

Congressional Closeup by Barbara Dreyfuss and Susan Kokinda

Watt testifies to end water rate subsidy

The House held two days of hearings on water-reclamation reform legislation Dec. 8 and 9. Although 51 of the 56 groups that testified supported the legislation sponsored chiefly by Rep. Manuel Lujan (R-N.M.), Secretary of the Interior James Watt took the position that the administration would only support the bill with the exception of the critical provision on the pricing mechanism for water.

The legislation was drafted to update the 1902 Reclamation Act, which allows American farmers to use water from government-subsidized water projects for irrigation purposes. That practice has been under attack from environmentalists since 1976, when a federal court ruled that government interpretation of the 1902 act was too broad. Lujan's legislation is aimed, among other provisions, to maintain water subsidies to agriculture.

The administration, with Watt's testimony, has essentially gone over to the policy of David Stockman's OMB and a group of congressional liberals. This policy will structure water rates on the basis of current interest rates rather than the rate prevailing when the project was built. The current-interest-rate provision would make water prohibitively expensive, which would severely cripple capital-intensive American agriculture.

In the House Rep. George Miller (D-Calif.) led the support for this so-called free-enterprise approach to water-rate setting. Miller is an ardent supporter of the Malthusian Global 2000 policy.

The House Interior Committee

will begin markup on the legislation Dec. 14 and 15.

Congress vows to fight NASA budget cuts

In hearings before the Transportation, Aviation and Materials Subcommittee of the House Committee on Science and Technology Dec. 8, members of the Committee stated their intent to fight the massive cuts proposed for the space agency's FY83 budget, particularly in the aeronautical research area.

According to the Office of Management and Budget, OMB director Stockman has mandated a \$1 billion cut in next year's funding, which would eliminate all new project starts and delay programs already underway. NASA Administrator James Beggs has refused to negotiate the agency's \$7 billion request, insisting that is what NASA needs.

Subcommittee chairman Dan Glickman (D-Kans.) opened the questioning by asking former Apollo astronaut Neil Armstrong what he thought of the Heritage Foundation proposal to eliminate all of NASA's funding for aeronautics research, noting that this research had been the basis for new technology for both civilian and military aircraft. Armstrong pointed out that, contrary to the Heritage Foundation, there is no indication that private industry would pick up aeronautics research funding, and that in the past decade, as NASA's research funding had been eroded, so has industry's support for this research.

Committee member Ronnie Flippo (D-Ala.) the chairman of the Subcommittee on Space Science and Applications opened his statement: "Parson Malthus would have been right about limits to growth, except for technology and R&D. . . . We are mortgaging our future if we cut these programs," he stated, with the concurrence of the other committee members.

Rep. Mary Rose Oakar (D-Ohio) testified on the possible closing of the NASA Lewis Research Center and said that the entire Ohio congressional delegation would join any coalition in Congress that would fight all the proposed NASA cuts. Letters were also submitted for the record from Defense Secretary Weinberger and DOD R&D head DeLauer stating the dire consequences for military aircraft technology if NASA's aeronautics research were cut back. This was especially key since one of the OMB proposals included the transfer of aeronautics research from NASA to the Defense Department.

From the Committee's response at these hearings, it appears that the Congress will try to back Beggs in his fight against the OMB budget cuts. On Dec. 9 Sen. Harrison Schmitt (R-N.M.) held hearings on the future of the space shuttle. Schmitt continued to voice congressional concern about the budget cuts. He quizzed NASA official Hans Mark on whether the ongoing administration review of U.S. space policy would be done in time to impact the 1983 budget considerations. When Mark replied that the review would not be completed in time, Schmitt warned that "our space policy is likely to

be made through the budget process." On Dec. 10 the House Science and Technology Committee will hear testimony on Reagan's science policy.

A 'Mutt and Jeff show' on interest rates

Senator Minority Leader Robert Byrd and Majority Leader Howard Baker staged a sham debate on interest rates on the Senate floor Dec. 8, during discussion of S. 881, the Small Business Innovation Research Act of 1981. Byrd, who coopted the leadership of the Senate Democratic moderates' fight for lower interest rates several weeks ago, succeeded in turning the fight away from the issue of high interest rates into a discussion of who will fill the vacancy on the Federal Reserve Board.

Byrd introduced an amendment mandating the President to fill the upcoming vacancy on the Fed Board with a person with small business experience. Plans to bring up on the floor the Senate Democratic Emergency Task Force on Lower Interest Rates amendment which, despite veiled reference to credit controls, still addressed bringing down Paul Volcker's usurious interest rates, never materialized.

Byrd's amendment went down to defeat on a party-line basis, as Senate Majority Leader Baker proposed a substitute amendment which merely expressed the sense of the Senate, that the President adhere to the existing Federal Reserve statutes and appoint someone with agricultural or small busi-

ness experience to the vacancy, rather than mandating this by law. Baker's amendment was substituted for Byrd's by a vote of 50 to 42.

However, the non-debate on the Federal Reserve Board vacancy afforded everyone, Republicans and Democrats alike, time to fulminate against the evil effects of high interest rates on small businesses and undoubtedly provided much copy for District papers.

A day earlier, Senate Banking Committee Chairman and Volcker-defender Jake Garn (R-Utah) promised to keep the debate on the Federal Reserve focused on the representation issue for the next several months. At hearings called to examine various proposals to change representation on the Board, Garn announced that should the President fail to appoint someone to the Board who represents something other than Eastern financial interests, Garn will fight to keep the nomination from ever reaching the floor of the Senate. At the same time, he declared that he would "fight to the death" any other more substantive changes in the Federal Reserve statutes.

SPIS drug hearings produce proposals

Following six days of hearings in November, which among other things gave the dirty money laundering capital of the world—Hong Kong—a clean bill of health, the Senate Permanent Investigations Subcommittee (SPIS) has come out with ten recommendations and one legislative proposal to enhance U.S. narcotics enforcement capabilities.

Evident from the recommendations, which are generally useful but totally inadequate proposals for increasing federal and internal efforts against narcotics trafficking, and from the whitewash of the Hong Kong nexus, is that the subcommittee is assuming that the drug trade is run by some aspect of organized crime, rather than primarily out of the corporate boardrooms of entities such as the Hongkong and Shanghai Bank, United Brands, and the Bronfman conglomerates.

This is clear from S.1907, amendments to the Currency and Foreign Transactions Reporting Act, introduced by SPIS chairman William Roth (R-Del.) and by the rest of the subcommittee: Warren Rudman (R-N.H.), William Cohen (R-Me.), Sam Nunn (D-Ga.), and Lawton Chiles (D-Fla.), on Dec. 3, 1981. The legislation is intended to amend a loophole in the Bank Secrecy Act, also known as the Currency and Foreign Transaction Reporting Act, which makes it illegal to take more than \$5,000 out of the country without reporting it, but does not make it illegal to attempt to take the money out of the country. As a result, individuals caught in an airport clearly attempting to smuggle currency out of the country have not been subject to arrest in the past. The legislation seeks to change that, as well as to increase penalties for violation of the Act, and to provide "bounties" to informants who aid in the arrest of such violators. S.1907 also puts such activity under the enhanced penalty provisions of the Racketeer Influenced and Corrupt Organizations (RICO) Act.