

Congressional Closeup by Barbara Dreyfuss and Susan Kokinda

Senate Labor Committee seeks Davis-Bacon changes

The subcommittee on Labor and Human Resources of the Senate Labor Committee began oversight hearings on the Davis-Bacon Act April 28-29 to determine whether the committee would urge a number of regulatory changes in the administration of the act, or would seek legislative changes that could mean its outright repeal. The committee began by hearing witnesses from business and labor organizations, but witnesses from the Reagan administration, the real barometer of changes to be expected, have not yet been scheduled to testify.

Subcommittee chairman Don Nickles (R-Okla.) opened the hearings by stating that he "personally" favored the outright repeal of Davis-Bacon, which mandates that workers on federal projects be paid the prevailing wage. "Because of Davis-Bacon, and 77 other statutes that mandate prevailing wages," said Nickles, "it's the taxpayer who ultimately suffers—to the tune of at least \$1 billion a year—because of inflated construction costs."

Orrin Hatch (R-Utah), chairman of the full committee, announced that one recent "significant development" was the obtaining of an OMB task force report prepared but not released under the Carter administration. "It confirms what the critics of Davis-Bacon have been saying for a long time," said Hatch. "It's inflationary." The report proposes a "number of regulatory changes short of outright repeal of the act," Hatch added, which the report claims will

"save \$1 billion annually" for the federal government.

Lester Fettig, the former OMB administrator who led the inter-agency task force that prepared the report, testified that 80 percent of these projected savings could be had by regulatory and administrative changes "without necessitating legislation." Senator David Pryor (D-Ark.) testified on his bill S. 3, which would change the weekly reporting requirement on wages paid on a federal building project to one report at the beginning of construction and another at the end.

Banking Committee opens hearings

The Senate Banking Committee, under the chairmanship of Sen. Jake Garn (R-Utah), opened the first of its seven hearings on the U.S. banking industry on April 28, with testimony from Treasury Secretary Donald Regan and five federal banking regulators.

Both Garn and William Proxmire (D-Wisc.) pointed out that recent legislative changes, financial mergers, and the effects of high interest rates were endangering the smaller, community-based institutions. He further noted that major money-center banks would probably move into each others' territory first in medium-sized cities, before encroaching on the small banks. Proxmire and Garn replied that it was absurd to compare the banking industry to the retail industry, and Proxmire then added, "What you are really saying is that we will die by inches, and we won't have to see the effects in our lifetime!"

Regan further ruled out the possibility of aid for financially beleaguered thrift institutions in the near future. However, both Garn and Federal Home Loan Bank Board (FHLB) Chairman Richard Pratt suggested that some kind of emergency action might be needed this year. Pratt proposed augmenting the Federal Savings and Loan Insurance Corporation (FSLIC) fund and giving FHLB the power to authorize mergers of financially strapped thrifts across state lines.

Despite their ostensible defenses of S&Ls, thrifts, and smaller community banks, both Garn and Proxmire continue to insist that the major problem facing these banks is government regulation. Ironically, Garn and Proxmire's proposed solution will only lay these smaller institutions open to takeovers by the very giants the two senators seem to fear.

Congress reviews time limit for RARE II

A Senate energy subcommittee held hearings April 22 and April 23 on S. 842, legislation that would set a time limit within which Congress would have to decide on the RARE II recommendations of the Carter administration. In 1977, the Carter administration began a review of the roadless lands in the national forest system to determine how many acres should be opened up for development. The recommendation: 36 million acres could be considered for multiple use, 12 million acres should be designated as wilderness, and 15 million acres would be put in the further plan-

ning category. Congress, however, has the powers of wilderness designation and has held off making a decision on most of the RARE II proposals. The timber industry has warned that the slowness of congressional action has hampered their planning and operations to such a degree that the economy is imperiled.

The legislation, introduced by Sen. S. I. Hayakawa (R-Calif.) and cosponsored by James McClure (R-Idaho) and Jesse Helms (R-N.C.) would open up Eastern lands to development if by 1983 they have not been designated as wilderness. The same would apply to Western lands by 1985.

Presidents of the major environmental groups testified against the bill at the Senate hearings.

The Department of Agriculture, which has jurisdiction over the forest lands, came out strongly in favor of the legislation, as did the Interior Department. The subcommittee plans one more set of hearings on the bill.

House committee examines U.S. capital formation

Representative John Dingell (D-Mich.) launched a "long-term inquiry into capital formation and industrial policy" April 27 and April 29 in the subcommittee on Oversight and Investigations of the House Energy and Commerce Committee, which he chairs. "We will be looking at problems in the American economic machine," said Dingell in his opening statement. "The engine of the economic machine is the capital formation process, broadly defined in its

qualitative as well as its quantitative dimension—that is, as the accumulation of tools and skills."

The committee heard calls for various proposals, including a "National Industrial Development Bank" using surplus OPEC funds, a "Reconstruction Finance Corporation," and tax changes. Despite Dingell's expressed concern over the collapse of basic industry, the testimony taken by the committee from government, business, labor, academics, and economists, has so far been dominated by tub-thumping calls for wage and price controls and outright calls for "rationalization" of industry.

Both Walt Rostow, a former NSC official under President Kennedy, and Gar Alperovitz, codirector of the National Center for Economic Alternatives, who is closely tied to the Institute for Policy Studies, called for wage and price controls.

Senator urges 'two tracks' on Euromissile negotiations

In a dialogue with Assistant Secretary of State for European Affairs Lawrence Eagleburger April 29, Sen. Joseph Biden (D-Del.) stated his belief that U.S. negotiations with Europe over the position of theater nuclear weapons is the single most important issue facing the Western alliance. Noting that he had just met with a group of West European parliamentarians, Biden stated, "Every one of them, from British conservative to Belgian socialist, said that it was of utmost importance that the U.S. adhere to the second track of ne-

gotiations—a legitimate effort on arms control." Biden was referring to European concern about the stationing of tactical nuclear weapons in their territory. The Europeans acceded to the stationing, on the condition that the United States undertake serious negotiations with the Soviet Union to reduce tactical weapons deployments on both sides; Europe hopes to eliminate the need for the weapons placement.

Biden, in particular, pointed out the Reagan administration's attempt to withdraw from NATO statements the language reaffirming the American commitment to a second track.

Eagleburger, who came before the committee as part of his confirmation process, assured Biden that "President Reagan reaffirmed our commitment to two tracks when Prime Minister Thatcher was here; if modernization is to go forward, we must live up to the second commitment."

Eagleburger, who has been closely associated with both former Secretary of State Henry Kissinger and the Carter administration—two entities known for their enmity to the Franco-German alliance—seemed to bend over backwards to assuage European fears. He emphasized, "There are substantial segments of the Western European population that doubt the significance of the Soviet threat and do not see it in the striking light that we do. I hope the U.S. will be a steady and consistent leader in partnership with our allies and that we will listen and adapt accordingly during the process of consultation. I think the key is real consultation."