:** If you followed these hearings, you have heard a lot about lies to Congress and to the Attorney General, and you have dealt with Congress a great deal over the past several years.

And I want to ask you, have you ever felt you had to lie to Congress in order to do your job?

**REGAN:** No, never. There are times when I have regretted having to tell Congress some things. There are other times when I have bitten my tongue for not telling Congress some things, or maybe even where to go. But there is never an excuse for lying to the Congress, never, or dissembling from anyone in the Executive Branch. That simply shouldn't be tolerated, can't be tolerated.

**MITCHELL:** You have had a lot of experience. Indeed before you assumed your public positions, you were the Chief Executive Officer of what is the largest stock brokerage in the United States certainly, perhaps in the world. So you don't condone lying to Congress?

**REGAN:** Absolutely not.

**MITCHELL:** And you don't condone the destruction of important documents to prevent the information from ever becoming public?

**REGAN:** No.

**MITCHELL:** And you ran the White House and you would not have condoned that?

**REGAN:** As a matter of fact, I'll tell you this, I was questioned by — as my secretary has — by members of the staff of this committee and others, the Independent Counsel [Lawrence E. Walsh, appointed to conduct a criminal investigation into the Iran-contra affair], about shredd-

ding. I'll tell you this, we don't have a shredder or didn't have a shredder in my part of the West Wing. I don't know where that shredder is that supposedly is in the West Wing of the White House. I suspect it is downstairs in the Situation Room. But we did not have a shredder in my part of it, and the second point is, I wouldn't know how to operate one if I had one.

So we did not believe in shredding documents.

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*Former Chief of Staff Regan resumed his testimony July 31:*

**[Rep. Louis] STOKES [D-Ohio]:** Mr. Regan, during the period of time you were the Chief of Staff, after Poindexter and North had left the White House, did there come a time when there was a discussion with the President when you were present about congressional immunity for Col. North and Adm. Poindexter?

**REGAN:** Yes, there was such a time.

**STOKES:** And would that have been around approximately Dec. 15th, 16th?

**REGAN:** I think even earlier than that — probably around Dec. 8th, 9th, or 10th, in through there. I recall discussions of that.

**STOKES:** And who was present at that time?

**REGAN:** Well, I remember one discussion among the President, the Vice President and myself regarding this as to how to get the full story out. Both the Admiral and the Colonel were refusing to talk. We had said we didn't know the story, couldn't find out the story, granted, the Tower Commission was working but still in an effort to hasten this, I believe the President did suggest publicly some time in the period to which I referred that either the Senate or the House or both Intelligence committees should give limited immunity to both of these witnesses or to either one of them in order to get a story out.

But both of the committees, the House and the Senate Intelligence committees, said, no, they didn't want to do that, that there wasn't the proper time.

#### Presidential Pardons

**STOKES:** Now, either at that particular meeting or any other meeting, was the questions of presidential pardon for either Adm. Poindexter or Col. North ever discussed with the President?

**REGAN:** Yes, it was.

**STOKES:** Can you tell us when that was?

**REGAN:** Yes. Somebody brought it up to him. It was shot down right away. That was something the President wouldn't even listen to, the fact that he should grant a pardon. His reasoning went along this sort of line, to grant a pardon means you think somebody has committed a crime; you only pardon for a crime.

And he didn't know what the crime was. As yet, there had been no evidence brought to him, the Tower Commission report was not out, the Independent Counsel had been

put in being, but he had no report, obviously neither the Senate nor the House Intelligence committees had finished, let alone the fact that this committee would be set up, so the President said not only is it premature, but I will be darned if I am going to accuse them of a crime in advance.

**STOKES:** Was that the extent of the conversation that day, as you recall?

**REGAN:** It never came up again. He put his foot down hard and it never came up again.

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*Defense Secretary Caspar W. Weinberger was the final member of the Cabinet to testify publicly before the special committees investigating the Iran-contra affair:*

**[Neil] EGGLESTON [House deputy general counsel]:** Let me ask you, sir, if you could discuss with us and tell us what occurred to the best that you recall on this meeting of Dec. 7 [1985], who was there, what it was, and what the issues were.

**WEINBERGER:** I think this meeting was in the White House in the Oval Office, I believe, and it could have been upstairs in the residence, I am just not quite sure at the moment, but the President was there, the Vice President, the Secretary of State [George P. Shultz], Mr. McFarlane, I believe, was there. And the general discussion was now more specific than it had been in August, and it was about a specific plan to transfer some weapons to the Iranians and why this would produce a good result.

There was much more discussion of hostages at this time but there was also discussion of how important it was to have an opening to Iran. And I made very strong objection to the whole idea, as did the Secretary of State.

**EGGLESTON:** Now, do you recall any of the specific objections that you made to the plan?

**WEINBERGER:** Oh, yes. I ran through a whole group and raised every point that occurred to me, including the fact that we were at the same time asking other countries not to make sales of weapons to Iran, that there was no one of any reliability or, indeed, any sense with whom we could deal in Iran and the government, and that we would not have any bargain carried out, that if we were trying to help get hostages released, why there would be a real worry that the matter would not be held in any way confidential, that we would be subjected to blackmail, so to speak, by people who did know it in Iran and elsewhere, and that we had no interest whatsoever in helping Iran in any military way, even a minor way, and that in every way it was a policy that we should not engage in and most likely would not be successful.

**EGGLESTON:** Secretary Shultz has described your opposition at that meeting as quite forceful. Is that a fair characterization?

**WEINBERGER:** Well, I am afraid I argue that way about almost everything. I



am told so, yes. But I think that is entirely a fair description, perhaps an understatement. . . .

**EGGLESTON:** Let me ask you to direct your attention to Exhibit 20 in your exhibit book. Mr. Secretary, you would not have seen this document, I take it, contemporaneously?

**WEINBERGER:** No.

**EGGLESTON:** It is the cover memo to the Jan. 17th finding [authorizing the sale of arms to Iran in exchange for the release of hostages]. I want to ask you about a particular line in it —

**WEINBERGER:** This is a memorandum that you are directing my attention to from Adm. Poindexter to the President?

**EGGLESTON:** Yes, sir. It is dated Jan. 17th. The back page of this document contains the Jan. 17th finding with the President's signature on it and is also dated Jan. 17th.

**WEINBERGER:** Yes. There is, however, a page before that on which the President's initials are put on, but not in his handwriting.

**EGGLESTON:** That is correct. I think in the last sentence it indicates that the President was briefed verbally by Adm. Poindexter. If you could return to the very first page, there is just one line of this that I wanted to ask you about.

**WEINBERGER:** Right.

**EGGLESTON:** It is about halfway down the very first paragraph, and it reads as follows: "The Israelis are very concerned that Iran's deteriorating position in the war with Iraq," — I want to ask you about that concept. Was it the view of the Department of Defense that Iran had a deteriorating position in the war with Iraq?

**WEINBERGER:** No, quite to the contrary, it wasn't my position or anybody's opinion that I talked to.

**EGGLESTON:** Were you consulted during this period about the relative positions of the Iranians and the Iraqis in the war?

**WEINBERGER:** No.

**EGGLESTON:** Do you know whether the President was advised that there was a contrary view to the one that is expressed in this memo?

**WEINBERGER:** I don't know that. I never saw this memo to the President, never had a chance to respond to it, but I certainly did not have the view that Iraq was winning or anything of that kind. Quite the contrary. As a matter of fact, it was basically Iraqi military strategy not to pursue any kind of decisive military end to that.

They have been trying to get a cease-fire and trying to get the war ended by negotiation. They have specifically eschewed the idea of a military victory as far as I can tell.

**EGGLESTON:** So if you had been consulted at that time, you would have advised the President that you disagreed with that Israeli view?

**WEINBERGER:** In the strongest possible terms.

**EGGLESTON:** To the extent the President relied upon that concept and decided

to go forward, that in your view was simply as erroneous assumption on their part?

**WEINBERGER:** Yes.

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**[Rep. Les] ASPIN [D-Wis.]:** . . . Let me ask a little bit about the policy that was undertaken and your attitude towards that policy. I take it that you, based upon your reaction to that NSDD [National Security Decision Directive] that was circulated, the draft that was circulated in 1985, that your opposition to this policy was opposition to the whole idea, not just to the opposition to the arms sales.

**WEINBERGER:** Oh, yes. I thought it, first of all, was not possible to get a better relationship with Iran, with the Iranian government and its present hands. I didn't think there was anybody we could deal with that was not virulently anti-American and I just didn't think it would work and I was, as you say, against the whole policy. . . .

I did add a word in my comment to the effect it would be good if we could get a relationship with Iran as we used to have it under the shah [of Iran, Mohammed Reza Pahlavi]. It would be desirable to try to do something like that, but we couldn't do it in this situation.

**ASPIN:** Let me ask you why you drew that conclusion. I take it that the opposition of other people, in principle, the Secretary of State, his view was if we could get some, he was not opposed to new initiatives with the Iranian government. He said he opposed the idea of selling arms in order to further that initiative. And that seems to be the general reaction of most people, was that the idea itself was not a bad idea, but that the particulars of it, namely selling arms as part of that, was wrong.

But you are saying you just flat-out did not think that the idea of pursuing any kind of relationship with a moderate element in Iran, that that was not a —

**WEINBERGER:** I didn't think it was a good idea. I didn't think it was possible to do it. I did not think and do not think there is any moderate element in Iran that's still alive, and I think it was not a good idea in any sense of the term.

I would like to have a relationship with a rational government in Iran of the kind we had when the shah was there, because I think geographically and strategically that's a very useful thing. I was, as you say, against the whole idea.

**ASPIN:** Does that — when the National Security Council, then Bud McFarlane, drafted the NSDD and circulated it, he had some intelligence from the CIA, particularly from Mr. Casey, that in fact there was some intelligence that would indicate that such an initiative was a good idea at that time.

Did you just not believe that intelligence or did you have some other intelligence? In other words, did DIA have a contrary — Defense Intelligence Agency — have a contrary view at that time?

**WEINBERGER:** My memory is that

generally they did, but I didn't see anything in the estimate that accompanied the draft NSDD that supported such a conclusion.

There were no individuals named, and certainly everything that I had heard and known about Iran, particularly with respect to all of the statements, positions, their support of terrorism, all of that struck me as simply being contrary to that estimate. It was not an intelligence estimate with which I agreed.

**ASPIN:** So you just flat-out deny — I mean, there was a whole series of options or intelligence estimates upon which this policy was based, either implicitly or explicitly. And let me just list them, and I guess you reject them all.

One, there was a moderate element in Iran — let me list them all, Mr. Secretary. One, that there was a moderate element that you could deal with.

Second, that somehow giving them weapons would strengthen them in some way, that this deal would somehow strengthen them.

Third, that Iran, and in particular this moderate element, held some influence over the people who are holding our hostages in Lebanon and that somehow, that they would have the ability to get the hostages loose and get these people to abate on their terrorist activities.

I take it you would just reject that whole litany. . . .

**WEINBERGER:** It was just contrary from everything I had heard, all the other intelligence that I've seen, my own personal views, and the knowledge that I had of the way the various battles in the war had gone and what they said about us, their support of international terrorism, just none of it rang true as far as I was concerned.

**ASPIN:** So it was essentially pretty much of a gut instinct reaction to it?

**WEINBERGER:** It was based on, as I say, a lot of other reports that I had that made that seem quite wrong.

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## The Hostage Situation

**[Sen. Paul S.] SARBANES [D-Md.]:** Now, as this thing [the Iran arms sales policy] was being driven, did you hear the argument made that the safety of the hostages was at stake if we did not continue the initiative and continue to send arms?

In other words, that the situation had reached the point not that the sending of arms would get the hostages out, the so-called arms-for-hostages exchange, but the failure to send arms would endanger the hostages so that just in order to sort of preserve them in the state in which they were, arms had to be sent, that we, in effect, had become hostages to the hostages.

**WEINBERGER:** Yes, I believe there were points made like that. There were a lot of arguments back and forth, and the point was continually made that we were on the verge of success, a point which I disputed all the time because it never, to



my knowledge, had actually happened.

I never connected the release that took place with any of the activity that I disapproved of so strongly. But I think that the point was probably made that, I think it was more in the context, Senator, that we have had additional talks, if we could just give them a few more TOWs, if we can just do a few more things, if we send over people they are convinced are bona fide representatives of the United States, then we will get the people out, and these will be people we can deal with later, and we have to keep doing this.

I think it was more in that context, but it is quite conceivable at some point someone may have mentioned the point, as you very eloquently phrase it, we become hostages to the hostages....

**SARBANES:** What is your perception of what was occurring? You are the Secretary of Defense, a statutory member of the National Security Council. You are charged with major responsibility and, in fact, in the command and control function in the case of conflict, have a very unique and special responsibility that has been entrusted to you and yet here we are with you obtaining information about what your own Government is doing from foreign sources.

The National Security Adviser in effect is saying no, we don't want the Secretaries of State and Defense to consult with the President. What is your perception of what was taking place in our Government?

**WEINBERGER:** Senator, what was taking place, I believe, is what I described earlier and which I strongly disapprove of, that people with their own agenda who thought that this opening was a good thing, who knew that I opposed it and that George Shultz opposed it, did not want the President to hear these arguments after the decision had been made or perhaps indeed even to the extent that they were made before, I don't know.

But I think that that was basically the problem, and I think that people with their own agenda as I have said in the [National] Security Council were doing everything I can and maybe the motives were good, I don't know, but were doing everything they could to put this agenda into effect and one of the ways they were doing that was to keep away from the President views that they suspected, correctly most of the time, differ with theirs.

I think it was a bad procedure. I think it has been completely corrected now because we have totally different kinds of people who have a totally different approach.

I am not trying to lay blame, I am trying candidly to express to you how I think the situation came about.

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*Weinberger resumed his testimony Aug. 3, the final day of the public inquiry into the Iran-contra affair by the special panels:*

[Sen.] **RUDMAN:** Mr. Secretary, I am very disturbed by one section of the Tower Report. I want to say at the outset that I think that the Tower Commission did an excellent job in very limited time. They, of course, did not have access to some of the key witnesses in this hearing; and it was looking at those witnesses in focus that have finally given us, I believe, a pretty complete picture of what happened. I particularly think that they were a bit premature in their judgment of certain Cabinet officials.

I want to just read a statement to you which I am sure you are familiar with. It says, "Given the importance of the issue and the sharp policy divergences involved, however, Secretary Shultz and Secretary Weinberger in particular distanced themselves from the march of events. Secretary Shultz specifically requested to be informed only as necessary to perform his job. Secretary Weinberger had access to intelligence, the details about the operation. Their obligation was to give the President their full support and continued advice with respect to the program; or if they could not in conscience do that, to so inform the President. Instead, they simply distanced themselves from the program. They protected the record as to their own positions on this issue. They were not energetic in attempting to protect the President from the consequences of his personal commitment to freeing the hostages."

... I wonder if you would like to respond a bit more than you have as to this particular part of that quote, "instead, they simply distanced themselves from the program and they protected the record and they were not energetic," etc.

Would you like to comment on that, Mr. Secretary?

**WEINBERGER:** I would like to comment on it, Senator. I think that is the kind of remark or the kind of conclusion that can only be drawn by people who don't have any knowledge of the facts.

There is no evidence to sustain that kind of conclusion at all that I am familiar with, nothing that the Commission talked with me about, nothing that as far as I know they heard, nothing that has come out in any of these hearings would sustain that conclusion.

I agree with you, I think it is a very unfair characterization. It's not based on any evidence that I know of at all. And indeed, it could not be if anybody had taken the trouble to explore the facts, and indeed, that is the view of the President, in his very generous and fair spirit, told the American public that that conclusion was exactly wrong.

**RUDMAN:** Indeed, Mr. Secretary, the record I think shows that on each and every occasion where you were part of a group discussing this with the President, you and Secretary Shultz — and I would use the word, from what I know of this — vehemently opposed the policy.

**WEINBERGER:** I think that's entirely a fair characterization. Some would even use stronger language. The President might.

But in any event, we did oppose it. We opposed it at every step of the way. And if the charge of distancing oneself were true, I

would not have ever made any further inquiries when I first began getting the intelligence reports that led me into what the facts actually were.

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## Operation Staunch

[Rep. Thomas S.] **FOLEY [D-Wash.]:** Did you have any knowledge of any transfers of weapons by any third country prior to 1985, from 1981 to 1985?

**WEINBERGER:** Not knowledge. There were some reports, but I do not have a specific personal knowledge, no, sir.

**FOLEY:** Those reports had to do with transfers of American weapons by a third country?

**WEINBERGER:** Well, they had to do with transfers and sales of weapons by other countries, some of which contained American technology, some of which were actually American weapons.

This was part of what we were trying to stop with this Operation Staunch [the administration's policy of convincing other countries not to sell arms to Iran or Iraq]. I did have information as I worked on that, as I talked with other countries' representatives, urging them not to make sales.

We had reports and I frequently would say we don't know if this is accurate or not, but here are the consequences and we hope you will stop, and so forth.

**FOLEY:** If these reports were true, would they be in violation of American law if they had not been reported to the United States?

**WEINBERGER:** Yes. We have a — two basic rules with respect to our weapons.

They cannot go to any country for any purpose except for its own self-defense and they cannot be re-exported by that country to any other country without specific permission from the United States.

**FOLEY:** And of course that permission requires notification?

**WEINBERGER:** Indeed.

**FOLEY:** To your knowledge, between 1981 and 1985, prior to the weapons that were transferred that we have discussed, were there any reports by any third country to the United States of sales or requests for permission to sell arms to Iran?

**WEINBERGER:** Not requests for permission that I ever recall. There were reports that various sales were being made, and it was this kind of thing that we were trying to stop with our Operation Staunch.

**FOLEY:** So if these sales had taken place, they would be taking place in violation of American law?

**WEINBERGER:** That is my understanding, yes, sir.

\* \* \*

[Sen.] **MITCHELL:** ... Did the transfers [of weapons] to Iran take place in such a way as to avoid established procedures?

**WEINBERGER:** Senator, the only way I can answer that question is, first of all, to say that this transaction was not one for which established procedures were set



up or contemplated and; secondly, there was no bypassing, as you put it, of any of the procedures relating to price.

The pricing of the weapons was carried out in precisely the same way that it always is. But the procedures that I established much earlier, perhaps three years, four years ago, were designed for a situation in which an intelligence agency or an intelligence activity or individual assigned to intelligence would say that he had a requirement that could not be disclosed, but he needed — the reason for it couldn't be disclosed — but that he needed money or he needed the right to buy some equipment, ship, release a plane, something of that kind, and I found, and as a result of that, we have had a number of, well, fewer prosecutions, convictions growing out of some earlier activities because what was happening was that the intelligence aspects of his request were overriding any review at all, and, so we instituted a situation that when an intelligence activity was contemplated or when there was a request for some kind of support that then there would be a review of that by a number of people leading up to the Vice Chief of the Army Staff, and that it would include members of the service as well as members of my office, and the Office of the Secretary General.

That system is still in effect and it is an important way of protecting against any abuses of the system.

This was a totally different transaction; this was a transaction in which the President of the United States directed that with as small a knowledge as possible because of the safety of the hostages and the desire to preserve any hope we had of getting them out that these weapons should be transferred to the CIA directly, and we did that, but there was a full review of the pricing because there was never any instruction of any kind about the price and the price was determined in the normal fashion.

Unfortunately, as we have talked about in the past, there were errors in that; in the computation of the price, but they were innocent errors.

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[Rep.] STOKES: ... Do you see any conflict between the CIA Director sitting as a policy adviser within the National Security Council? In other words, say, between two models, the present one where the Director of Central Intelligence is not a member of the Cabinet, and the model we had under Mr. Casey where he is, which is preferable?

WEINBERGER: Well, Congressman, a member of the Cabinet is kind of a basically loose term. I don't see any way in which the intelligence advice that is requested by a President of anyone, whether he attends Cabinet meetings or doesn't attend Cabinet meetings, is not going to require some discussion of policy matters. You simply can't have the kind of relationship with the head of your — with your Director of Central Intelligence, I think as President or as a member of the Security Council, if you don't turn to them and ask for what their analysis shows and inevitably there is some subjec-

tive opinion type of comment that comes into that kind of discussion.

Bill Casey was a very close personal friend of the President, did sit as a member of the Cabinet meetings; but I don't recall his offering general opinions on matters that didn't derive from his intelligence analysis. He had a lot of conversation with the President when I wasn't there. I have no idea — was an old friend. I don't think that friendship should disqualify anybody from serving the government or the President; but basically, I think that [current CIA Director William] Bill Webster, of course, is a person for whom I have very great admiration and has done a great job in all of the difficult assignments he has had over the years.

I think the main thing is that the analysis should be objective, as I think it is now, should be done by a professional. It should represent their best conclusions as a result of everything that they can secure from every source and evaluate the source; and then I think that ought to be presented to the President in distilled form and that the President then uses that in making up his own mind. In the course of that, he is very likely to ask for opinions of people, opinions of Bill Casey or of Bill Webster based on their general experience.

It's very hard to separate out and say that you must never, as a CIA or Director of Central Intelligence [DCI] man, you must never discuss policy. I don't think you can make quite that fine a line; but as long as the clear objective, impartial analysis given to the President, and that he makes up his own mind on the basis of that, I don't object to his supplementing that by discussions of a formal or informal nature with the DCI. I don't see how you can really avoid it. . . .

STOKES: Mr. Secretary, our committee heard testimony from Lt. Col. North about the desirability of what he called off-the-shelf, outside-the-system covert capability with rapid response capability, a central pool of ready funds, and the conduct of covert activities.

In his testimony before the committee on July 15, Adm. Poindexter, in response to a question from [Senate chief counsel Arthur L.] Liman, said: "I'm saying that a private organization, properly approved, using nonappropriated funds in an approved sort of way may be a solution to the problem."

My question to you, Mr. Secretary, is this: Is a private organization, using nonappropriated funds, a solution to any problem of which you are aware concerning covert activities; that is, do you agree with the Admiral and the Colonel on this type of thing?

WEINBERGER: No, I do not.

STOKES: Could you tell us why?

WEINBERGER: Well, I don't think — I think part of the problem is that — has been exemplified in the last three months here. I think that what you need is to have a proper degree of official oversight.

I am not in favor of unofficial, private people carrying out government activities. I think they are always subject to the worry that they will get engaged in things that are

not subject to proper accountability.

I talked earlier this morning about how there are many things we do where the circle has to be kept narrow, and the circumference very limited of people who do know, because of the operational security and the objectives of a particular activity. And we have to do those kinds of activities. But I think it's all the more important for those to have proper accountability. And certainly where the use of funds are concerned, then I think that that becomes very much more critical because there are always additional temptations and so on.

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### The 'White House Mystique'

[Rep. Edward P.] BOLAND [D-Mass.]: Evidence has been presented to these committees indicating that in November of 1984, Lt. Col. North tasked Gen. Paul Gorman, who was the Commander of the Southern Command at the time, with furnishing information of the location and status of Sandinista Hind helicopters to Col. North for his passage to the contras.

To your knowledge, did Gen. Gorman make his superiors in DOD [Department of Defense] aware of this request?

WEINBERGER: I didn't know of it and Mr. North has no authority whatever to task anyone.

BOLAND: The evidence was presented to this committee — Exhibit 31 in the testimony of Mr. McFarlane when he was here.

Let me ask, given the disparity of their rank, between General and Lieutenant Colonel, would you attribute General Gorman's compliance with North's request to that "White House mystique" that you mentioned last Friday?

WEINBERGER: Well, if there was, indeed, compliance with it, yes. There are a number of people who feel that when the White House calls, that everything has to be done, but in accordance with that call. But I found this very shortly after I came to the Department and right after that time, I issued very strict instructions — which, to the best of my knowledge, have been followed — that any calls or requests for tasking of the military had to be referred to my office, to the Deputy Secretary, if I was away, and that they would be acted on only when we were — confirmed that this was indeed something that was desired by officials and not just by some building.

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[Rep. Ed.] JENKINS [D-Ga.]: With your forceful opposition to the proposal [to sell arms to Iran] as well as that of Secretary Shultz, who was the most persuasive person? I keep — during all of these hearings, we have not heard the person that was — that persuaded the President. Was it Casey? Was it McFarlane? Who?

WEINBERGER: Two things, sir. First of all, I heard Mr. McFarlane and Mr. Poindexter push the program from time to



time at its beginning, and later. But the assumption seems to be that somebody has to persuade the President of something one way or the other.

This President is a man with very definite ideas. He is a superb leader, in my opinion, and he has his own judgments and his own ideas, and he's going to listen to advice and he's going to listen to recommendation, but he's not always going to follow them. I've had the great privilege of working with him for many, many years, and have made recommendations to him before that he has not agreed to and made recommendations that he has agreed to, and made recommendations that he partially agreed with. He has his own mind that he makes up after listening to a number of different views.

And so I don't — I think, as I say, there were two or three things that were very persuasive to him here, and one of them was certainly that it would be a good idea to get a better relationship with Iran, and I argued strenuously that we couldn't do that with the group that is there now. He also obviously was motivated by the hope of getting the hostages back, and I think all of these things were things that he was — that were significant. But I don't think he requires any one person to be for something or any one person to be against it, and then to follow that slavishly. He doesn't operate that way. He never has.

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*Following are the closing statements of the leaders of the special panels investigating the Iran-contra affair: Dick Cheney, R-Wyo., ranking minority member of the House panel; Rudman, Senate panel vice chairman; Lee H. Hamilton, D-Ind., House panel chairman; and Daniel K. Inouye, D-Hawaii, Senate panel chairman:*

[Rep.] CHENEY: ... Questions have been raised about why we had these committees established. I think it was preordained that there would be such an investigation once it became clear the administration was trading arms to Iran. Congress clearly has a legitimate role of oversight in reviewing the conduct of foreign policy by the administration and the President himself supported these activities and encouraged us to form these select committees.

I also think it is important that credit be given to the President. He has given his complete cooperation and support to our investigation throughout. He has provided administration witnesses without ever claiming the executive privilege, provided thousands of pages of documents, classified and unclassified, provided access to his own personal diary, and given these committees and the nation an in-depth look at some of the most sensitive and excruciatingly painful event[s] of his Administration.

I think it is also important to point out that once President Reagan understood the serious nature of the problems associated

with these events, he moved boldly and decisively to make corrections. He reassembled the responsible individuals, created the new NSC staff under the able leadership of [national security adviser] Frank Carlucci and [Lt.] Gen. [Colin C.] Powell [deputy national security adviser], brought in a new White House Chief of Staff, a new Director of the CIA, appointed the Tower Commission, cooperated with the commission's investigation and took their criticisms to heart, supported the call for an independent counsel and, of course, gave his complete cooperation to these commitments.

It takes a strong, confident leader to subject himself and his Administration to the very thorough nature of this investigation. We are here today concluding the public phase of our hearings on time in large part because of the cooperation of the President and his Administration.

President Reagan has enjoyed many successes during his more than six years in office. Clearly this was not one of them.

As the President himself has said, mistakes were made, mistakes in selling arms to Iran, allowing the transaction to become focused on releasing American hostages, diverting funds from the arms sale to support for the contras, misleading the Congress about the extent of NSC staff involvement with the contras, delaying notification of anyone in Congress of the transactions until after the story broke in Lebanese newspapers, and tolerating a decision-making process within the upper reaches of the administration that lacked integrity and accountability for key elements of the process.

But there are some mitigating factors, factors which — while they don't justify mistakes — go a long way to helping explain and make them understandable. The need is still evident today to find some way to alter our current relationships with Iran. The President's compassionate concern over the fate of Americans held hostage in Lebanon, especially the fate of [hostage] William Buckley, our CIA station chief in Beirut. The vital importance of keeping the Nicaraguan democratic resistance alive until Congress could reverse itself and repeal the Boland Amendment.

The fact that for the President and most of his key advisers these events did not loom as large at the time they occurred as they do now.

Congressional vacillations and uncertainty about our policies in Central America and finally a congressional track record of leaks of sensitive information sufficient to worry even the most apologetic advocate of an expansive role for the Congress in foreign policy making.

It is also, I think, important to point out what these hearings did not show. There is no evidence that the President had any knowledge of the diversion of profits from the arms sale to the Nicaraguan democratic resistance. In fact, all of the evidence indicates that he had no knowledge whatsoever of the diversion.

There is also no evidence of any effort by the President or his senior advisers to cover up these events.

On the contrary, the evidence clearly shows that the President and the Attorney General were the ones primarily responsible for bringing these events and matters to the attention of the nation.

In other words, these hearings have demonstrated conclusively in my opinion that the President has indeed been telling the truth.

What does it all mean? What does it signify? These events have been characterized by some pretty strong statements by my colleagues on the committees and by some in the press over the past eight months.

We have heard of a grave constitutional crisis, listened to expressions of moral indignation and outrage and even been treated to talk about a coup in the White House, a junta run by a Lieutenant Colonel and an Admiral.

My own personal view is that there has been far too much apocalyptic rhetoric about these events, most of it unjustified. If there ever was a crisis — which I doubt — it ended before these committees were established. And to the extent that corrective action was required, the President took it unilaterally before our committees had taken a single word of public testimony.

Saying that the investigators have sometimes gotten carried away in an effort to outdo one another's colorful phrasemaking in no way justifies the mistakes that were made. But what is required here, it seems to me, is a little calm, dispassionate analysis if we are going to learn from our study of those events.

In some respects, what we have uncovered in the course of these hearings is just the latest chapter in an unfinished book about the conduct of U.S. foreign policy. The struggle between the President and the Congress for control over policy making and implementation continues unabated; nor should we be surprised that Secretaries of State and NSC Advisers find themselves at odds over the wisdom of various policies and engage in intense competition for the ear of the President.

Many of the substantive issues involved in the Iran-contra affair have challenged previous Presidents and are bound to arise again in future administrations.

Thomas Jefferson had to cope with the problem of Americans held hostage overseas and certainly Ronald Reagan's successor will confront the problem of Soviet efforts to expand their empire by military means through the use of surrogates and Third World conflict.

As these committees finish the fact-finding phase of our inquiry, the focus must now shift to the search for ways to improve our government's capability and performance in the conduct of foreign policy.

In the final analysis, an effective foreign policy needs cooperation and commit-



ment from both ends of Pennsylvania Avenue. These hearings have concentrated on the Executive end of the avenue.

It is always easier to examine someone else's mistakes. But the Executive's problems are fairly easy to correct in principle. Indeed, the President has already taken a number of steps to guard against the kinds of actions that got him into trouble in the first place.

I would urge my colleagues to resist the temptation to enact new legislation designed to guarantee that no future President makes the mistakes that Ronald Reagan makes in this instance. In my opinion, this is no justification for further restrictions on the power and flexibility of future Presidents and I am pleased to note that Chairman Hamilton's statement this week indicates that he, too, does not believe additional legislation is required.

Congress' problems, on the other hand, will be harder to correct because they have to do with institutional proclivities rather than individual people. Let me touch on just two of them.

I am personally persuaded that the difficulties we have investigated here could have been avoided if the President had vetoed the Boland Amendment in 1984.

But that was an option only if the President was prepared to shut down the entire federal government since the Boland Amendment was part of that year's continuing resolution. Making significant change in foreign policy by adding amendments to continuing resolutions has become a fairly common practice in recent years.

We have seen it on everything from Central American policy to mandating compliance with unratified arms control agreements.

The effect of this practice is to, first of all, obscure the significance of certain foreign policy issues; secondly, to deny the President the opportunity to use his veto effectively; and third, to allow a simple majority of the Congress to reverse the President on important policy matters without having to muster the two-thirds vote that was envisioned in the Constitution.

This pernicious practice contributes significantly to the lack of stability and predictability in our foreign policy.

A second major institutional problem confronting the Congress is our inability to safeguard classified information. The fact that the Executive Branch also leaks is not justification for Congress ignoring its own problems in this area.

The fact is that nearly all sensitive information is generated in and controlled by the Executive Branch.

Those of us in the Legislative Branch pass statutes spelling out reporting requirements, but in the final analysis, the willingness of administration officials to share highly classified information is directly related to their confidence that we can keep a confidence.

Our track record in this area is not impressive. There are almost no recorded

incidents of Congress disciplining its members for leaking classified information.

In my opinion, a Congressman or Senator who would divulge classified information to someone not authorized to receive it dishonors the Congress just as much as a member who would accept a bribe or sell his vote.

Discipline ought to be swift and appropriate. Unfortunately, as a body we are not yet very good at this disciplining our colleagues. I am personally persuaded that [Rep. Henry J.] Hyde's [R-Ill.] recommendation for the establishment of a small joint intelligence committee would significantly improve our ability to safeguard the nation's secrets.

I hope it will be considered by this committee as we prepare our final report.

Clearly, there is plenty of work to be done if Congress is going to equip itself to play a constructive role in the conduct of U.S. foreign policy in the years ahead. And I fervently hope that future Presidents will take away from these hearings one important lesson: That no foreign policy can be effective for long without the wholehearted support of the Congress and the American people.

It is often easier to develop a policy to be pursued overseas than it is to muster the political support here at home to sustain it.

Covert action has its place in the kind of world we live in, but it is no substitute for the kind of effective political leadership that brings around the recalcitrant Congress and persuades the American people of the importance of supporting those who share our faith in democracy.

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[Sen.] RUDMAN: . . . When we embarked on these hearings on May 5th, we had a goal: to find out exactly what happened and to present that in an intelligible manner. We wanted to determine how a policy of selling arms to Iran was conceived, approved and implemented contrary to the stated, public, foreign policy of the United States.

We wanted to know about the diversion of proceeds from those sales to the contras — who initiated it, who approved it, and knew about it, the extent to which the diversion was proper, and what happened to the money. We wanted to know about other efforts by United States government officials to assist the Nicaraguan democratic forces when the Boland Amendments were in effect, and the extent to which those activities were properly authorized and in compliance with the law. To the extent things had gone wrong, we wanted to learn why — was it the people or the process?

The purpose of these hearings has not been to cast blame or point fingers. It has been to learn from our mistakes by examining them in the open daylight, to hold them under the magnifying eye of television so we can see where the Executive Branch and Congress went wrong, and to make such recommendations for change, if any, in fed-

eral law or the foreign policy process to ensure that we never face an episode like this again. And since it is impossible to write laws against all human frailty, a purpose of these hearings has been to educate the American people, especially the future leaders of our great country — to dispute the observation that the only thing we learn from history is that we learn nothing — so that they might learn from the mistakes of others and avoid some of the pitfalls that face [those] who are in power.

To accomplish this goal, the Senate and House Select Committees have taken on an unprecedented task. We have reviewed more than a quarter of a million pages of documents. We have interviewed nearly 500 people. When we conclude this week, we will have had 38 days of public testimony and three or four days of closed testimony, encompassing 32 witnesses.

To do this job properly, we needed and — I will emphasize this — received the total cooperation of the President. The President gave us access to the most sensitive documents in the possession of his administration, including minutes from National Security Council meetings, internal White House decision memoranda, and even drafts of documents that never had official status. The President allowed us to review his personal diaries. The President waived all claims of executive privilege, which could have been legitimately asserted at many times, and he instructed all Federal agencies to cooperate, which they did.

Neither I nor any of my colleagues are ready at this point to definitively state all our factual conclusions, much less our policy recommendations.

Speaking for myself, I am going to need the month of August to review, digest, and reflect on the mass of information we have collected.

However, there are some things that stand out after these weeks of testimony.

The policy of selling arms to Iran was duly authorized by President Reagan and, in the main, legally implemented. Whether it was in reality arms for hostages or whether that is just the common perception, will never be conclusively determined, but I suspect there is unanimous agreement on the Senate Committee that it was an act of folly as a means of re-establishing relations with Iran.

The testimony of both Adm. Poindexter and Attorney General Meese establish that the legal route used for the transactions was agreed to by the President and the Attorney General exclusively to avoid having to notify the House and Senate Intelligence Committees or, in the alternative, the House and Senate leadership.

Although the presidential finding authorized the operation and gave control over it to the CIA, operational control was in fact at the NSC in the person of Col. North who reported fully to Adm. Poindexter.

While one can debate whether other agencies undertook sufficient effort to review the operation, it is clear that Adm.



Poindexter attempted to deny the State Department, the Defense Department and White House staff the information necessary to enable them to engage in a review.

The diversion of funds to the contras would not have been possible but for the mechanism chosen to conduct the Iranian arms sales.

According to the direct evidence, the diversion of funds was not authorized by or known to President Reagan. I am firmly convinced that statement is unequivocally correct having reviewed the entire documentary record, including the President's own personal diaries, to which we were given access in an extraordinary and unprecedented decision.

The only U.S. officials who knew of the diversion were Adm. Poindexter, Col. North, [NSC aide to North Lt.] Col. [Robert] Earl, and possibly Director Casey.

In addition, Mr. McFarlane learned of the diversion in May 1986, but he was only informed of it in passing, and had no reason to assume it was not properly authorized, and was not involved in it.

The diversion of funds was not only improper, but it failed to provide any meaningful assistance to the contras. Although the amount paid to Gen. [Richard V.] Secord's enterprise exceeded the cost of the weapons and related expense by \$16.34 million, only \$3.5 million ever found its way to the democratic resistance.

That this fact came as a total surprise to Col. North and Adm. Poindexter is interesting and perhaps reveals their naiveté in using private enterprise to conduct foreign policy initiatives.

With the exception of Adm. Poindexter, every high-level U.S. official who testified stated that Adm. Poindexter did not have the authority to approve the diversion; that the diversion was improper and possibly illegal, and that the President would not have approved of the diversion had he been consulted.

These officials are Secretary Shultz, Secretary Weinberger, former Chief of Staff Regan, and Attorney General Meese.

Other covert operations run out of the National Security Council, specifically, certain other contra-support activities of Col. North and the hostage release effort involving the DEA [Drug Enforcement Agency], were not approved by the President.

This gives every appearance of violating President Reagan's order to his own Administration under Executive Order 12333 and National Security Decision Directive 159 and, in the case of the contra-support activities, may have been illegal on other grounds. The same four officials mentioned above testified that the National Security Council staff should not be conducting covert operations. That point is well taken inasmuch as the primary role of the National Security Council is to analyze and coordinate policy.

The CIA has recognized the dangers of mixing intelligence analysis and operational activities for years, and has gone to great lengths to separate the two.

This is further buttressed by the one-sided analyses prepared for the President by Col. North and Adm. Poindexter, when they bothered to consult him, in these matters in which they were exercising operational control.

Inadequate control was exercised over these covert operations run out of the NSC. This may be a result of the fact that neither Adm. Poindexter nor Col. North had any covert operations experience whatsoever prior to their time at NSC. Or, it may be the result of a single-minded pursuit of goals they thought justified virtually by any means.

One aberration found in this set of events is that private parties were involved in the making of foreign policy, as distinguished from being hired as agents to carry out a task which assists in the implementation of policy.

For example, there were instances where [Secord's business partner Albert] Hakim and Gen. Secord were apparently negotiating with foreign officials on behalf of the United States, where the outcome of the talks might make a tremendous difference to their own financial well being. The results speak for themselves.

NSC staff attempted to cover up all records of their questionable activities when the possibility of exposure arose. That cover-up accelerated when the Attorney General undertook his fact-finding inquiry at the behest of the President.

The cover-up included shredding of official documents, lying to the Attorney General and his representatives, and withholding information from the President.

The allegation that the Attorney General was himself involved in the cover-up is unfair and in my view false. Although some of us have strongly criticized some of the Attorney General's actions during the course of his inquiry, it was the Attorney General and his staff who initially uncovered some of the facts of wrongdoing and exposed them.

Certain NSC staff showed total disrespect for the laws of the United States and our system of government, in effect adopting a position that the end justifies the means.

Adm. Poindexter made major decisions without consulting the President, misled or lied to Cabinet officers and Congress, congratulated Col. North for lying to Congress, and shredded official government documents, including those reflecting presidential decisions.

Col. North lied to Congress and the Attorney General, shredded government documents thereby frustrating a fact-finding inquiry undertaken at the specific request of the President, and engaged in a number of questionable activities, admittedly with his superior's approval.

He may have accepted a gift from a private individual knowing that it was illegal, albeit for an understandable motive, and saw nothing wrong with commingling "official" and personal funds.

On this last point, while Col. North

persuasively testified that he gained no personal benefit from the commingling, he destroyed the only records which would corroborate that.

Both of them flouted virtually every standard operating procedure that exists within the national security establishment for the development of government policy.

These actions and the attitudes they represent are antithetical to our democratic system of government. They cannot be justified by passion, patriotism, appropriate concern over the expansion of communism in Central America, or legitimate dismay over the policies enacted by Congress.

Good news also came out of this investigation. With the exception of those involved in the diversion, all government officials we heard from understand how our government is supposed to work and are dedicated to rebuilding the trust between the branches.

To the extent mistakes were made by them, they were errors in judgment. Errors in judgment, while regrettable, are not a threat to the core fabric of our political system. Infallibility is not yet a trait found among mankind, including, of course, those of us serving in Congress. . . .

Over the next month, we will be reviewing the record developed by these hearings and discussing recommendations for the future.

These recommendations should not only deal with changes in the process of the Executive Branch. It is also important for the committee to look at the way in which Congress is involved in the foreign policy process and to make recommendations to improve relations between Congress and the Executive Branch. I look forward to a bipartisan report which will reflect the views of all of us.

I would like to close these remarks with a few comments that are strictly my own.

The Tower Board essentially concluded that the problem in this so-called Iran-contra affair was that the normal processes had been ignored — and that is largely true. What the Tower Board missed, however — and this is through no fault of theirs since they lacked immunity power, subpoena authority, staff, and time — was the extent to which power was abused by a very small group of individuals.

Sen. [Sam] Nunn [D-Ga.] opened these hearings with the remark that "we cannot promote democracy abroad by undermining it at home." That is what these individuals did and, in my view, it is the most important revelation of these hearings.

This abuse of power is dangerous to and fundamentally unacceptable to our constitutional system of government. And the most important message that must come out of these hearings is that there is no room for such behavior in this country.

There are many different perspectives represented on this committee, and I have



yet to hear anyone defend the diversion and the way it came about.

The Administration obviously shares that view — the Secretary of Defense, the Secretary of State, the Attorney General, and the former White House Chief of Staff all condemned the diversion.

No matter how well intentioned the actions were, the officials responsible did a great disservice to our President and the country they had sworn to serve.

\* \* \*

[Rep.] HAMILTON: ... What we have heard, as many have suggested, has been depressing, but for me, at least, the process has been refreshing. It has been refreshing in two respects.

First, I view these hearings and other investigations of these events as an essential part of the self-cleansing process of our system of government. Because of them, we know better what happened and what mistakes were made. We can see more clearly what needs to be done to make our system work better. As a result of these inquiries, the process of restoring our institutions is already well advanced.

Second, I believe these hearings have contributed not only to the public's understanding of these events, but also the public's education on our Constitution and system of government. This, too, strengthens our system of government.

The committees have heard about 240 hours of testimony over the last 11 weeks from over 30 witnesses. They have examined well over 200,000 documents.

Several themes emerged.

There was too little accountability for decisions and actions taken in the name of elected officials.

There was too much secrecy and deception in government. Information was withheld from the Congress, other officials, friends and allies, and the American people. Information provided was misleading and evasive. Critical decisions were taken by a handful of people. The Congress and responsible officials, even the President, were cut out of the process.

There was too little regard for the rule of law. False statements to the Congress are violations of law, as the Attorney General reminded us. Key decisions were made and carried out without written legal analysis, and without written notice to Congress as the law requires.

There was too much reliance on private citizens, foreign nationals and foreign governments to execute American policy, which contributed to policy failure.

There was too much use of covert actions which contradicted public policies, and too little accountability for covert actions.

There was too much confusion at the highest levels of government. In the words of the Attorney General, "There appeared to be considerable confusion as to what occurred when." The President did not know what his own staff was doing; staff did not keep senior officials informed; policies were often contradictory.

These hearings have been about how the United States governs itself, and particularly how it runs its foreign policy. For this inquiry, the key question now is how we make our system of government work better.

The conduct of foreign policy in our democracy is difficult, because the Constitution gives important powers to the President and the Congress. The scholar Edward Corwin said the Constitution "is an invitation to struggle for the privilege of directing American foreign policy."

The Congress is a check on the Executive, but also a partner; the Congress is sometimes a critic, yet its support is essential if our policies are to succeed; the Congress sometimes has divisive foreign policy debates, but when debate ends, the country needs decisiveness and unity.

Some believe that a decision-making process that calls for shared powers and public debate just will not work in a dangerous world. They argue that sometimes bypassing normal checks and balances, through procedural shortcuts and secrecy, are necessary to protect our freedoms. They argue that the President, and those who work for him, must be given near-total power. Their views have been stated here with great force and eloquence.

But these hearings make another point: Shortcuts in the democratic process and excessive secrecy in the conduct of government are a sure road to policy failure. These hearings show us that policies formed under democratic scrutiny are better and wiser than policies formed without it.

Policies formed by shortcuts and excessive secrecy undermine a President's ability to make informed decisions; lead to confusion in his Administration; and deny him the opportunity to gain and sustain congressional and public support for his policies.

Shortcuts that bypass the checks and balances of the system, and excessive secrecy by those who serve the President, do not strengthen him. They weaken him and our constitutional system.

Properly conceived, the Constitution is not a burden in the making of policy, but a source of strength, because it specifies a process for making policy through informed consent.

In its joint report, the committees should focus on several areas.

First, accountability. Greater accountability to elected officials and ultimately to the American people will require rigorous oversight by the Congress, more openness and less secrecy, more consultation, a more thorough process of legal review, better record-keeping, use of appropriated funds rather than private or third-country donations to carry out policy, supervision and acceptance of responsibility up the chain of command, and decision-making by elected officials rather than by staff.

Second, intelligence analysis should be separated from policy formulation. Substantial testimony before these committees

shows great confusion between intelligence and policy functions. Questionable intelligence was used to bolster poor decisions. Good intelligence is essential to good foreign policy, but intelligence should drive policy, not vice-versa. Too often intelligence is seen as a tool to make policy look good, rather than a tool for making good policy.

Covert actions, which are not really intelligence operations, can be an important instrument of foreign policy. These hearings show that we must reassess how we conduct them.

To be effective, covert actions must be based on statutory authority, including a written finding and notice to the Congress; they must meet a standard of accountability, including legal review by the Attorney General and policy review by the Secretaries of State and Defense; they must be determined by an intelligence assessment based on facts, not on preconceived notions of policy-making; they must be used to supplement policy, not become the policy itself; and they must meet a standard of acceptability. That standard includes consistency with public policies and a reasonable assurance that the American people would support a covert action if they knew about it.

Third, the President and the Congress need to exhibit a greater sensitivity to their respective roles. The President is the pre-eminent foreign policy-maker. Only he can make the hard decisions. The buck does not stop anywhere else. The President's decisions must be clean and crisp. Otherwise, as we have seen in these hearings, confusion follows and those who work for him cannot carry out his policies successfully. The President must understand that our system works better if he engages in consultation before, not after, policy has been formulated.

The Congress also needs to get its house in order. It must strengthen its ability to protect secrets. It must show a willingness to engage in consultation. It must avoid interference in day-to-day policy implementation. And it must take its share of responsibility for shared decisions on tough issues. The Congress must strike a balance between responsible criticism and necessary cooperation with the President.

Fourth, the Constitution and the rule of law work if we make them work. They are not self-executing. We must strengthen our allegiance to the concept that this is a nation of laws and of checks and balances.

The solution to the problem of decision-making revealed in these hearings lies less in new structures or new laws than in proper attitudes.

Secretary Shultz reminded us that "Trust is the coin of the realm." He insisted on honesty in public life.

Without trust in those who hold office, democratic government is not possible. Sometimes that trust is misplaced and the system falters. But to reject the system because it occasionally falters, and to rely instead on shortcuts and excessive secrecy — as was done in the events these commit-



tees have examined — is a prescription for disaster.

A deep respect for the shared powers of the Congress and the President is the predicate for making the Constitution work. President John Adams said, "A legislative, an executive and a judicial power comprehend the whole of what is meant and understood by government. It is by balancing each of these powers against the other two, that the efforts in human nature towards tyranny can alone be checked and restrained, and any degree of freedom preserved in the Constitution."

The separation of powers produces a healthy and creative tension. We believe — and these hearings teach us again — that through the process of open and democratic debate, better and stronger policies emerge. The democratic process is often time-consuming and frustrating. It is never tidy and precise. But we believe there is no better way; the alternatives are unacceptable.

The Constitution and the rule of law work if we understand them, and if those in public life practice prudence, discretion and honesty.

\* \* \*

[Sen.] INOUE: ... When these hearings began three months ago, I stated that we would examine what happens when the "trust," which is the bond between the branches of our government, "is breached by high officials."

I promised that we would address the following questions: One, were the statutory restrictions on U.S. aid to the Contras violated?

Two, was Congress misled?

Three, were the Executive Branch's own internal checks and balances bypassed in policy decisions on Nicaragua and Iran?

Four, was there a public foreign policy and, simultaneously, was there a very different, covert foreign policy?

Five, was American foreign policy privatized?

Six, were decisions on the most significant matters of national security driven or influenced by private profit motives?

We have kept our promise in examining these questions.

The story has now been told. Speaking for myself, I see it as a chilling story; a story of deceit and duplicity and the arrogant disregard of the rule of law. It is a story of withholding vital information from the American people, from the Congress, from the Secretary of State, from the Secretary of Defense, and, according to Adm. Poindexter's testimony, from the President himself.

It is also a story of a flawed policy kept alive by a secret White House junta despite repeated warnings and signs of failure; with concession piled upon concession, culminating even in a promise to help secure the release of the imprisoned Dawa terrorists who bombed the U.S. Embassy in Kuwait.

It is a story of the National Security

Council staff becoming a dominant organ of foreign policy and shutting out those who disagreed with its views.

It is a story of how a great nation betrayed the principles which have made it great, and thereby became hostage to hostage-takers.

And, sadly, once the unsound policies began to unravel, it became a story of a cover-up, of shredding and altering the historical record, and of fall guy plans suitable for a grade-B movie, not a great power.

Whatever the motives of some of the participants, I can only echo the reaction of [vice] Chairman [Dante B.] Fascell [D-Fla.] upon hearing the story of self-proclaimed patriotism: "How come I don't feel good?"

I believe we have largely succeeded in piecing together the incredible chapters of this chilling story and presenting to our fellow citizens a chronology of events as they occurred.

However, we may never know, with precision and truth, why it ever happened.

Did this unseemly chapter in our history result from the disregard of our laws and Constitution by well-intentioned, patriotic zealots who believed in the doctrine espoused by the Marxists that the "ends justify the means"?

Or, are we here today because of the inadequacy of our laws and Constitution? Should they be clarified, amended or repealed?

Or, is this the result of an inadequacy in our national leadership?

Obviously, these hearings have been about issues much more profound than who did what or knew what in the Iran-contra affair. They have presented two visions of government, much as the Constitutional Convention was presented with different views of the relationship between government and its citizens 200 years ago.

One vision was described in the testimony of Adm. Poindexter, Lt. Col. North, Gen. Secord, and Mr. Hakim: that of a secret government, directed principally by NSC staffers, accountable to not a single elected official, including apparently the President himself — a shadowy government with its own air force, its own navy, its own fund-raising mechanism, and the ability to pursue its own ideas of the national interest, free from all checks and balances and free from the law itself.

It is an elitist vision of government that trusts no one, not the people, not the Congress, and not the Cabinet.

It is a vision of a government operated by persons convinced they have a monopoly on truth.

Albert Hakim, a businessman who admitted he was in it for the money, could boast to us that he was more competent to manage the Iran initiative than the Secretary of State.

Richard Secord could tell us he was more capable of running intelligence activities than the CIA.

Oliver North could describe, with enthusiasm, Director Casey's plan for a pri-

vate, off-the-shelf organization that would conduct covert operations forbidden to the CIA with funds generated from the sale of U.S. arms.

John Poindexter could say that this all sounded like a good idea, maintain that Congress had no meaningful role in foreign policy, and act secure in the belief that the President would have approved the diversion of funds.

I believe these hearings will be remembered longest not for the facts they elicited, but for the extraordinary and extraordinarily frightening views of government they exposed.

Fortunately, our hearings were able to present another vision of government: one that is accountable to the people; a legitimate, not secret, government, in which "trust is the coin of the realm," as Secretary of State George Shultz said. This is the balanced government that our Founding Fathers contemplated in our Constitution.

In describing their motives for riding roughshod over the constitutional restraints built into our form of government, Adm. Poindexter and Lt. Col. North used almost the identical words: "This is a dangerous world," they said. That, my fellow citizens, is an excuse for autocracy, not for policy.

Because no times were more dangerous than when our country was born, when revolution was our midwife. Our system of government has withstood the tests and tensions of civil conflict, depression and two world wars, times hardly less challenging than our own present.

Indeed, as our greatest military leaders, such as [President George] Washington, [Secretary of State George C.] Marshall, and [President Dwight D.] Eisenhower have recognized, our form of government is what gives us strength. It must be safeguarded, particularly when times are dangerous and the temptation to arrogate power is the greatest.

Vigilance abroad does not require us to abandon our ideals or the rule of law at home. On the contrary, without our principles and without our ideals, we have little that is special or worthy to defend.

History records that almost 200 years ago, in September of 1787, as the Constitutional Convention was finishing its business, a bystander asked Benjamin Franklin: "Well, Doctor, what have we got, a republic or a monarchy?" Dr. Franklin replied: "A republic, if you can keep it."

By allowing the sunlight on this unseemly affair, and by showing what happens when foreign policy is conceived and executed by cabal and not by lawful consensus, we have tried to make our contribution to "keeping it."

My fellow Americans, out of this experience, may we all better understand and appreciate our Constitution, strive harder to preserve it, and make a fresh start at restoring the trust between the branches of government. For, in America, as 200 years ago, the people still rule. ■



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# House Votes 294, 295, 296, 297, 298, 299, 300, 301

**294. HR 27. FSLIC Rescue/Conference Report.** Adoption of the conference report on the bill to enable the insolvent Federal Savings and Loan Insurance Corporation to borrow \$10.8 billion and, among other provisions, to ease regulatory requirements for savings and loans in economically depressed areas, to prohibit the expansion of limited-service banks, to require faster clearing of depositors' checks, and to suspend expansion of banks into insurance, real estate and securities underwriting. Adopted 382-12: R 159-4; D 223-8 (ND 151-8, SD 72-0), Aug. 3, 1987. (*Story, p. 1791*)

**295. HR 2957. National Cemetery Improvements/Passage.** Montgomery, D-Miss., motion to suspend the rules and pass the bill to provide for improvements in the National Cemetery System administered by the Veterans Administration (VA) and the American Battle Monuments Commission (ABMC). The bill would authorize a \$3 million account to eliminate losses caused by changes in foreign currency values after Congress has appropriated a specific sum for the ABMC to build and maintain U.S. military monuments and burial grounds overseas. It would also authorize the VA to contribute funds to local communities to improve road and traffic conditions around national cemeteries, allow certain national cemeteries to use flat grave markers rather than upright ones, and repeal a current requirement that no more than 20 percent of appropriated funds in a given fiscal year be allocated to a single state. Motion agreed to 393-0: R 162-0; D 231-0 (ND 160-0, SD 71-0), Aug. 3, 1987. A two-thirds majority of those present and voting (262 in this case) is required for passage under suspension of the rules.

**296. Procedural Motion.** Gallegly, R-Calif., motion to approve the House *Journal* of Monday, Aug. 3. Motion agreed to 312-97: R 76-92; D 236-5 (ND 160-5, SD 76-0), Aug. 4, 1987.

**297. HR 2881. National Commission on AIDS/Passage.** Montgomery, D-Miss., motion to suspend the rules and pass the bill to create a 15-member commission to study and report to Congress on issues and priorities for dealing with the AIDS epidemic. Motion agreed to 355-68: R 110-63; D 245-5 (ND 169-3, SD 76-2), Aug. 4, 1987. A two-thirds majority of those present and voting (282 in this case) is required for passage under suspension of the rules. (*Story, p. 1813*)

**298. H J Res 324. Temporary Debt-Limit Increase/Conference.** Michel, R-Ill., motion to instruct the House conferees to agree to an automatic spending-cut procedure, with a provision for protecting military personnel accounts in the event of an automatic cut, and to agree to significant annual reductions in the federal deficit over a period of several years that would lead to a balanced budget. Motion agreed to 267-156: R 170-4; D 97-152 (ND 49-123, SD 48-29), Aug. 4, 1987. (*Story, p. 1788*)

**299. Procedural Motion.** Gallegly, R-Calif., motion to approve the House *Journal* of Tuesday, Aug. 4. Motion agreed to 302-112: R 64-107; D 238-5 (ND 160-5, SD 78-0), Aug. 5, 1987.

**300. H Res 244. St Germain Investigation/Adoption.** Adoption of the resolution to direct the Committee on Standards of Official Conduct to further investigate allegations of misconduct by Fernand J. St Germain, D-R.I., and to promptly report back to the House its findings and recommendations. Rejected 111-291: R 110-51; D 1-240 (ND 0-165, SD 1-75), Aug. 5, 1987. (*Story, p. 1809*)

**301. HR 3058. Fiscal 1988 Labor-HHS Appropriations/Procedural Motion.** Natcher, D-Ky., motion to limit debate on the bill and on amendments to the bill to appropriate \$112.792 billion in fiscal 1988 funding and \$13.988 billion in advance fiscal 1989 and 1990 funding for the Departments of Labor, Health and Human Services, and Education, and related agencies. Motion agreed to 262-159: R 24-147; D 238-12 (ND 161-10, SD 77-2), Aug. 5, 1987. (*Story, p. 1790*)

KEY		294	295	296	297	298	299	300	301
Y	Voted for (yea).								
#	Paired for.								
+	Announced for.								
N	Voted against (nay).								
X	Paired against.								
-	Announced against.								
P	Voted "present."								
C	Voted "present" to avoid possible conflict of interest.								
?	Did not vote or otherwise make a position known.								
Democrats		Republicans							
		294	295	296	297	298	299	300	301
ALABAMA									
1	Callahan	Y	Y	Y	Y	Y	N	N	Y
2	Dickinson	Y	Y	N	N	Y	N	Y	Y
3	Nichols	Y	Y	Y	Y	Y	N	Y	N
4	Bevill	Y	Y	Y	Y	N	Y	N	Y
5	Flippo	Y	Y	Y	Y	Y	N	Y	Y
6	Erdreich	Y	Y	Y	Y	Y	N	Y	Y
7	Harris	Y	Y	Y	Y	Y	N	Y	Y
ALASKA									
AL	Young	Y	Y	N	Y	Y	N	N	Y
ARIZONA									
1	Rhodes	Y	Y	N	N	Y	N	Y	N
2	Udall	Y	Y	?	Y	N	Y	N	Y
3	Stump	Y	Y	N	Y	Y	N	?	N
4	Kyl	Y	Y	N	Y	Y	N	Y	N
5	Kolbe	Y	Y	N	Y	Y	N	Y	N
ARKANSAS									
1	Alexander	?	?	?	Y	Y	N	Y	N
2	Robinson	Y	Y	Y	Y	Y	N	Y	N
3	Hammerschmidt	Y	Y	Y	Y	Y	N	Y	N
4	Anthony	Y	Y	Y	Y	Y	N	Y	N
CALIFORNIA									
	Bosco	Y	Y	Y	Y	N	Y	N	Y
2	Harger	Y	Y	N	N	Y	N	Y	N
3	Matsui	Y	Y	Y	Y	Y	N	Y	Y
4	Fazio	Y	Y	Y	Y	N	Y	P	Y
5	Pelosi	Y	Y	Y	Y	N	Y	N	Y
6	Boxer	Y	Y	Y	Y	N	Y	N	Y
7	Miller	Y	Y	Y	Y	Y	N	Y	Y
8	Dellums	Y	Y	Y	Y	N	Y	N	Y
9	Stark	Y	Y	Y	Y	Y	N	N	N
10	Edwards	Y	Y	Y	Y	N	Y	N	Y
11	Lantos	?	?	?	Y	Y	N	Y	Y
12	Kennyu	Y	Y	N	Y	Y	N	?	N
13	Mineta	Y	Y	Y	Y	N	Y	N	Y
14	Shumway	Y	Y	Y	N	Y	Y	N	Y
15	Coelho	Y	Y	Y	Y	Y	N	Y	Y
16	Panetta	Y	Y	Y	Y	N	Y	N	Y
17	Pashayan	Y	Y	N	Y	Y	N	P	N
18	Lehman	Y	Y	Y	Y	N	Y	N	Y
19	Lagomarsino	Y	Y	N	Y	Y	N	Y	N
20	Thomas	Y	Y	N	Y	Y	N	Y	N
21	Gallegly	Y	Y	N	Y	Y	N	Y	N
22	Moorehead	Y	Y	N	Y	Y	N	Y	N
23	Beilenson	N	Y	Y	Y	N	Y	N	N
24	Waxman	Y	Y	Y	Y	N	Y	N	Y
25	Roybal	Y	Y	Y	Y	N	Y	N	Y
26	Berman	Y	Y	Y	Y	N	Y	N	Y
27	Levine	Y	Y	Y	Y	N	Y	N	Y
28	Dixon	?	?	?	Y	N	Y	P	Y
29	Hawkins	Y	Y	Y	Y	N	Y	N	Y
30	Martinez	N	Y	Y	Y	N	Y	N	Y
31	Dymally	?	?	?	Y	N	Y	N	Y
32	Anderson	N	Y	Y	Y	N	Y	N	Y
33	Dreier	N	Y	Y	N	Y	Y	N	N
34	Torres	Y	Y	Y	Y	Y	N	Y	Y
35	Lewis	Y	Y	N	Y	Y	N	Y	N
36	Brown	Y	Y	Y	Y	N	Y	N	Y
37	McCandless	Y	Y	N	Y	N	N	Y	Y
38	Dornan	Y	Y	Y	Y	Y	N	N	N
39	Dannemeyer	?	?	N	N	Y	N	Y	N
40	Badham	?	?	N	N	Y	N	Y	N
41	Lowery	Y	Y	N	Y	Y	N	N	N
42	Lungren	Y	Y	Y	N	Y	Y	N	N
43 Packard		Y	Y	Y	Y	Y	Y	Y	N
44 Bates		Y	Y	Y	Y	Y	Y	Y	N
45 Hunter		?	?	N	?	Y	N	Y	N
COLORADO									
1 Schroeder		Y	Y	N	Y	Y	N	N	Y
2 Skaggs		Y	Y	Y	Y	N	Y	N	Y
3 Campbell		Y	Y	Y	Y	Y	N	Y	Y
4 Brown		Y	Y	N	Y	Y	N	Y	N
5 Hefley		Y	Y	N	Y	Y	Y	Y	Y
6 Schaefer		Y	Y	N	Y	Y	N	Y	N
CONNECTICUT									
1 Kennedy		Y	Y	Y	Y	Y	Y	N	Y
2 Gejdenson		Y	Y	Y	Y	N	Y	N	Y
3 Morrison		Y	Y	Y	Y	Y	N	Y	Y
4 Vacancy									
5 Rowland		Y	Y	Y	Y	Y	Y	Y	N
6 Johnson		Y	Y	Y	N	Y	Y	Y	N
DELAWARE									
AL Carper		Y	Y	Y	Y	Y	Y	N	N
FLORIDA									
1 Hutto		Y	Y	?	Y	Y	Y	N	Y
2 Grant		Y	Y	Y	Y	Y	N	Y	Y
3 Bennett		Y	Y	Y	Y	N	Y	N	Y
4 Chappell		Y	Y	Y	Y	N	Y	N	Y
5 McCollum		Y	Y	Y	N	Y	N	Y	N
6 MacKay		Y	Y	Y	Y	Y	?	Y	Y
7 Gibbons		Y	Y	Y	Y	N	Y	Y	Y
8 Young		?	?	N	Y	Y	N	Y	Y
9 Bilirakis		Y	Y	N	Y	Y	N	Y	N
10 Ireland		Y	Y	N	Y	Y	N	Y	N
11 Nelson		Y	Y	Y	Y	Y	N	Y	Y
12 Lewis		Y	Y	N	Y	Y	N	N	N
13 Mack		Y	Y	N	Y	Y	Y	N	Y
14 Mica		Y	Y	Y	Y	Y	Y	N	Y
15 Shaw		Y	Y	Y	Y	Y	Y	Y	N
16 Smith		Y	Y	Y	Y	N	N	N	Y
17 Lehman		Y	Y	Y	Y	N	Y	N	Y
18 Pepper		Y	?	?	?	?	?	?	?
19 Fасcell		Y	Y	Y	Y	N	Y	N	Y
GEORGIA									
1 Thomas		Y	Y	Y	Y	Y	Y	Y	Y
2 Hatcher		Y	Y	Y	Y	Y	?	Y	Y
3 Ray		Y	Y	?	Y	Y	Y	N	Y
4 Swindall		Y	Y	N	Y	Y	Y	N	Y
5 Lewis		Y	Y	Y	Y	N	Y	N	Y
6 Gingrich		Y	Y	?	Y	Y	N	Y	N
7 Darden		Y	Y	Y	Y	Y	Y	N	Y
8 Rowland		?	?	?	Y	Y	Y	N	Y
9 Jenkins		Y	Y	Y	Y	Y	Y	N	Y
10 Barnard		Y	Y	Y	Y	Y	Y	N	Y
HAWAII									
1 Saiti		Y	Y	N	Y	Y	N	N	N
2 Akaka		Y	Y	Y	Y	N	Y	N	Y
IDAHO									
1 Craig		Y	Y	Y	Y	Y	N	P	N
2 Stallings		Y	Y	Y	Y	Y	Y	N	N
ILLINOIS									
1 Hayes		Y	Y	Y	Y	N	Y	Y	Y
2 Savage		Y	Y	Y	Y	N	Y	N	Y
3 Russo		Y	Y	Y	Y	Y	Y	N	Y
4 Davis		Y	Y	N	N	Y	Y	N	N
5 Lipinski		Y	Y	Y	Y	Y	Y	N	Y
6 Hyde		Y	Y	Y	Y	Y	?	N	Y
7 Collins		Y	Y	Y	Y	N	Y	N	Y
8 Rostenkowski		Y	Y	Y	Y	Y	Y	N	Y
9 Yates		N	Y	Y	Y	N	Y	N	Y
10 Porter		Y	Y	Y	Y	Y	Y	Y	Y
11 Annunzio		Y	Y	Y	Y	Y	Y	Y	Y
12 Crane		N	Y	N	N	Y	Y	N	Y
13 Fawell		Y	Y	Y	Y	Y	Y	Y	N
14 Hastert		Y	Y	N	Y	Y	Y	Y	N
15 Madigan		Y	Y	Y	Y	Y	Y	Y	N
16 Martin		Y	Y	N	N	Y	Y	Y	N
17 Evans		Y	Y	Y	Y	N	Y	Y	N
18 Michel		Y	Y	N	N	Y	?	?	N
19 Bruce		Y	Y	Y	Y	N	Y	N	Y
20 Durbin		Y	Y	Y	Y	N	Y	N	Y
21 Price		Y	Y	Y	Y	N	Y	N	Y
22 Gray		?	?	?	Y	N	Y	N	Y
INDIANA									
1 Visclosky		Y	Y	Y	Y	N	Y	N	Y
2 Sharp		Y	Y	Y	Y	Y	Y	N	Y
3 Hiller		Y	Y	N	N	Y	Y	N	N
4 Coats		Y	Y	Y	N	Y	Y	N	N
5 Jontz		Y	Y	Y	Y	N	Y	N	Y





**302. HR 3058. Fiscal 1988 Labor-HHS Appropriations/Funding Cutback.** Arney, R-Texas, amendment to reduce by half the 6.9 percent increase in funding for discretionary programs within the Labor Department, cutting the bill by a total of just over \$150 million. Rejected 132-287: R 115-58; D 17-229 (ND 7-161, SD 10-68), Aug. 5, 1987. (*Stories*, pp. 1790, 1725)

**303. HR 3058. Fiscal 1988 Labor-HHS Appropriations/Funding Cutback.** Frenzel, R-Minn., amendment to cut funding for each discretionary program in the bill by 8.16 percent, for a total cut of approximately \$2.96 billion. Rejected 83-341: R 81-93; D 2-248 (ND 0-171, SD 2-77), Aug. 5, 1987. (*Stories*, pp. 1790, 1725)

**304. HR 3058. Fiscal 1988 Labor-HHS Appropriations/Funding Cutback.** Tauke, R-Iowa, amendment to cut funding for each discretionary program in the bill by 4.07 percent, for a total cut of approximately \$1.5 billion. Rejected 145-280: R 120-54; D 25-226 (ND 7-164, SD 18-62), Aug. 5, 1987. (*Stories*, pp. 1790, 1725)

**305. HR 3058. Fiscal 1988 Labor-HHS Appropriations/Funding Cutback.** Penny, D-Minn., amendment to cut funding for each discretionary program in the bill by 2 percent, for a total cut of approximately \$740 million. Rejected 181-245: R 142-33; D 39-212 (ND 11-160, SD 28-52), Aug. 5, 1987. (*Stories*, pp. 1790, 1725)

**306. HR 3058. Fiscal 1988 Labor-HHS Appropriations/Procedural Motion.** Natcher, D-Ky., motion to rise and report the bill to appropriate funds for the Departments of Labor, Health and Human Services, and Education, and related agencies, back to the House. Motion agreed to 237-188: R 29-144; D 208-44 (ND 143-29, SD 65-15), Aug. 5, 1987. (*Stories*, pp. 1790, 1725)

**307. HR 3058. Fiscal 1988 Labor-HHS Appropriations/Passage.** Passage of the bill to appropriate \$112.792 billion in fiscal 1988 funding and \$13.988 billion in advance fiscal 1989 and 1990 funding for the Departments of Labor, Health and Human Services and Education, and related agencies. The president had requested \$99.5 billion for fiscal 1988 and \$98.679 billion in advance fiscal 1989 and 1990 funding. Passed 336-89: R 89-85; D 247-4 (ND 171-0, SD 76-4), Aug. 5, 1987. (*Stories*, pp. 1790, 1725)

**309. HR 1315. Nuclear Regulatory Commission Authorization/Plant Licensing.** Markey, D-Mass., amendment to prohibit the Nuclear Regulatory Commission (NRC) from licensing for full-power operation the nuclear power plants at Seabrook, N.H., and Shoreham, N.Y., unless their emergency evacuation plans meet NRC rules as of June 1, 1987, which, in part, require state and local participation in planning. Rejected 160-261: R 12-160; D 148-101 (ND 130-40, SD 18-61), Aug. 5, 1987. (*Story*, p. 1797)

**310. HR 1315. Nuclear Regulatory Commission Authorization/Passage.** Passage of the bill to authorize \$427.8 million in fiscal 1988 and \$422.6 million in fiscal 1989 for the Nuclear Regulatory Commission. The president had requested the same amount. Passed 389-20: R 168-2; D 221-18 (ND 145-16, SD 76-2), Aug. 5, 1987. A "yea" was a vote supporting the president's position. (The House previously had adopted by voice vote an amendment to substitute the text of HR 3037 for that of HR 1315.) (*Story*, p. 1797)

		302	303	304	305	306	307	309	310
KEY									
Y	Voted for (yea).								
#	Paired for.								
+	Announced for.								
N	Voted against (nay).								
X	Paired against.								
-	Announced against.								
P	Voted "present."								
C	Voted "present" to avoid possible conflict of interest.								
?	Did not vote or otherwise make a position known.								
Democrats		Republicans							
		302	303	304	305	306	307	309	310
ALABAMA									
1 Callahan		?	Y	Y	Y	N	Y	N	Y
2 Dickinson		Y	N	Y	Y	N	N	?	?
3 Nichols		N	N	Y	Y	N	Y	N	Y
4 Bevil		N	N	N	Y	Y	Y	N	Y
5 Flippo		N	N	Y	Y	Y	Y	N	Y
6 Erdreich		N	N	N	Y	Y	Y	N	Y
7 Harris		N	N	N	Y	Y	Y	N	Y
ALASKA									
AL Young		N	N	Y	N	N	Y	N	Y
ARIZONA									
1 Rhodes		Y	N	Y	Y	N	N	Y	Y
2 Udall		N	N	N	Y	Y	Y	Y	Y
3 Stump		Y	Y	Y	Y	N	N	Y	Y
4 Kyl		Y	Y	Y	Y	N	N	Y	Y
5 Kolbe		Y	N	Y	Y	Y	N	Y	Y
ARKANSAS									
1 Alexander		N	N	N	N	Y	Y	N	Y
2 Robinson		Y	N	Y	Y	N	Y	Y	Y
3 Hammerschmidt		N	N	Y	Y	N	Y	Y	Y
4 Anthony		N	N	N	Y	Y	N	Y	Y
CALIFORNIA									
1 Bosco		N	N	N	Y	Y	N	Y	Y
2 Herger		Y	Y	Y	N	N	N	Y	Y
3 Matsui		N	N	N	N	Y	Y	N	Y
4 Fazio		N	N	N	N	Y	Y	N	Y
5 Pelosi		N	N	N	N	Y	Y	Y	Y
6 Boxer		N	N	N	N	Y	Y	Y	N
7 Miller		N	N	N	N	Y	Y	Y	Y
8 Dellums		N	N	N	N	Y	Y	Y	Y
9 Stark		N	N	N	N	Y	Y	Y	Y
10 Edwards		N	N	N	N	Y	Y	Y	Y
11 Lantos		N	N	N	N	Y	Y	Y	Y
12 Kennyu		Y	Y	Y	Y	N	N	Y	Y
13 Mineta		N	N	N	N	Y	Y	Y	Y
14 Shumway		Y	Y	Y	Y	N	N	Y	Y
15 Coelho		N	N	N	N	Y	Y	Y	Y
16 Panetta		N	N	N	N	Y	Y	Y	?
17 Pashayan		N	N	N	Y	N	Y	N	Y
18 Lehman		N	N	N	N	Y	Y	Y	Y
19 Lagomarsino		Y	Y	Y	Y	N	N	Y	Y
20 Thomas		Y	Y	Y	Y	N	N	Y	Y
21 Gallegly		Y	Y	Y	Y	N	N	Y	Y
22 Moorhead		Y	Y	Y	Y	N	N	Y	Y
23 Beilenson		N	N	N	N	Y	Y	Y	Y
24 Waxman		N	N	N	N	Y	Y	Y	Y
25 Roybal		N	N	N	N	Y	Y	Y	Y
26 Berman		N	N	N	N	Y	Y	Y	Y
27 Levine		N	N	N	N	Y	Y	Y	Y
28 Dixon		N	N	N	N	Y	Y	Y	Y
29 Hawkins		N	N	N	N	Y	Y	Y	Y
30 Martinez		N	N	N	N	Y	Y	Y	Y
31 Dymally		N	N	N	N	Y	Y	Y	Y
32 Anderson		N	N	N	N	Y	Y	Y	Y
33 Dreier		Y	Y	Y	Y	N	N	Y	Y
34 Torres		N	N	N	N	Y	Y	Y	Y
35 Lewis		Y	Y	Y	N	N	Y	Y	Y
36 Brown		N	N	N	N	Y	Y	Y	Y
37 McCandless		Y	Y	Y	Y	N	N	Y	Y
38 Dornan		Y	?	Y	Y	N	N	Y	Y
39 Dannemeyer		Y	Y	Y	Y	N	N	Y	Y
40 Badham		Y	Y	Y	Y	N	N	Y	Y
41 Lowery		Y	Y	Y	Y	N	N	Y	Y
42 Lungren		Y	Y	Y	Y	N	N	Y	Y
CONNECTICUT									
1 Kennelly		N	N	N	N	Y	Y	N	Y
2 Gajdenson		N	N	N	N	Y	Y	N	Y
3 Morrison		N	N	N	N	Y	Y	Y	N
4 Vacancy									
5 Rowland		N	N	N	Y	N	Y	N	Y
6 Johnson		Y	N	N	N	Y	Y	N	Y
DELAWARE									
AL Carper		Y	N	Y	Y	N	Y	N	Y
FLORIDA									
1 Hutto		N	N	Y	Y	N	N	Y	Y
2 Grant		N	N	N	N	Y	Y	N	Y
3 Bennett		N	N	Y	Y	Y	Y	Y	Y
4 Chappell		N	N	N	N	Y	Y	N	Y
5 McCallum		Y	Y	Y	Y	N	N	N	Y
6 MacKay		Y	N	Y	Y	Y	Y	Y	Y
7 Gibbons		N	N	N	N	Y	Y	Y	Y
8 Young		N	N	N	N	Y	Y	Y	Y
9 Bilirakis		Y	N	N	N	Y	Y	N	Y
10 Ireland		Y	Y	Y	Y	N	N	N	Y
11 Nelson		N	N	N	N	Y	Y	N	Y
12 Lewis		Y	N	Y	Y	N	N	Y	Y
13 Mack		Y	Y	Y	Y	N	N	Y	Y
14 Mica		N	N	Y	Y	Y	Y	N	Y
15 Shaw		Y	Y	Y	Y	N	Y	N	Y
16 Smith		N	N	N	N	Y	Y	Y	Y
17 Lehman		N	N	N	N	Y	Y	N	Y
18 Pepper		?	?	?	?	?	?	?	?
19 Fassel		N	N	N	N	Y	Y	N	Y
GEORGIA									
1 Thomas		N	N	N	N	Y	Y	N	Y
2 Hatcher		N	N	N	Y	Y	Y	N	Y
3 Ray		N	N	N	N	Y	Y	N	Y
4 Swindall		Y	Y	Y	Y	N	N	Y	Y
5 Lewis		N	N	N	N	Y	Y	N	Y
6 Gingrich		?	Y	Y	?	N	N	Y	Y
7 Darden		N	N	Y	Y	Y	Y	N	Y
8 Rowland		N	N	N	Y	Y	Y	N	Y
9 Jenkins		N	N	N	Y	Y	Y	N	Y
10 Barnard		Y	N	Y	Y	N	N	N	Y
HAWAII									
1 Spili		N	N	N	N	Y	Y	N	Y
2 Akaka		N	N	N	N	Y	Y	Y	Y
IDAHO									
1 Craig		Y	Y	Y	Y	N	N	Y	Y
2 Stallings		N	N	Y	Y	N	N	Y	Y
ILLINOIS									
1 Hayes		N	N	N	N	Y	Y	Y	N
2 Savage		N	N	N	N	Y	Y	Y	Y
3 Russo		N	N	N	N	Y	Y	Y	Y
4 Davis		Y	Y	Y	Y	N	N	Y	Y
5 Lipinski		N	N	N	N	Y	Y	N	Y
6 Hyde		Y	N	Y	Y	N	Y	N	Y
7 Collins		N	N	N	N	Y	Y	Y	Y
8 Rostenkowski		N	N	N	N	Y	Y	Y	Y
9 Yates		N	N	N	N	Y	Y	Y	Y
10 Porter		Y	Y	Y	Y	Y	Y	N	?
11 Annunzio		N	N	N	N	Y	Y	N	Y
12 Crane		Y	Y	Y	Y	N	N	N	Y
13 Fawell		Y	Y	Y	Y	N	Y	N	Y
14 Hastert		N	Y	Y	Y	N	Y	N	Y
15 Madigan		N	N	N	N	Y	Y	N	Y
16 Martin		Y	Y	Y	?	N	N	Y	Y
17 Evans		N	N	N	N	Y	Y	Y	Y
18 Michel		Y	Y	Y	Y	N	Y	N	Y
19 Bruce		N	N	N	N	Y	Y	Y	Y
20 Durbin		N	N	N	N	Y	Y	Y	Y
21 Price		N	N	N	N	Y	Y	Y	Y
22 Gray		N	N	N	N	Y	Y	Y	Y
INDIANA									
1 Visclosky		N	N	N	N	Y	Y	Y	Y
2 Sharp		N	N	N	N	Y	Y	Y	Y
3 Hiler		Y	N	Y	Y	N	Y	N	Y
4 Coats		Y	N	Y	Y	N	Y	N	Y
5 Jontz		N	N	N	N	Y	Y	Y	Y

ND - Northern Democrats SD - Southern Democrats

	302	303	304	305	306	307	309	310		302	303	304	305	306	307	309	310		302	303	304	305	306	307	309	310		302	303	304	305	306	307	309	310		
6 Burton	Y	N	Y	Y	N	N	N	Y	7 Stangeland	N	N	N	Y	N	Y	N	Y	NORTH CAROLINA	1 Jones	N	N	N	N	Y	Y	N	Y	TENNESSEE	1 Quillen	N	N	N	N	Y	Y	N	Y
7 Myers	N	N	N	N	N	Y	N	Y	8 Oberstar	N	N	N	N	Y	Y	Y	Y	2 Valentine	N	N	N	N	Y	Y	N	Y	2 Duncan	N	N	N	N	Y	Y	N	Y		
8 McCloskey	N	N	N	N	N	Y	Y	Y	MISSISSIPPI	1 Whitten	N	N	N	N	Y	Y	N	Y	3 Lancaster	N	N	N	Y	Y	Y	N	Y	3 Lloyd	?	N	N	N	N	Y	N	Y	
9 Hamilton	N	N	N	Y	N	Y	Y	Y	2 Espy	N	N	N	N	Y	Y	N	Y	4 Price	N	N	N	N	Y	Y	Y	N	Y	4 Cooper	Y	N	Y	Y	Y	Y	Y	Y	
10 Jacobs	Y	N	Y	Y	Y	Y	Y	Y	3 Montgomery	N	N	N	N	N	Y	N	Y	5 Neal	N	N	N	N	Y	Y	Y	N	Y	5 Boner	?	?	?	?	?	?	?	?	
IOWA									4 Dowdy	N	N	N	N	Y	Y	N	Y	6 Cable	Y	Y	Y	Y	N	Y	Y	N	Y	6 Gordon	N	N	N	Y	Y	Y	Y	Y	
1 Leach	Y	N	Y	Y	N	N	N	Y	5 Lott	Y	Y	Y	Y	N	N	N	Y	7 Rose	N	N	N	N	Y	Y	Y	N	Y	7 Sundquist	Y	N	Y	Y	Y	N	Y	Y	
2 Tauke	Y	N	Y	Y	N	N	N	Y	MISSOURI									8 Hefner	N	N	N	N	Y	Y	Y	N	Y	8 Jones	N	N	N	Y	Y	Y	Y	Y	
3 Nagle	N	N	N	N	Y	Y	Y	Y	1 Clay	N	N	N	N	Y	Y	Y	?	9 McMillan	Y	Y	Y	Y	N	Y	N	N	Y	9 Ford	?	N	N	N	Y	Y	Y	?	
4 Smith	N	N	N	N	Y	Y	Y	Y	2 Buechner	Y	N	Y	Y	N	N	N	Y	10 Ballenger	Y	Y	Y	Y	N	N	N	N	Y	TEXAS									
5 Lightfoot	Y	N	Y	Y	N	N	N	Y	3 Gephardt	?	N	?	?	?	?	Y	N	11 Clarke	N	N	N	N	Y	Y	Y	Y	Y	1 Chapman	N	N	N	Y	Y	Y	N	Y	
6 Grandy	Y	N	Y	Y	N	Y	N	Y	4 Skelton	N	N	N	N	N	Y	Y	Y	AL Dorgan	N	N	N	N	Y	Y	Y	Y	Y	2 Wilson	N	N	N	N	Y	Y	Y	Y	
KANSAS									5 Wheat	N	N	N	N	Y	Y	Y	N	NORTH DAKOTA										3 Bartlett	Y	Y	Y	N	Y	N	Y	Y	
1 Roberts	Y	N	Y	Y	N	Y	N	Y	6 Coleman	N	N	Y	Y	N	Y	Y	Y	OHIO										4 Hall	Y	Y	Y	N	N	N	Y	Y	
2 Slattery	N	N	N	N	N	Y	Y	Y	7 Taylor	N	N	Y	Y	N	Y	Y	Y	1 Luken	N	N	N	N	N	Y	Y	Y	Y	5 Bryant	N	N	N	N	Y	Y	Y	Y	
3 Meyers	N	N	N	Y	Y	Y	Y	Y	8 Emerson	N	N	Y	Y	N	Y	Y	Y	2 Gradison	Y	Y	Y	Y	N	N	N	Y	Y	6 Barton	Y	Y	Y	Y	N	N	N	Y	
4 Glickman	Y	N	N	N	Y	Y	Y	Y	9 Volkmer	N	N	N	N	N	Y	Y	Y	3 Hall	N	N	N	Y	Y	Y	Y	Y	Y	7 Archer	Y	Y	Y	Y	N	N	N	Y	
5 Whittaker	N	N	Y	Y	Y	Y	N	Y	MONTANA									4 Oxley	Y	Y	Y	Y	N	N	N	Y	Y	8 Fields	Y	Y	Y	Y	N	N	N	Y	
KENTUCKY									1 Williams	N	N	N	N	Y	Y	Y	Y	5 Latta	?	?	?	?	?	?	?	?	?	9 Brooks	N	N	N	N	Y	Y	Y	Y	
1 Hubbard	N	N	Y	Y	N	Y	N	Y	2 Marlenee	Y	Y	Y	Y	N	N	N	Y	6 McEwen	Y	Y	Y	Y	N	Y	Y	Y	Y	10 Pickle	N	N	N	N	Y	Y	Y	Y	
2 Natcher	N	N	N	N	Y	Y	N	Y	NEBRASKA									7 DeWine	Y	Y	Y	Y	N	N	N	Y	Y	11 Leath	N	N	Y	Y	N	Y	Y	Y	
3 Mazzoli	N	N	N	N	Y	Y	N	Y	1 Bereuter	N	N	Y	Y	N	Y	N	Y	8 Lukens	Y	Y	Y	Y	N	N	Y	Y	Y	12 Wright									
4 Bunning	Y	Y	Y	Y	N	N	N	Y	2 Daub	Y	N	Y	Y	N	Y	Y	Y	9 Kaptur	?	N	N	N	Y	Y	Y	Y	Y	13 Bouflet	Y	Y	Y	Y	N	N	N	Y	
5 Rogers	N	N	N	N	N	Y	Y	Y	3 Smith	Y	N	Y	Y	N	Y	Y	Y	10 Miller	Y	Y	Y	Y	N	Y	Y	Y	Y	14 Sweeney	Y	Y	Y	Y	N	N	N	Y	
6 Hopkins	Y	Y	Y	Y	N	N	N	Y	NEVADA									11 Eckart	N	N	N	N	Y	Y	Y	Y	Y	15 de la Garza	Y	Y	Y	Y	N	Y	Y	Y	
7 Perkins	N	N	N	Y	Y	Y	Y	Y	1 Bilbray	N	N	N	N	Y	Y	Y	Y	12 Kasich	Y	Y	Y	Y	N	Y	Y	Y	Y	16 Coleman	N	N	N	N	Y	Y	Y	Y	
LOUISIANA									2 Vucanovich	Y	Y	Y	Y	N	Y	Y	Y	13 Pease	N	N	N	N	Y	Y	Y	Y	Y	17 Stenholm	Y	Y	Y	Y	N	N	Y	Y	
1 Livingston	N	N	?	N	N	Y	N	Y	NEW HAMPSHIRE									14 Sawyer	N	N	N	N	Y	Y	Y	Y	Y	18 Leland	N	N	N	Y	Y	Y	Y	N	
2 Boggs	N	N	N	N	Y	Y	N	Y	1 Smith	Y	Y	Y	Y	N	N	N	Y	15 Wyllie	Y	N	N	Y	N	Y	Y	Y	Y	19 Combest	Y	Y	Y	Y	N	N	Y	Y	
3 Tauzin	N	N	N	N	N	Y	?	?	2 Gregg	Y	Y	Y	Y	N	N	N	Y	16 Regula	Y	N	N	Y	N	Y	Y	Y	Y	20 Gonzalez	N	N	N	N	Y	Y	Y	N	
4 Roemer	?	?	?	?	?	?	?	?	NEW JERSEY									17 Traficant	N	N	N	N	Y	Y	Y	Y	Y	21 Smith	Y	Y	Y	Y	N	N	Y	Y	
5 Hucababy	N	N	Y	Y	N	Y	N	Y	1 Florio	N	N	N	N	Y	Y	Y	Y	18 Applegate	N	N	N	N	Y	Y	Y	Y	Y	22 Delay	Y	Y	Y	Y	N	N	Y	Y	
6 Baker	Y	Y	Y	Y	N	N	N	Y	2 Hughes	Y	N	Y	Y	Y	Y	Y	Y	19 Feighan	N	N	N	N	Y	Y	Y	Y	Y	23 Bustamante	N	N	N	N	Y	Y	Y	Y	
7 Hayes	N	N	N	N	Y	Y	N	Y	3 Howard	N	N	N	N	Y	Y	Y	Y	20 Oakar	N	N	N	N	Y	Y	Y	Y	Y	24 Frost	N	N	N	N	Y	Y	Y	Y	
8 Holloway	Y	Y	Y	Y	N	Y	N	Y	4 Smith	N	N	N	N	Y	Y	Y	Y	21 Stokes	N	N	N	N	Y	Y	Y	Y	Y	25 Andrews	Y	N	Y	Y	Y	Y	Y	Y	
MAINE									5 Roukema	N	N	N	Y	Y	Y	Y	Y	OKLAHOMA										26 Armer	Y	Y	Y	Y	N	N	Y	Y	
1 Brennan	N	N	N	N	Y	Y	Y	Y	6 Dwyer	N	N	N	N	Y	Y	Y	Y	1 Inhofe	Y	Y	Y	Y	N	N	N	Y	Y	27 Ortiz	N	N	N	N	Y	Y	Y	Y	
2 Snowe	N	N	N	N	Y	Y	Y	Y	7 Rinaldo	N	N	N	N	Y	Y	Y	Y	2 Synar	N	N	N	N	Y	Y	Y	Y	Y	UTAH									
MARYLAND									8 Roe	N	N	N	N	Y	Y	Y	Y	3 Watkins	N	N	N	N	Y	Y	Y	Y	Y	1 Hansen	Y	Y	Y	Y	N	N	Y	Y	
1 Dyson	N	N	N	N	N	Y	N	Y	9 Torricelli	N	N	N	N	Y	Y	Y	Y	4 McCurdy	N	N	N	N	Y	Y	Y	Y	Y	2 Owens	N	N	N	N	Y	Y	Y	Y	
2 Bentley	Y	N	N	N	N	Y	N	?	10 Rodino	N	N	N	Y	Y	Y	?	?	5 Edwards	Y	Y	Y	Y	N	Y	Y	Y	Y	3 Nielson	Y	Y	Y	Y	N	N	Y	Y	
3 Cardin	N	N	N	N	Y	Y	N	Y	11 Gallo	N	N	N	Y	Y	Y	Y	Y	6 English	Y	N	Y	Y	N	Y	Y	Y	Y	VERMONT									
4 McMillen	N	N	N	N	Y	Y	N	Y	12 Courter	N	N	Y	Y	Y	Y	Y	Y	OREGON										AL Jeffords	N	N	N	N	Y	Y	Y	Y	
5 Hoyer	N	N	N	N	Y	Y	Y	Y	13 Saxton	N	N	Y	Y	Y	Y	Y	Y	1 AuCoin	N	N	N	N	Y	Y	Y	Y	Y	VIRGINIA									
6 Byron	N	N	N	N	Y	N	Y	Y	14 Guarini	N	N	N	N	Y	Y	Y	Y	2 Smith, R.	Y	Y	Y	N	Y	N	N	Y	Y	1 Bateman	Y	N	Y	Y	N	Y	N	Y	
7 Mfume	N	N	N	N	Y	Y	Y	Y	NEW MEXICO									3 Wyden	N	N	N	N	Y	Y	Y	Y	Y	2 Pickett	N	N	N	N	Y	Y	Y	Y	
8 Morella	N	N	N	N	Y	Y	Y	Y	1 Lujan	Y	Y	Y	Y	N	N	Y	Y	4 DeFazio	N	N	N	N	Y	Y	Y	Y	Y	3 Bliley	Y	N	Y	Y	N	Y	N	Y	
MASSACHUSETTS									2 Skeen	N	N	N	N	Y	Y	Y	Y	5 Smith, D.	Y	Y	Y	Y	N	N	N	Y	Y	4 Siskiy	N	N	N	N	Y	Y	Y	Y	
1 Conte	N	N	N	N	Y	Y	N	Y	3 Richardson	N	N	N	N	N	Y	?	?	PENNSYLVANIA										5 Daniel	?	?	?	?	?	?	?	?	
2 Boland	N	N	N	N	Y	Y	N	Y	NEW YORK									1 Foglietta	N	N	N	N	Y	Y	Y	Y	Y	6 Olin	Y	N	Y	Y	Y	Y	Y	Y	
3 Early	N	N	N	N	Y	Y	N	?	1 Hochbruckner	N	N	N	N	Y	Y	Y	Y	2 Gray	N	N	N	N	Y	Y	Y	Y	Y	7 Slaughter	Y	N	Y	Y	Y	Y	Y	Y	
4 Frank	N	N	N	N	Y	Y	Y	Y	2 Downey	N	N	N	N	Y	Y	Y	Y	3 Borski	N	N	N	N	Y	Y	Y	Y	Y	8 Parris	Y	N	Y	Y	N	Y	Y	Y	
5 Atkins	N	N	N	N	Y	Y	Y	Y	3 Mrzazek	N	N	N	N	Y	Y	Y	Y	4 Kolter	N	N	N	N	Y	Y	Y	Y	Y	9 Boucher	N	N	N	N	Y	Y	Y	Y	
6 Mavroules	N	N	N	N	Y	Y	Y	Y	4 Lent	N	N	N	N	Y	Y	Y	Y	5 Schulze	Y	N	Y	Y	N	Y	Y	Y	Y	10 Wolf	Y	N	N	Y	N	Y	Y	Y	
7 Markey	N	?	N	N	Y	Y	Y	Y	5 McGrath	N	N	N	Y	Y	Y	Y	Y	6 Yatron	N	N	N	N	Y	Y	Y	Y	Y	WASHINGTON									
8 Kennedy	N	N	N	N	Y	Y	Y	Y	6 Flake	N	N	N	N	Y	Y	Y	Y	7 Weldon	N	N	N	N	Y	Y	Y	Y	Y	1 Miller	Y	N	Y	Y	N	Y	Y	Y	
9 Moakley	N	N																																			



**311. HR 2686. Public Works and Economic Development/Passage.** Passage of the bill to authorize \$1.3 billion in aid to economically distressed areas for fiscal years 1988-90, including \$487.2 million earmarked for the Appalachian region. Adopted 330-89: R 87-84; D 243-5 (ND 166-2, SD 77-3), Aug. 6, 1987. (The House previously had adopted by voice vote an amendment to substitute the text of HR 3084 for that of HR 2686.) (*Story*, p. 1864)

KEY		311	
Y	Voted for (yea).	43	Packard Y
#	Paired for.	44	Bates Y
+	Announced for.	45	Hunter N
N	Voted against (nay).	<b>COLORADO</b>	
X	Paired against.	1	Schroeder Y
-	Announced against.	2	Skaggs Y
P	Voted "present."	3	Campbell Y
C	Voted "present" to avoid possible conflict of interest.	4	Brown N
?	Did not vote or otherwise make a position known.	5	Hefley N
		6	Schaefer N
Democrats	Republicans	<b>CONNECTICUT</b>	
		1	Kennelly Y
		2	Gajdenson Y
		3	Morrison Y
		4	Vacancy
		5	Rowland Y
		6	Johnson Y
		<b>DELAWARE</b>	
		AL	Carper Y
		<b>FLORIDA</b>	
		1	Hutto Y
		2	Grant Y
		3	Bennett Y
		4	Chappell Y
		5	McCollum N
		6	MacKay N
		7	Gibbons N
		8	Young Y
		9	Billakis N
		10	Ireland N
		11	Nelson Y
		12	Lewis Y
		13	Mack N
		14	Mica Y
		15	Shaw Y
		16	Smith Y
		17	Lehman Y
		18	Pepper Y
		19	Fascell Y
		<b>GEORGIA</b>	
		1	Thomas Y
		2	Hatcher Y
		3	Ray Y
		4	Swindall N
		5	Lewis Y
		6	Gingrich Y
		7	Darden Y
		8	Rowland Y
		9	Jenkins Y
		10	Barnard Y
		<b>HAWAII</b>	
		1	Saiki Y
		2	Akoka Y
		<b>IDAHO</b>	
		1	Craig N
		2	Stallings Y
		<b>ILLINOIS</b>	
		1	Hayes Y
		2	Savage Y
		3	Russo Y
		4	Davis Y
		5	Lipinski Y
		6	Hyde N
		7	Collins Y
		8	Rostenkowski Y
		9	Yates Y
		10	Porter N
		11	Annunzio Y
		12	Crane N
		13	Fawell N
		14	Hastert Y
		15	Madigan Y
		16	Martin Y
		17	Evans Y
		18	Michel N
		19	Bruce Y
		20	Durbin Y
		21	Price Y
		22	Gray Y
		<b>INDIANA</b>	
		1	Visclosky Y
		2	Sharp Y
		3	Hiller N
		4	Coats N
		5	Jontz Y

ND - Northern Democrats SD - Southern Democrats

311	311	311	311
<b>6 Burton</b> N <b>7 Myers</b> N <b>8 McCloskey</b> Y <b>9 Hamilton</b> Y <b>10 Jacobs</b> N <b>IOWA</b> <b>1 Leach</b> N <b>2 Tauke</b> N <b>3 Nagle</b> Y <b>4 Smith</b> Y <b>5 Lightfoot</b> Y <b>6 Grandy</b> Y <b>KANSAS</b> <b>1 Roberts</b> N <b>2 Slattery</b> ? <b>3 Mayers</b> N <b>4 Glickman</b> Y <b>5 Whittaker</b> N <b>KENTUCKY</b> <b>1 Hubbard</b> Y <b>2 Natcher</b> Y <b>3 Mazzoli</b> Y <b>4 Bunning</b> Y <b>5 Rogers</b> Y <b>6 Hopkins</b> N <b>7 Perkins</b> Y <b>LOUISIANA</b> <b>1 Livingston</b> Y <b>2 Baggs</b> Y <b>3 Touzin</b> ? <b>4 Roemer</b> ? <b>5 Huckabee</b> Y <b>6 Baker</b> Y <b>7 Hayes</b> Y <b>8 Holloway</b> Y <b>MAINE</b> <b>1 Brennan</b> Y <b>2 Snowe</b> Y <b>MARYLAND</b> <b>1 Dyson</b> Y <b>2 Bentley</b> Y <b>3 Cardin</b> Y <b>4 McMillen</b> Y <b>5 Hoyer</b> Y <b>6 Byron</b> Y <b>7 Mfume</b> Y <b>8 Morella</b> Y <b>MASSACHUSETTS</b> <b>1 Conte</b> Y <b>2 Boland</b> Y <b>3 Early</b> ? <b>4 Frank</b> Y <b>5 Atkins</b> Y <b>6 Mavroules</b> Y <b>7 Markey</b> Y <b>8 Kennedy</b> Y <b>9 Moakley</b> Y <b>10 Studds</b> Y <b>11 Donnelly</b> Y <b>MICHIGAN</b> <b>1 Conyers</b> Y <b>2 Pursell</b> Y <b>3 Walpe</b> Y <b>4 Upton</b> Y <b>5 Henry</b> Y <b>6 Corr</b> Y <b>7 Kildee</b> Y <b>8 Traxler</b> Y <b>9 Vander Jagt</b> Y <b>10 Schuette</b> Y <b>11 Davis</b> Y <b>12 Bonior</b> Y <b>13 Crockett</b> Y <b>14 Hertel</b> Y <b>15 Ford</b> Y <b>16 Dingell</b> Y <b>17 Levin</b> Y <b>18 Broomfield</b> Y <b>MINNESOTA</b> <b>1 Penny</b> N <b>2 Weber</b> Y <b>3 Frenzel</b> Y <b>4 Venko</b> Y <b>5 Sabo</b> Y <b>6 Sikorski</b> Y	<b>7 Stangeland</b> Y <b>8 Oberstar</b> Y <b>MISSISSIPPI</b> <b>1 Whitten</b> Y <b>2 Espy</b> Y <b>3 Montgomery</b> Y <b>4 Dowdy</b> Y <b>5 Lett</b> Y <b>MISSOURI</b> <b>1 Clay</b> Y <b>2 Buechner</b> N <b>3 Gephardt</b> ? <b>4 Skelton</b> Y <b>5 Wheat</b> Y <b>6 Coleman</b> Y <b>7 Taylor</b> Y <b>8 Emerson</b> Y <b>9 Volkmer</b> Y <b>MONTANA</b> <b>1 Williams</b> Y <b>2 Marlenee</b> N <b>NEBRASKA</b> <b>1 Bereuter</b> N <b>2 Daub</b> N <b>3 Smith</b> ? <b>NEVADA</b> <b>1 Bilbray</b> Y <b>2 Vucanovich</b> N <b>NEW HAMPSHIRE</b> <b>1 Smith</b> N <b>2 Gregg</b> N <b>NEW JERSEY</b> <b>1 Florio</b> Y <b>2 Hughes</b> Y <b>3 Howard</b> Y <b>4 Smith</b> Y <b>5 Roukema</b> Y <b>6 Dwyer</b> Y <b>7 Rinaldo</b> Y <b>8 Roe</b> Y <b>9 Torricelli</b> Y <b>10 Rodino</b> Y <b>11 Gallo</b> Y <b>12 Courter</b> Y <b>13 Saxton</b> Y <b>14 Guarini</b> Y <b>NEW MEXICO</b> <b>1 Lujan</b> Y <b>2 Steen</b> N <b>3 Richardson</b> Y <b>NEW YORK</b> <b>1 Hochbroedner</b> Y <b>2 Downey</b> Y <b>3 Hrozek</b> Y <b>4 Lent</b> Y <b>5 McGrath</b> Y <b>6 Flake</b> Y <b>7 Ackerman</b> Y <b>8 Scheuer</b> Y <b>9 Manton</b> Y <b>10 Schumer</b> Y <b>11 Towns</b> Y <b>12 Owens</b> Y <b>13 Solarz</b> Y <b>14 Molinari</b> Y <b>15 Green</b> Y <b>16 Rangel</b> Y <b>17 Weiss</b> Y <b>18 Garcia</b> Y <b>19 Biaggi</b> Y <b>20 DiGiardi</b> N <b>21 Fish</b> Y <b>22 Gilman</b> Y <b>23 Stratton</b> Y <b>24 Solomon</b> N <b>25 Boehlert</b> Y <b>26 Martin</b> Y <b>27 Wortley</b> Y <b>28 McHugh</b> Y <b>29 Horton</b> Y <b>30 Slaughter</b> Y <b>31 Kemp</b> ? <b>32 LaFalce</b> Y <b>33 Nowak</b> Y <b>34 Houghton</b> Y	<b>NORTH CAROLINA</b> <b>1 Jones</b> Y <b>2 Valentine</b> Y <b>3 Lancaster</b> Y <b>4 Price</b> Y <b>5 Neal</b> Y <b>6 Coble</b> N <b>7 Rose</b> Y <b>8 Hefner</b> Y <b>9 McMillan</b> N <b>10 Ballenger</b> Y <b>11 Clarke</b> Y <b>NORTH DAKOTA</b> <b>Al Dorgan</b> Y <b>OHIO</b> <b>1 Luken</b> Y <b>2 Gradison</b> Y <b>3 Hall</b> Y <b>4 Oxley</b> N <b>5 Latta</b> ? <b>6 McEwen</b> Y <b>7 DeWine</b> N <b>8 Lukens</b> ? <b>9 Kaptur</b> Y <b>10 Miller</b> Y <b>11 Eckart</b> Y <b>12 Kasich</b> N <b>13 Pease</b> Y <b>14 Sawyer</b> Y <b>15 Wythe</b> N <b>16 Regula</b> Y <b>17 Traficant</b> Y <b>18 Applegate</b> Y <b>19 Feighan</b> Y <b>20 Oaker</b> Y <b>21 Stokes</b> ? <b>OKLAHOMA</b> <b>1 Inhofe</b> Y <b>2 Synar</b> Y <b>3 Watkins</b> Y <b>4 McCurdy</b> Y <b>5 Edwards</b> Y <b>6 English</b> Y <b>OREGON</b> <b>1 AuCoin</b> Y <b>2 Smith, R.</b> Y <b>3 Wyden</b> Y <b>4 DeFazio</b> Y <b>5 Smith, D.</b> N <b>PENNSYLVANIA</b> <b>1 Foglietta</b> Y <b>2 Gray</b> Y <b>3 Borski</b> Y <b>4 Kolter</b> Y <b>5 Schulze</b> Y <b>6 Yatron</b> Y <b>7 Weldon</b> Y <b>8 Kostmayer</b> Y <b>9 Shuster</b> Y <b>10 McDade</b> Y <b>11 Kanjorski</b> Y <b>12 Murtha</b> Y <b>13 Coughlin</b> N <b>14 Coyne</b> Y <b>15 Ritter</b> Y <b>16 Walker</b> N <b>17 Gekas</b> Y <b>18 Walgren</b> Y <b>19 Goodling</b> N <b>20 Gaydos</b> Y <b>21 Ridge</b> Y <b>22 Murphy</b> Y <b>23 Clinger</b> Y <b>RHODE ISLAND</b> <b>1 St Germain</b> Y <b>2 Schneider</b> N <b>SOUTH CAROLINA</b> <b>1 Ravenel</b> Y <b>2 Spence</b> Y <b>3 Derrick</b> Y <b>4 Patterson</b> Y <b>5 Spratt</b> Y <b>6 Tallon</b> Y <b>SOUTH DAKOTA</b> <b>SD Johnson</b> Y	<b>TENNESSEE</b> <b>1 Quillen</b> Y <b>2 Duncan</b> Y <b>3 Lloyd</b> Y <b>4 Cooper</b> Y <b>5 Boner</b> ? <b>6 Gordon</b> Y <b>7 Sundquist</b> N <b>8 Jones</b> Y <b>9 Ford</b> Y <b>TEXAS</b> <b>1 Chapman</b> Y <b>2 Wilson</b> Y <b>3 Bartlett</b> N <b>4 Hall</b> Y <b>5 Bryant</b> Y <b>6 Barian</b> N <b>7 Archer</b> N <b>8 Fields</b> N <b>9 Brooks</b> Y <b>10 Pickle</b> Y <b>11 Lethro</b> Y <b>12 Wright</b> N <b>13 Boulter</b> N <b>14 Sweaney</b> N <b>15 de la Garza</b> Y <b>16 Coleman</b> Y <b>17 Stenholm</b> N <b>18 Leland</b> Y <b>19 Combast</b> Y <b>20 Gonzalez</b> Y <b>21 Smith</b> N <b>22 Delay</b> N <b>23 Bustamante</b> Y <b>24 Frost</b> Y <b>25 Andrews</b> Y <b>26 Armay</b> N <b>27 Ortiz</b> Y <b>UTAH</b> <b>1 Hansen</b> N <b>2 Owens</b> Y <b>3 Nielson</b> N <b>VERMONT</b> <b>Al Jeffords</b> Y <b>VIRGINIA</b> <b>1 Bateman</b> Y <b>2 Pickett</b> Y <b>3 Bliley</b> N <b>4 Siskiy</b> Y <b>5 Daniel</b> ? <b>6 Olin</b> Y <b>7 Slaughter</b> N <b>8 Parris</b> Y <b>9 Boucher</b> Y <b>10 Wolf</b> N <b>WASHINGTON</b> <b>1 Miller</b> N <b>2 Swift</b> Y <b>3 Bonker</b> Y <b>4 Morrison</b> Y <b>5 Foley</b> Y <b>6 Dicks</b> Y <b>7 Lowry</b> Y <b>8 Chandler</b> Y <b>WEST VIRGINIA</b> <b>1 Mollohan</b> Y <b>2 Staggers</b> Y <b>3 Wise</b> Y <b>4 Rahall</b> Y <b>WISCONSIN</b> <b>1 Aspin</b> Y <b>2 Kastanmeier</b> Y <b>3 Gunderson</b> Y <b>4 Kleczka</b> Y <b>5 Moody</b> Y <b>6 Petri</b> N <b>7 Obey</b> Y <b>8 Roth</b> N <b>9 Sensenbrenner</b> N <b>WYOMING</b> <b>Al Cheney</b> ?

Southern states - Ala., Ark., Fla., Ga., Ky., La., Miss., N.C., Okla., S.C., Tenn., Texas, Va.  
Omitted votes are quorum calls, which CQ does not include in its vote charts.



# Senate Votes 216, 217, 218, 219, 220, 221, 222, 223

	216	217	218	219	220	221	222	223		216	217	218	219	220	221	222	223		216	217	218	219	220	221	222	223	
<b>ALABAMA</b>																											
Heflin	N	N	N	N	N	N	N	N																			
Shelby	-	-	+	?	?	?	?	?																			
<b>ALASKA</b>																											
Murkowski	N	N	N	N	N	N	N	N																			
Stevens	Y	N	Y	Y	N	N	N	N																			
<b>ARIZONA</b>																											
DeConcini	N	Y	Y	Y	N	N	N	N																			
McCain	N	N	Y	N	+	?	?	?																			
<b>ARKANSAS</b>																											
Bumpers	Y	Y	N	Y	N	?	Y	Y																			
Pryor	N	Y	Y	Y	N	Y	Y	Y																			
<b>CALIFORNIA</b>																											
Cranston	Y	Y	Y	N	N	N	N	N																			
Wilson	Y	N	Y	N	Y	N	Y	N																			
<b>COLORADO</b>																											
Wirth	Y	Y	Y	Y	N	Y	Y	Y																			
Armstrong	N	N	Y	N	Y	Y	N	Y																			
<b>CONNECTICUT</b>																											
Dodd	Y	Y	Y	Y	N	N	N	Y																			
Waicker	Y	N	?	?	?	?	?	?																			
<b>DELAWARE</b>																											
Biden	?	?	?	?	?	?	?	?																			
Roth	Y	N	N	N	Y	Y	N	Y																			
<b>FLORIDA</b>																											
Chiles	Y	N	Y	Y	N	N	Y	Y																			
Graham	Y	Y	Y	Y	N	N	N	Y																			
<b>GEORGIA</b>																											
Fowler	N	Y	Y	Y	N	Y	Y	Y																			
Nunn	Y	Y	Y	Y	N	N	N	Y																			
<b>HAWAII</b>																											
Inouye	Y	Y	Y	Y	N	N	N	Y																			
Matsunaga	?	Y	Y	Y	N	N	N	Y																			
<b>IDAHO</b>																											
McClure	N	N	Y	N	Y	Y	Y	Y																			
Symms	N	N	Y	N	Y	Y	Y	Y																			
<b>ILLINOIS</b>																											
Dixon	N	Y	Y	N	#	Y	Y	Y																			
Simon	?	?	?	?	?	?	?	?																			
<b>INDIANA</b>																											
Lugar	Y	N	Y	N	Y	N	Y	Y																			
Quayle	N	N	Y	N	Y	N	Y	Y																			
<b>IOWA</b>																											
Harkin	N	N	Y	Y	N	Y	Y	Y																			
Grassley	N	N	Y	Y	N	Y	Y	Y																			
<b>KANSAS</b>																											
Dole	Y	N	Y	Y	N	Y	N	Y																			
Kassebaum	Y	N	Y	Y	N	Y	N	Y																			
<b>KENTUCKY</b>																											
Ford	N	Y	Y	Y	N	N	N	Y																			
McConnell	Y	N	Y	Y	N	Y	Y	N																			
<b>LOUISIANA</b>																											
Breaux	Y	Y	Y	Y	N	N	N	Y																			
Johnston	Y	Y	N	Y	N	N	N	Y																			
<b>MAINE</b>																											
Mitchell	Y	Y	Y	Y	N	N	N	Y																			
Cohen	Y	N	Y	N	Y	N	Y	N																			
<b>MARYLAND</b>																											
Mikulski	Y	Y	N	Y	N	N	N	Y																			
Sarbanes	Y	Y	N	Y	N	N	N	?																			
<b>MASSACHUSETTS</b>																											
Kennedy	Y	Y	Y	Y	N	N	N	Y																			
Kerry	Y	Y	N	Y	N	N	Y	Y																			
<b>MICHIGAN</b>																											
Levin	Y	Y	Y	Y	N	N	Y	Y																			
Riegle	N	Y	N	Y	N	N	N	Y																			
<b>MINNESOTA</b>																											
Boschwitz	Y	N	Y	N	Y	Y	Y	Y																			
Durenberger	Y	N	Y	N	Y	N	Y	Y																			
<b>MISSISSIPPI</b>																											
Stennis	Y	N	Y	Y	N	N	N	Y																			
Cochran	Y	N	Y	N	N	N	N	Y																			
<b>MISSOURI</b>																											
Bond	Y	N	Y	N	Y	Y	N	Y																			
Danforth	Y	N	Y	N	Y	Y	N	Y																			
<b>MONTANA</b>																											
Baucus	N	Y	Y	Y	N	Y	N	Y																			
Melcher	Y	Y	N	Y	N	Y	N	Y																			
<b>NEBRASKA</b>																											
Exon	N	Y	N	N	Y	Y	N	Y																			
Karnes	Y	N	Y	N	Y	Y	N	Y																			
<b>NEVADA</b>																											
Reid	Y	Y	Y	Y	N	N	Y	Y																			
Hecht	N	N	Y	Y	N	Y	N	Y																			
<b>NEW HAMPSHIRE</b>																											
Humphrey	N	N	Y	Y	N	Y	N	Y																			
Rudman	N	N	Y	Y	N	Y	N	Y																			
<b>NEW JERSEY</b>																											
Bradley	Y	N	Y	Y	N	N	N	+																			
Lautenberg	Y	Y	N	Y	N	N	N	Y																			
<b>NEW MEXICO</b>																											
Bingaman	?	?	?	?	?	?	?	?																			
Domenici	Y	N	Y	Y	N	Y	N																				

# Senate Votes 224, 225, 226, 227, 228, 229, 230

	224	225	226	227	228	229	230		224	225	226	227	228	229	230		224	225	226	227	228	229	230	KEY							
ALABAMA								IOWA								NEW HAMPSHIRE									Y	Voted for (yea).					
Heflin	N	Y	Y	Y	Y	Y	Y	Harkin	N	Y	Y	Y	N	Y	Y	Humphrey	N	Y	Y	Y	Y	Y	Y	#	Paired for.						
Shelby	-	Y	Y	Y	Y	Y	Y	Grassley	N	Y	Y	Y	Y	Y	Y	Rudman	Y	Y	Y	Y	Y	Y	Y	+	Announced for.						
ALASKA								KANSAS								NEW JERSEY							X	Voted against (nay).							
Murkowski	N	Y	Y	?	Y	Y	Y	Dole	Y	Y	Y	Y	Y	Y	Y	Bradley	?	N	Y	Y	Y	Y	N	N	Paired against.						
Stevens	Y	Y	Y	Y	Y	Y	Y	Kassebaum	Y	Y	Y	Y	Y	Y	Y	Lautenberg	N	Y	Y	Y	Y	Y	Y	-	Announced against.						
ARIZONA								KENTUCKY								NEW MEXICO							P	Voted "present."							
DeConcini	N	Y	Y	Y	Y	Y	Y	Ford	Y	Y	Y	Y	N	Y	Y	Bingaman	?	Y	Y	Y	N	Y	Y	C	Voted "present" to avoid possible conflict of interest.						
McCain	X	Y	Y	Y	Y	Y	Y	McConnell	N	?	Y	Y	Y	Y	Y	Domenici	Y	Y	Y	Y	Y	Y	Y	?	Did not vote or otherwise make a position known.						
ARKANSAS								LOUISIANA								NEW YORK								Democrats      Republicans							
Bumpers	N	Y	Y	Y	Y	Y	Y	Breaux	Y	Y	Y	Y	Y	Y	Y	Moynihan	?	Y	Y	Y	Y	Y									
Pryor	Y	?	Y	Y	Y	Y	Y	Johnston	N	Y	Y	?	Y	Y	Y	D'Amato	?	Y	Y	Y	Y	Y	Y								
CALIFORNIA								MAINE								NORTH CAROLINA															
Cranston	N	Y	Y	Y	Y	Y	Y	Mitchell	Y	Y	Y	Y	Y	Y	Y	Sanford	Y	Y	Y	N	Y	Y									
Wilson	Y	Y	Y	Y	Y	Y	Y	Cohen	Y	Y	Y	Y	Y	Y	Y	Helms	Y	Y	Y	Y	Y	N									
COLORADO								MARYLAND								NORTH DAKOTA															
Wirth	Y	Y	Y	Y	Y	Y	Y	Mikulski	N	Y	Y	Y	N	Y	Y	Burdick	N	Y	Y	Y	Y	Y	Y								
Armstrong	N	Y	N	Y	Y	Y	Y	Sarbanes	N	Y	Y	Y	Y	Y	Y	Conrad	N	N	Y	Y	Y	Y	Y								
CONNECTICUT								MASSACHUSETTS								OHIO															
Dodd	Y	Y	Y	Y	Y	Y	Y	Kennedy	Y	Y	Y	Y	N	Y	Y	Glenn	N	Y	Y	Y	Y	Y	Y								
Weicker	?	Y	Y	Y	Y	Y	Y	Kerry	N	Y	Y	Y	N	Y	Y	Metzenbaum	N	Y	Y	Y	N	Y	Y								
DELAWARE								MICHIGAN								OKLAHOMA															
Biden	?	?	Y	Y	Y	Y	Y	Levin	Y	Y	Y	Y	N	Y	Y	Boren	Y	Y	Y	Y	Y	Y	Y								
Roth	N	Y	Y	Y	Y	Y	Y	Riegle	N	Y	Y	Y	Y	Y	Y	Nickles	N	Y	Y	Y	Y	Y	Y								
FLORIDA								MINNESOTA								OREGON															
Chiles	Y	Y	Y	Y	N	Y	Y	Boschwitz	Y	Y	Y	Y	Y	Y	Y	Hatfield	N	Y	Y	?	?	?									
Graham	Y	Y	Y	Y	Y	Y	Y	Durenberger	Y	Y	Y	Y	Y	Y	Y	Packwood	Y	Y	Y	Y	Y	Y	Y								
GEORGIA								MISSISSIPPI								PENNSYLVANIA															
Fowler	Y	Y	Y	Y	N	Y	Y	Stennis	Y	Y	Y	Y	Y	Y	Y	Heinz	#	+	Y	Y	Y	Y	Y								
Nunn	Y	Y	Y	Y	Y	Y	Y	Cochran	Y	Y	Y	Y	Y	Y	Y	Specter	Y	Y	Y	Y	Y	Y	Y								
HAWAII								MISSOURI								RHODE ISLAND															
Inouye	Y	Y	?	Y	Y	Y	Y	Bond	Y	Y	Y	Y	Y	Y	Y	Pell	Y	Y	Y	Y	Y	Y	Y								
Matsunaga	Y	Y	Y	Y	Y	Y	Y	Danforth	Y	Y	Y	Y	Y	Y	Y	Chafee	Y	Y	Y	Y	Y	Y	Y								
IDAHO								MONTANA								SOUTH CAROLINA															
McClure	Y	Y	Y	Y	Y	Y	Y	Baucus	Y	Y	Y	Y	N	Y	Y	Hollings	Y	Y	Y	Y	Y	Y	Y								
Symms	Y	Y	Y	Y	Y	Y	Y	Melcher	N	Y	Y	Y	Y	Y	Y	Thurmond	Y	Y	Y	Y	Y	Y	Y								
ILLINOIS								NEBRASKA								SOUTH DAKOTA															
Dixon	Y	Y	Y	Y	Y	Y	Y	Exon	N	Y	Y	Y	Y	Y	Y	Doschle	Y	Y	Y	Y	Y	Y	Y								
Simon	?	?	?	?	Y	Y	?	Karnes	Y	Y	Y	Y	Y	Y	Y	Prosser	?	Y	Y	Y	Y	Y	Y								
INDIANA								NEVADA								TENNESSEE															
Lugar	Y	Y	Y	Y	Y	Y	Y	Reid	Y	Y	Y	Y	Y	Y	Y	Gore	N	Y	Y	?	-	?	?								
Quayle	Y	Y	Y	Y	Y	Y	Y	Hecht	Y	Y	Y	Y	Y	Y	Y	Sasser	N	Y	Y	Y	N	Y	Y								

## KEY

Y Voted for (yea).  
 # Paired for.  
 + Announced for.  
 N Voted against (nay).  
 X Paired against.  
 - Announced against.  
 P Voted "present."  
 C Voted "present" to avoid possible conflict of interest.  
 ? Did not vote or otherwise make a position known.

Democrats Republicans

224 225 226 227 228 229 230

## TEXAS

Bentsen Y Y Y Y Y Y Y

Gramm Y Y Y Y Y Y Y

## UTAH

Garn Y ? Y Y Y Y Y

Hatch Y Y Y Y Y Y Y

## VERMONT

Leahy ? Y Y Y Y Y Y

Stafford Y ? Y Y Y Y Y

## VIRGINIA

Trible N Y Y Y Y Y Y

Warner Y Y Y Y Y Y Y

## WASHINGTON

Adams ? Y Y Y N Y Y

Evans ? Y Y Y Y Y Y

## WEST VIRGINIA

Byrd Y Y Y Y N Y Y

Rockefeller N Y Y Y N Y Y

## WISCONSIN

Prosser N Y Y Y N Y Y

Kasten N Y Y Y Y Y Y

## WYOMING

Simpson ? Y Y Y Y Y Y

Wallace Y Y N Y Y Y Y

ND - Northern Democrats SD - Southern Democrats (Southern states - Ala., Ark., Fla., Ga., Ky., La., Miss., N.C., Okla., S.C., Tenn., Texas, Va.)

**224. H J Res 324. Temporary Debt-Limit Increase/Adoption.** Adoption of the joint resolution to raise the ceiling on the federal debt to \$2.8 trillion, through May 1, 1989, from \$2.3 trillion (after that date, the debt limit would revert to the permanent level of \$2.1 trillion if no action were taken); to establish an automatic spending-cut procedure; to set maximum allowable budget deficits at \$150 billion for fiscal 1988, \$130 billion or up to \$36 billion below what the fiscal 1989 deficit would be with no changes in current law for 1989, \$90 billion for 1990, \$45 billion for 1991, zero for 1992; to provide that in all years except 1992 the automatic spending-cut procedure would come into effect if deficit estimates exceed that year's target by more than \$10 billion; and to revise budget rules relating to appropriations and to treatment of federal credit programs. The measure also bars disinvestment of the Social Security trust fund for any purpose except to pay program benefits and costs, and requires congressional approval, by joint resolution, of pay raises recommended by a special commission for members of Congress and certain other federal officials and employees. Adopted 54-31: R 29-10; D 25-21 (ND 13-16, SD 12-5), July 31, 1987. (Story, p. 1788)

**225. Greenspan Nomination.** Confirmation of President Reagan's nomination of economist Alan Greenspan of New York as chairman of the Board of Governors of the Federal Reserve System, succeeding Paul A. Volcker. Confirmed 91-2: R 42-0; D 49-2 (ND 32-2, SD 17-0), Aug. 3, 1987. A "yea" was a vote supporting the president's position. (Story, p. 1792)

**226. HR 27. FSLIC Rescue/Conference Report.** Adoption of the conference report on the bill to enable the insolvent Federal Savings and Loan Insurance Corporation to borrow \$10.8 billion and, among other provisions, to ease regulatory requirements for savings and loans in economically depressed areas, to prohibit the expansion of limited-service banks, to require faster clearing of depositors' checks and to suspend expansion of banks into insur-

ance, real estate and securities underwriting. Adopted 96-2: R 44-2; D 52-0 (ND 34-0, SD 18-0), Aug. 4, 1987. The conference report on HR 27, passed by the House Aug. 3, was sent to the president for his approval. (House vote 294, p. 1854; story, p. 1791)

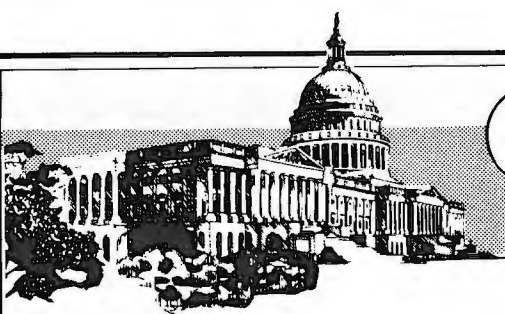
**227. HR 1340. National School Lunch Act/Passage.** Passage of the bill to require the Agriculture Department to improve the quality of surplus agricultural commodities distributed to schools and other food assistance programs which aid the elderly, American Indians and children, and to give the secretary of agriculture discretion over how these improvements are made. Passed 97-0: R 45-0; D 52-0 (ND 36-0, SD 16-0), Aug. 5, 1987. (Story, p. 1862)

**228. Ruder Nomination.** Confirmation of President Reagan's nomination of David S. Ruder of Illinois to be a member of the Securities and Exchange Commission. Confirmed 81-17: R 45-0; D 36-17 (ND 24-12, SD 12-5), Aug. 6, 1987. A "yea" was a vote supporting the president's position. (Story, p. 1862)

**229. HR 1451. Older Americans Act/Passage.** Passage of the bill to reauthorize for five years the Older Americans Act, which provides social and nutrition programs for senior citizens. The bill authorizes approximately \$1.6 billion for fiscal 1988, with a 5 percent annual increase for most programs for fiscal years 1989-92. Passed 98-0: R 45-0; D 53-0 (ND 36-0, SD 17-0), Aug. 6, 1987. (The Senate previously had moved to strike the House-passed language after the enacting clause and to insert instead the language of S 887, the Senate version of the bill.) (Story, p. 1811)

**230. McPherson Nomination.** Confirmation of President Reagan's nomination of M. Peter McPherson of Virginia to be deputy secretary of the Treasury. Confirmed 95-2: R 44-1; D 51-1 (ND 34-1, SD 17-0), Aug. 6, 1987. A "yea" was a vote supporting the president's position.





# CAPITOL BOXSCORE

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## Congress in Brief

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### ✓ The Week's Highlights

In the final week before the August recess, Congress rushed to try to complete a long-term extension of the public-debt limit (H Res 324). The situation was complicated by amendments to revise the 1985 Gramm-Rudman-Hollings anti-deficit law. (p. 1788)

On Aug. 4 the Senate cleared HR 27, the Federal Savings and Loan Insurance Corporation bailout measure, and sent it to the president. (p. 1791)

The House passed HR 3058, appropriating funds for the Departments of Labor, Education and Health and Human Services, on Aug. 5. Later the same day the House passed HR 1315, reauthorizing the Nuclear Regulatory Commission, after two days of debate on an amendment concerning emergency evacuation plans at the Seabrook, N.H., and Shoreham, N.Y., nuclear plants. (pp. 1790, 1797)

Under suspension of the rules Aug. 3, the House approved a bill (HR 2672) to make changes in veterans' housing programs and another (HR 1340) making changes in nutrition programs that use agricultural commodities. The Senate Aug. 4 approved a different version of HR 1340. (p. 1819, below)

The House suspended the rules Aug. 4 to pass several health-related bills: S 1417, extending programs for the developmentally disabled; S 769, supporting minority health education, and HR 2881, establishing a national commission on AIDS. (p. 1813)

The Senate Aug. 3 confirmed the nomination of Alan Greenspan to head the Federal Reserve System Board of Governors. The following day the Senate passed its version of a bill extending employment and education provisions for veterans (HR 1504), and sent it back to the House. It confirmed the nomination of David S. Ruder to head the Securities and Exchange Commission Aug. 6. (p. 1792, below)

Off the floor, the joint hearings on the Iran-contra affair wound up their public testimony Aug. 3, and a House-Senate conference to iron out differences on trade legislation (HR 3) began Aug. 7. (pp. 1771, 1820)

### ✓ What's Ahead

Both chambers return Sept. 9 after the summer recess. Measures under consideration for action the first week in the House include a measure (HR 1154) to restrict textile imports and a bill to restructure the Farm Credit System (HR 3030). (pp. 1820, 1794)

When the Senate returns, it must face all appropriations bills, which have yet to be approved by the Appropriations Committee. It must also break a logjam that stalled consideration of a measure (S 1127) to protect Medicare recipients against catastrophic medical expenses. (p. 1637)

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## Agriculture

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### ✓ House, Senate Pass Bills to Change Food Aid

The House and Senate the week of Aug. 3 passed differing versions of a bill (HR 1340) to revise the way government-

owned commodities are distributed to school-lunch and other food programs.

The House passed the bill by voice vote Aug. 3. The final measure was a compromise between members of the Agriculture and Education and Labor committees, which each reported separate versions. The compromise would direct the agriculture secretary to develop new regulations within six months for giving schools more say in the type and amount of surplus food sent to them — a key stipulation of the Education panel's bill. But the department would retain power over what commodities are purchased, as the Agriculture Committee wanted.

Despite the compromise, the Agriculture Department announced that it opposes the bill as restrictive and too complex to implement efficiently.

The Senate Aug. 4 passed its version on a 97-0 vote, incorporating the text of an Agriculture Committee bill (S 305) that gives the department more discretion in developing and implementing new food distribution procedures.

The Senate bill also includes a provision that loosens some restrictions in the women, infants and children (WIC) supplemental food program to allow states to use some of their savings on food purchases to increase the number of recipients in the program.

### ✓ House Passes Pay-for-Not-Planting Bill

The House Aug. 7 passed a bill (HR 3093) to let grain producers plant no crop in 1988 and still receive 92 percent of their expected income-support payments.

The Agriculture Committee approved the measure Aug. 4.

A similar "0-92" program was enacted earlier this year (PL 100-45) for growers of the 1987 crop of winter wheat who were prevented from planting their crops due to heavy floods. HR 3093 would extend the option to all wheat and feed grain farmers in 1988.

Committee aides estimate that using the program for 1988 crops will save \$20 million in the Agriculture Department's fiscal 1988 budget and \$300 million in fiscal 1989. (p. 1154)

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## Commerce

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### ✓ Senate Confirms Ruder for SEC

The Senate Aug. 6 voted 81-17 to confirm David S. Ruder as a member of the Securities and Exchange Commission (SEC). A Northwestern University law professor, Ruder will become chairman, replacing John Shad, who recently was confirmed as ambassador to the Netherlands. (Vote 228, p. 1861)

Ruder overcame concerns that his academic background and free-market views left him ill-suited to handle the agency's ongoing investigation of illegal stock trading. William Proxmire, D-Wis., chairman of the Senate Banking Committee, which oversees securities matters, led opposition to the nomination. The SEC chairman serves a five-year term. (p. 1765)

### ✓ Quality Awards Bill Goes to President

The House Aug. 7 cleared for the president a bill (HR 812) to establish a program of awards to encourage high standards in American industry.

The House had originally passed the measure June 8. The

## 100th Congress, 1st Session

	House	Senate
Democrats	258	54
Republicans	176	46
Vacancies	1*	0

\* Rep. Stewart B. McKinney, R-Conn., died May 7, 1987.

Senate Aug. 5 passed a slightly different version of the measure naming the awards after Commerce Secretary Malcolm Baldrige, who died July 25. The House accepted the Senate version by voice vote. (p. 1765)

### ✓ 'Gray-Market' Car Measure Approved

The House Energy and Commerce Committee Aug. 4 approved by voice vote a bill (HR 2628) to restrict imports of so-called "gray-market" cars — foreign-manufactured autos that do not meet U.S. safety standards.

Importers would have to prove they are capable of modifying the vehicle. Identical provisions were included in highway safety legislation (S 863) that failed to clear Congress last year.

According to committee aides, imports of gray-market cars rose from about 1,500 in 1980 to some 65,000 in 1985. However, the import stream is expected to slow to about 10,000 this year because of the decline of the U.S. dollar against foreign currencies. (p. 1476)

## Environment

### ✓ House Clears Bill to Limit Park Flights

The House Aug. 3 cleared for the president a bill (HR 921) directing the Interior Department to conduct a three-year study to determine the best minimum altitude for flights over the nation's national parks and monuments.

The measure would impose an immediate restriction on air tours over three parks: the Grand Canyon in Arizona, Yosemite National Park in California and Haleakala National Park in Hawaii. At the Grand Canyon, there could be no flights below the rim. At Yosemite, aircraft would be required to fly at least 2,000 feet above the surface, and at Haleakala, they could fly no lower than 9,500 feet above sea level. Elevations at Haleakala range from 7,000 to 10,000 feet.

The House first passed HR 921 (H Rept 100-69) on May 4. The Senate passed the bill with amendments (S Rept 100-125) on July 28, and the House accepted this version by voice vote.

The Senate's amendments would require the Federal Aviation Administration (FAA) to define the rim of the Grand Canyon, require the agriculture secretary to assess the impact of flights over national forest wilderness areas and clarify that the FAA, not the National Park Service, is the primary authority for regulating airspace over the Grand Canyon.

The Interior Department had argued against passage of the bill, saying it already had the authority to conduct a study of minimum altitudes and there was no need to spend more money. The bill authorizes \$3 million for the study. (p. 930)

### ✓ House Passes Alaska Lands Bill

The House Aug. 3 suspended the rules and passed by voice vote a bill (HR 2629 — H Rept 100-262, Part 1) addressing two Alaskan-land controversies.

The bill had originally been introduced to settle the long dispute over how to count lands beneath lakes and rivers in dividing up Alaska's lands under the Alaska Native Claims Settlement Act of 1971 (PL 92-203). Rivers wider than 198 feet and lakes bigger than 50 acres would not be counted against the amount of federal land the state and natives could claim. Environmentalists oppose those terms.

In approving the bill July 29, the Interior Committee added provisions blocking any land exchanges affecting the Arctic National Wildlife Refuge. The Interior Department has proposed leasing parts of the refuge for drilling by the oil companies, who think it may sit atop the richest oil field left in the nation. Environmentalists oppose leasing and say it would harm caribou and other wildlife there. (p. 788)

## Foreign Policy

### ✓ Committee Approves Foreign Aid Funds

The House Appropriations Committee Aug. 6 approved a \$13.2 billion foreign aid spending bill (HR 3186 — H Rept 100-283) for fiscal 1988 that the Reagan administration opposes as inadequate.

The foreign operations bill contains \$2.7 billion less than the administration had requested and about \$700 million less than 1987 appropriations.

The measure is expected to be incorporated into an omnibus spending bill, as in earlier years, because of White House opposition and the general unpopularity of foreign aid programs in Congress.

The panel approved the measure by voice vote after rejecting, by a party-line vote of 17-29, a substitute proposed by Mickey Edwards of Oklahoma, the ranking Republican on the Foreign Operations Subcommittee. The Edwards substitute would have shifted funds from development aid to beef up support for Central America and nations that host U.S. military facilities.

David R. Obey, D-Wis., chairman of the Foreign Operations panel that approved the bill July 29, acknowledged that the funding for a number of programs "is certainly not sufficient." But, he said that spending constraints established by the congressional budget resolution (H Con Res 93) gave him no choice but to make deep cuts.

The panel also beat back attempts to soften a provision restricting U.S. aid to overseas private family-planning agencies that provide abortion services.

By voice vote, the panel added \$1 million for the Polish labor organization Solidarity, to support such purposes as printing equipment and medical and legal aid. (p. 1726)

## Health

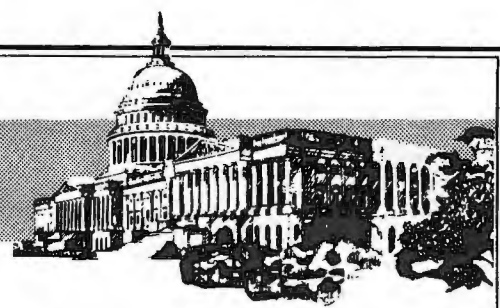
### ✓ Senate Passes Infant Health Bill

The Senate Aug. 6 passed a bill designed to step up federal efforts to combat infant mortality.

By voice vote members approved S 1441, which authorizes increased funding for federal community and migrant health centers to be directed toward improving maternal and child health care services. The bill also authorizes a fellowship program to bring nurse practitioners and nurse midwives to work in health centers that serve populations with high infant-mortality rates. It expands area health education centers that teach prenatal care in impoverished areas along the Mexican border, in Southern states and other areas with high infant-mortality rates.

(Continued on next page)





The bill was reported by the Labor and Human Resources Committee Aug. 3 (S Rept 100-137). (p. 1440)

## Housing/Community Development

### ✓ House Passes Bill Aiding Depressed Areas

The House Aug. 6 voted 329-89 to pass legislation (HR 2686) that would authorize a total of \$1.3 billion in economic development aid for certain distressed areas. (Vote 311, p. 1858)

High-unemployment areas across the country would receive \$250 million annually through fiscal 1990 in grants from the Economic Development Administration for construction of public works facilities. The bill would also authorize \$160 million annually over three years for projects in the 13-state Appalachian region, including \$120 million for road projects. The funds would be administered by the Appalachian Regional Commission, a federal agency that represents the area.

Similar measures have been passed by the House by large margins in the last three Congresses but have died in the Senate. With the Senate in Democratic hands, prospects have improved. The Senate Environment and Public Works Committee has scheduled hearings for October. (p. 1413)

## Labor

### ✓ Mine-Safety Nominee Rejected

On a party-line 9-7 vote Aug. 5, the Senate Labor and Human Resources Committee rejected the nomination of Dorothy L. Strunk to be head of the Mine Safety and Health Administration.

Strunk is a veteran Republican staff member on the House Education and Labor Committee and has had extensive experience with mine-safety laws.

Her nomination was vigorously opposed by organized labor, particularly the United Mine Workers and the Teamsters union, whose representatives said Strunk did not have enforcement experience.

After the vote, Labor Secretary William E. Brock III criticized the committee for partisanship, but said President Reagan would send up another nomination. However, Orrin G. Hatch, Utah, the ranking Republican, said he hoped the president would appoint Strunk during the recess. If Reagan does, Strunk could serve until the end of the 100th Congress.

Committee member Howard M. Metzenbaum, D-Ohio, threatened to block other Reagan nominations if the president gives Strunk a recess appointment.

## Politics

### ✓ Louisiana Gubernatorial Field Set

Nine candidates have filed for the Louisiana governorship, including embattled incumbent Gov. Edwin W. Edwards and three members of the state's congressional delegation: Democratic Reps. W. J. "Billy" Tauzin and Buddy Roemer, both

four-term House members, and Rep. Bob Livingston, a House member since 1977 and the only Republican in the gubernatorial field.

Other Democratic hopefuls are Secretary of State Jim Brown, former Rep. Speedy O. Long (1965-73), Lafayette Advocate Barry Mouton, "Cousin" Ken Lewis and Earl J. Amedee. The filing period closed July 24.

All candidates will appear on the same ballot in the Oct. 24 primary. Current polls indicate that no candidate will win a majority in the primary, so a Nov. 21 runoff between the top two finishers is likely.

Edwards' Democratic foes contend that he does not have the political strength to survive a one-on-one match with Livingston, who is given a good chance of making the runoff because of his hard-core Republican support.

### ✓ Rep. Boner Faces Nashville Runoff

Democratic Rep. Bill Boner of Tennessee easily led an eight-person field in Nashville's Aug. 6 non-partisan mayoral election, but he fell short of the majority needed to avoid a Sept. 17 runoff. Boner, who won 46 percent of the vote, will face wealthy businessman Phil Bredesen, who finished second with 24 percent of the vote, according to unofficial returns.

Boner is hoping to follow in the footsteps of Democratic Mayor Richard Fulton, who represented the Nashville-based 5th District from 1963 to 1975, when he was elected to his current position. Fulton, now in his third term, is legally barred from seeking a fourth.

## Inside Congress

### ✓ Sen. Murkowski Cleared of Rules Violation

The Senate Ethics Committee has decided Frank H. Murkowski, R-Alaska, did not violate conflict-of-interest rules in sponsoring a bill that could benefit an Alaskan oil refinery in which he and his wife have a stake. The committee still is investigating whether Murkowski violated a financial-disclosure law by omitting mention of his holding.

The bill (S 1217) would open the Arctic National Wildlife Refuge for exploration and drilling. Murkowski owns one-third of Frontiers Alaska, which in 1985 bought 10 percent of the stock in the refinery, Petro Star Inc., which relies on oil from Alaska's North Slope.

Quoting from the Senate ethics code, Committee Chairman Howell Heflin, D-Ala., and Vice Chairman Warren B. Rudman, R-N.H., said in an Aug. 4 letter to Murkowski that "the principal purpose" of his bill was not for his personal gain, or that of a "limited class" that includes him. Instead, they wrote, the bill could benefit not only a large number in the oil industry, but also Alaskans in general and, given the implications for energy development and national security, the nation.

Citing sworn statements from the trustee of Murkowski's blind trust and from others involved in the 1985 purchase of Petro Star stock, the committee also absolved the senator of any suggestion that the stock was an illegal gift in return for legislative acts.

Murkowski had asked the committee to study the matter a month earlier, and he released a statement saying he was grateful for its findings. (p. 788)

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# Status of Appropriations

## 100th Congress, 1st Session

(as of Aug. 7, 1987)

Bill	House	Senate	Final	Weekly Report Page
<b>Agriculture and related agencies</b>	Hearings completed 4/8/87	Hearings completed 4/9/87		
<b>Commerce, Justice, State, Judiciary</b> (HR 2763)	Passed 7/1/87	Hearings completed 5/20/87		1447
<b>Defense</b>	Hearings completed 7/9/87	Hearings completed 5/19/87		
<b>District of Columbia</b> (HR 2713)	Passed 6/26/87	Hearings completed 5/7/87		1412
<b>Energy and Water Development</b> (HR 2700)	Passed 6/24/87	Hearings completed 4/23/87		1374
<b>Foreign Operations</b> (HR 3186)	Committee markup completed 8/6/87	Hearings completed 8/7/87		1863
<b>Housing and Urban Development, Independent Agencies</b> (HR 2783)	Committee reported 6/25/87	Hearings completed 5/20/87		1579, 1379
<b>Interior and related agencies</b> (HR 2712)	Passed 6/25/87	Hearings under way		1378
<b>Labor, Health and Human Services, Education</b> (HR 3058)	Passed 8/5/87	Hearings completed 5/8/87		1790
<b>Legislative Branch</b> (HR 2714)	Passed 6/29/87	Hearings completed 5/22/87		1446
<b>Military Construction</b> (HR 2906)	Passed 7/14/87	Hearings completed 5/28/87		1578
<b>Transportation and related agencies</b> (HR 2890)	Passed 7/13/87	Hearings completed 5/14/87		1576
<b>Treasury, Postal Service, General Government</b> (HR 2907)	Passed 7/15/87	Hearings completed 4/10/87		1580
<b>Fiscal 1987 Supplemental</b> (HR 1827 — PL 100-71)	Passed 4/23/87	Passed 6/2/87	Cleared 7/1/87	1443

# Status of Major Legislation

## 100th Congress, 1st Session

(as of Aug. 7, 1987)

Bill and Background	House	Senate	Final
<b>Fiscal 1988 Budget Resolution.</b> (H Con Res 93, S Con Res 49) The budget calls for a reduction of \$36.9 billion in the anticipated 1988 deficit, but assumes enactment of \$19.3 billion in new taxes. Defense programs would be allowed a spending increase equal to inflation, but only if the tax increase is enacted. Most domestic programs would be frozen at fiscal 1987 levels or allowed inflation increases. Some, notably health, education, welfare and scientific research, would get significant increases. (p. 1369)	H Con Res 93 passed 4/9/87	S Con Res 49 passed 5/7/87	H Con Res 93 cleared 6/24/87
<b>Omnibus Trade and Competitiveness Reform.</b> (HR 3) The bill would extend presidential authority to negotiate trade agreements abroad, require the president to retaliate against certain unfair trade practices, expand benefits to firms and workers harmed by imports, promote exports and relax controls on the export of high technology to the Soviet bloc, and seek to improve education and training programs. (p. 1820)	HR 3 passed 4/30/87	HR 3 passed 7/21/87	Conference began 8/7/87
<b>Catastrophic Health Insurance.</b> (HR 2470, S 1127) HR 2470 would expand Medicare to provide coverage of unlimited hospital stays and to impose a cap on out-of-pocket costs of covered services in any given year. S 1127 closely resembles the House bill. (p. 1637)	HR 2470 passed 7/22/87	Finance Committee approved S 1127 5/29/87	
<b>Welfare Reform.</b> (HR 1720, S 1511) The bill would require states to establish mandatory work, education and training programs, with the federal government paying 65 percent of the cost. Similar legislation (S 1511) has been introduced in the Senate. (p. 1811)	Ways and Means Committee reported HR 1720 6/17/87; Education and Labor Committee reported 7/15/87		
<b>Housing Authorization.</b> (HR 4, S 825) The Senate bill would authorize \$15.6 billion annually for fiscal 1988-89 for subsidized housing, rural housing programs, community development and Federal Housing Administration mortgage insurance. The House version would authorize \$15.9 billion for fiscal 1988. (p. 1810)	HR 4 passed 6/11/87; S 825, amended, passed 6/17/87	S 825 passed 3/31/87	Conference began 8/4/87
<b>Homeless Aid.</b> (H J Res 102, HR 558, S 809) H J Res 102 appropriates \$50 million for emergency homeless aid by transferring funds within the Federal Emergency Management Agency. HR 558 authorizes \$443 million in fiscal 1987 and \$616 million in fiscal 1988 for emergency shelter, health care, nutrition aid, and job and literacy training for the homeless. (p. 1692)	H J Res 102 passed 1/27/87; HR 558 passed 3/5/87	H J Res 102 passed 1/29/87; HR 558 passed 4/9/87	H J Res 102 signed 2/12/87 PL 100-6; HR 558 signed 7/22/87 PL 100-77
<b>Clean Water Act.</b> (HR 1) HR 1 authorizes \$20 billion over nine years for various water pollution-control measures. (p. 240)	HR 1 passed 1/8/87	HR 1 passed 1/21/87	President vetoed 1/30/87; veto overridden 2/4/87 PL 100-4
<b>Highway Reauthorization.</b> (HR 2) The bill reauthorizes highway and mass transit programs through fiscal 1991, including \$70 billion for highway construction and safety and \$18 billion for transit. It also authorizes states to increase the speed limit on rural Interstates to 65 mph. (p. 604)	HR 2 passed 1/21/87	HR 2 passed 2/4/87	President vetoed 3/27/87; veto overridden 4/2/87 PL 100-17
<b>Airport Reauthorization.</b> (HR 2310, S 1184) HR 2310 would reauthorize airport and airway programs through fiscal 1992 at \$27.5 billion. S 1184 would authorize \$15.6 billion through fiscal 1990. (p. 1818)	HR 2310 reported by Science, Space and Technology 6/3/87; Public Works and Transportation 6/26/87; Ways and Means 8/3/87	S 1184 reported by Commerce, Science and Transportation 7/1/87; Finance 8/5/87	
<b>FSLIC Recapitalization.</b> (HR 27, S 790) HR 27 provides \$10.8 billion to bolster the Federal Savings and Loan Insurance Corporation through a complex borrowing scheme. It also restricts creation of non-bank banks and operation of non-traditional businesses by banks. (p. 1791)	HR 27 passed 5/5/87	S 790 passed 3/27/87; HR 27, amended, passed 5/14/87	HR 27 cleared 8/4/87
<b>Fiscal 1988 Defense Authorization.</b> (HR 1748, S 1174) HR 1748 would authorize \$289 billion in overall defense funding for the fiscal year beginning Oct. 1, 1987. Provisions in the bill include a ban on nuclear weapons tests and on tests of space-based anti-missile weapons and observance of some SALT II limits. S 1174, which earmarks \$303 billion for defense spending, would bar testing of space-based anti-missile weapons unless specifically approved by Congress. (pp. 1667, 1066)	HR 1748 passed 5/20/87	Senate Armed Services Committee reported 5/8/87	



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