

Congressional Closeup by Ronald Kokinda

Domenici: U.S. needs infrastructure plan

Sen. Pete Domenici (R-N.M.), the ranking member of the Senate Budget Committee, brought the final report of the Private Sector Advisory Panel on Infrastructure Financing to the attention of the Senate on June 25.

"As we enter the third century of the Republic, this Panel is convinced that a new national commitment to public works—to our infrastructure—is absolutely essential," the report concludes. "The continued productive capacity of the American economy depends on the availability of adequate basic public facilities. Rebuilding, revitalizing, and expanding America's public infrastructure is imperative to our future."

The panel was headed by Joseph Giglio and included Sen. Bob Graham (D-Fla.) while he served as governor of Florida; it prepared the report at Domenici's request. The report destroys many of the economic assumptions which have contributed to U.S. economic decline. It cites a study by the Joint Economic Committee which puts the infrastructure spending shortfall by the year 2000 at \$445 billion. "Other estimates range much higher," the report says. "Whatever number is accurate, it is astronomical. The physical underpinnings of America's economy have eroded."

One of the major recommendations is that "Congress should create a new category of tax-exempt bond, an infrastructure bond." The report attacks the 1986 Tax Reform Act for restricting the scope of tax-exempt financing of infrastructure. "Tax-exempt financing must continue to be available if state and local governments are ever to begin to meet their infrastructure needs," it adds, noting

that the federal government has always used the tax code to encourage investment in public works, including tax-exempt bonds, favorable depreciation allowances, and investment tax credits, and should do so again.

The report also urges that Congress establish an Infrastructure Trust Fund to capitalize state banks and revolving loan funds, and put up \$25 billion over five years. "A revived federal involvement is essential," the report says.

Danforth demands DOJ apology to Beggs

Sen. John Danforth (R-Mo.) says that the Department of Justice owes former NASA administrator James Beggs an apology, for the indictment handed down against him two years ago, which was dropped in June for lack of evidence. Sens. John Chafee (R-R.I.), Sam Nunn (D-Ga.), and Robert Dole (R-Kan.) joined Danforth in expressing outrage at the Justice Department's unwarranted attack on Beggs.

"I think that it owes him an apology for a terrible mistake and a terrible injustice that has been perpetrated against a good man," Danforth said. "If the Department of Justice is too vain to apologize, then let this senator, on behalf of the government that I serve, apologize to Jim Beggs and to his family for the misery to which they have been put.

"It seems to me when there was no negotiation, no discussion whatever before them for an indictment, that is a very bad error," Senator Nunn said. "It does not seem to me it ought to take them 19 months to figure out the basic nature of a contract."

Senator Chafee added, "Every-

body is out to get the defense contractors. That was the mood. You have to come in with a big catch. Let us get them—General Dynamics, general somebody—grab them, and so they went after them. Bang, they go before a grand jury and get an indictment. Where does that leave Mr. Beggs? He resigned from the company. This is a man who has worked in the Defense Department, worked for NASA, a distinguished career, and now he is out."

Senator Dole added that Beggs's "record of achievement at NASA speaks for itself—it was outstanding—which makes it that much sadder to recall that he was forced to resign that job in the face of what we now know to be totally false charges."

Congress turns the screws on Japan

On June 18, the House adopted an amendment by voice vote to the Dept. of State Authorization bill, H.R. 1777, which directs the State Department to enter into negotiations with Japan to get the Japanese to increase their defense spending to 3% of GNP, or to obtain payment to the United States of the difference between Japan's defense spending and the 3% figure.

Rep. Steven Neal (D-N.C.) offered this amendment in order to force Japan to pay the United States for putting Japan under its defense umbrella. "The current inequitable financial commitment by Japan to its defense and that of the free world threatens to undermine its relations with the United States," Neal's amendment read.

Rep. Duncan Hunter (R-Cal.) offered an amendment calling upon the Japanese to increase their defense

spending to the 3% level. The final version gives the Japanese their choice.

The Senate, meanwhile, took the opportunity of the illegal sale of machine tools by the Toshiba Corp. of Japan and the Norwegian state-owned Konigsberg Vaapenfabrik, to vent their spleen against Japanese imports. The Senate voted 92-5 on June 30 to impose a total ban on imports from the two companies. The machine tools were critical in making submarines quieter and surface vessels more maneuverable.

The Senate also adopted an amendment sponsored by Sen. Jesse Helms (R-N.C.), that would demand compensation for the cost to U.S. taxpayers of countering the upgraded Soviet military capability resulting from the export-control violations. The costs are estimated as high as \$30 billion.

Despite the fact that the Japanese and Norwegian governments are prosecuting those involved, the Japanese were denounced for "treason" and "ransoming the security of the U.S." The underlying concerns were evident as Rep. Helen Bentley (R-Md.) and others started smashing Japanese products on the Capitol steps.

Senate won't save domestic oil industry

The Senate adopted an amendment sponsored by Sens. Bill Bradley (D-N.J.) and Robert Packwood (R-Ore.) on July 1, which removed Section 502 of the Trade Bill, S. 1420, that provided for the possibility of a tax on imported oil which could save domestic oil production. The vote was 55-41.

Sen. Lloyd Bentsen (D-Tex.), chairman of the Senate Finance Committee and sponsor of the provision,

warned against leaving the United States dependent upon an unreliable foreign supply of oil. A Congressional Research Service study estimated "that a 1973-style embargo in this country would cost us over \$700 billion in GNP, 2 million jobs, and would double the inflation rate," Bentsen warned. He pointed out that "more than 70% of the new oil imported into the U.S. now and in the foreseeable future will come from the Persian Gulf, an extremely volatile area."

While opponents argued against increased costs to consumers in their states, supporters correctly pointed out that the alternative was to pay a little increase now, which the United States would collect in the import fee, or to pay a lot later when the U.S. is totally dependent on foreign oil. Sen. James McClure (R-Id.) noted the contradictory arguments of those who were demanding cheaper prices on the one side, and pleading for alternative energy sources on the other, "which means increasing prices of energy in order to finance those alternatives."

Sen. Pete Domenici (R-N.M.) chastised Congress: "We are complacent to let OPEC take actions to destroy our domestic industry; complacent in letting our domestic industry be dismantled by artificially low prices; complacent to watch our import levels return to the dangerously high levels of the 1970s."

While proponents highlighted the national security, they ceded far too much of the economic arguments to opponents. Only Sen. Kent Conrad (D-N.D.) began to outline the effect of the collapse of the domestic oil industry upon the rest of the U.S. economy, such as the drop in steel demand equivalent to a halt in production of 1.8 million automobiles, and the bank

failures. Once bankrupted, Conrad warned, it would take more than a national emergency to get petroleum engineers, geologists, and skilled workers to go back into this line of work.

Republican committee highlights ANC terrorism

The House Republican Study Committee, chaired by Rep. Dan Burton (R-Ind.), held hearings on June 25 to highlight the terrorist activity of the African National Congress. It heard statements from African ministers calling for economic investment to build up the economic negotiating power of blacks with the South African government.

One witness, Salaminah Borehpe, a former ANC youth organizer who had set people on fire by "necklacing," testified, according to Burton's report, that Bishop Desmond Tutu had "advocated the burning of the schools of the blacks for the purpose of forcing the blacks to turn more toward the leftist elements, the Soviet Union in particular, for their education." She testified that Anglican ministers passed out AK-47 machine-guns and other weapons at one meeting which Tutu attended, and taught the ANC youth movement to "make fire bombs, petrol bombs," and carry out terrorist acts.

Burton warned that "even if you are an isolationist, you must realize that if we are to survive as a nation, there are minerals that are vital to the economic health and the military strength of this country, that we have to have." Burton stressed that the United States should work to end apartheid, but without allowing the ANC to dominate the region.