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It is a pleasure to send you
the enclosed material.

Richard W. Rahn
Vice President & Chief Economist
Economic Policy Division
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463-5620



Chamber of Commerce of the United States
Washington, D.C. 20062

WHY THE DEFICIT HYSTERIA IS UNJUSTIFIED

BY PAUL CRAIG ROBERTS



If federal deficits are not the cause of slow growth and high interest rates, what is? New research puts the blame on monetary policy

According to traditional conventional wisdom, budget deficits are a necessary ingredient of a pro-growth economic policy, particularly in the aftermath of recession. Keynesian economists argue that by adding to aggregate demand, deficits in effect "crowd in" business profits, raising investment and the growth of gross national product. During the past three years, however, a new logic has replaced the old wisdom: Deficits must either "crowd out" investment by raising interest rates or be monetized by the Federal Reserve Board, adding to inflation and leading ultimately to higher interest rates. By this logic, raising taxes to reduce the deficit would spur rather than retard economic growth in the U.S. and worldwide.

This new conventional wisdom is widely trumpeted by both the press and top government policymakers. It is astonishing, therefore, that economists have not been able to find a scrap of evidence to justify this overriding concern with budget deficits that has kept President Reagan on the defensive despite the economic recovery.

In recent years economists have begun to search for empirical evidence that deficits cause inflation and higher interest rates. So far they have not been able to find any. In 1978, William A. Niskanen, now a member of President Reagan's Council of Economic Advisers, published his findings that the rate of inflation was determined by the rate of money growth and that "federal deficits do not have any significant effects on the inflation rate operating either through or independent of the rate of money growth."

At least a dozen studies by able economists on the effects of deficits on the economy have appeared recently. Here are summaries of the findings of some of them:

□ At Stanford University, Paul D. Evans examined the empirical evidence to test the proposition that large deficits produce high interest rates. He found that the proposition "is not supported by the facts. In over a century of U.S. history (including three periods during which the federal deficit exceeded 10% of national income) large deficits have never been associated with high interest rates. Moreover, postwar data offer little or no support for a positive relationship between deficits and interest rates. Indeed, the evidence more strongly supports a negative association than a positive one"—that is, large deficits correspond with low interest rates.

□ Richard W. Kopcke, vice-president and economist at the Federal Reserve Bank

of Boston, concluded that "the deficit itself is a harmful guide for policy, a misleading nuisance statistic that deflects budget debate from the important issues." Raising taxes to balance the budget may cause rather than prevent crowding out. "In the long run a reliance on taxes could diminish the growth of living standards—a more subtle version of crowding out—if tax rules needlessly distort investment incentives or households' choice between labor and leisure." Kopcke believes that "tax hikes are a bad bet," because higher taxes would lower interest rates by reducing investment and GNP growth, results that are inconsistent with their purpose.

□ Ali Reza, manager of economic analysis for Gulf Oil Corp., found that federal deficits do not affect real output or the rate of interest and "do not crowd out private investment." For the 1968-82 period he found that "the federal deficit has depressed interest rates," not raised them. Numerous recent studies, including a three-year effort by the Treasury Dept., have come to similar conclusions.

□ Research by David Meiselman, a Virginia Polytechnic Institute professor, shows that deficits have no meaningful relationship to interest rates, inflation, or the course of monetary policy.

□ At Northwestern University, Professor Robert Eisner concludes that "federal budget deficits are not the general cause of inflation," and Yale University Nobelist James Tobin finds the consternation over the deficit unwarranted.

□ University of Rochester Professor Charles Plosser concluded that interest rates "are unrelated to how the government finances its expenditures." He found instead that "higher interest rates are associated with increases in government purchases."

This is a common finding of many of the empirical studies. Plosser, Reza, and Evans all found that increased government spending—whether financed by taxes or borrowing—raises interest rates. Since, experience has shown, tax increases lead to higher spending, the effect of a tax increase would be to raise, not lower, interest rates.

In short, allegations by top government officials and legislators that budget deficits cause interest rates to rise fly in the face of overwhelming evidence. They make up what University of Washington Professor Dudley Johnson calls "the mythology of the deficit."

In this context, the wide attention paid by businessmen and the press to the views of CEA Chairman Martin Feldstein on the deficit requires a response. In a paper published 13 years ago, Feldstein purported to find that a 10% increase in

PAUL CRAIG ROBERTS IS THE WILLIAM E. SIMON PROFESSOR OF POLITICAL ECONOMY AT THE CENTER FOR STRATEGIC & INTERNATIONAL STUDIES, GEORGETOWN UNIVERSITY. HE WAS ASSISTANT TREASURY SECRETARY FOR ECONOMIC POLICY IN THE REAGAN ADMINISTRATION.

Economic Watch

public debt raises the corporate bond rate by about one-quarter of a point. But when Treasury Dept. staff economists carefully duplicated Feldstein's work, they found the opposite result. Even staff economists at the CEA itself have recently expressed puzzlement at the "vehemence" with which Feldstein espouses his deficit views, without empirical support.

Reza has also attacked Feldstein's work for being "deficient or inadequate in several respects." It fails, for instance, to adjust the rate of interest "for changes in the marginal tax rate on interest earnings in order to accurately measure the impact federal deficits have on interest rates."

If federal budget deficits are not the cause of high real interest rates, what is? The empirical evidence shows that monetary policy is to blame. In a 1982 study, Everson Hull, then a specialist in macroeconomics for the Congressional Research Service of the Library of Congress, could not find any evidence to support the theory that blames high interest rates on the deficit and on a lack of confidence by financial institutions in Reagan's economic program.

Concludes Hull: "There is a more plausible and basic reason for the high rates of interest experienced during most of 1980 and 1981. In the absence of institutionally imposed ceilings, the price of any specific commodity including money has always increased when there is excess demand for that commodity.... While money-supply growth decelerated sharply during most of 1981, continued strong business-loan expansion through the first three quarters of the year helped sustain the commercial paper rate at high levels." Whenever monetary policy reduces inflation too rapidly, especially if the reduction is unexpected, the probable result is higher short-term interest rates. James Tobin agrees that when the Fed fails to respond to the "needs of trade," an insufficient supply of money pushes up interest rates.

VOLATILITY. David Meiselman also finds the Fed's conduct of monetary policy responsible for high interest rates. The volatile movements in money supply growth make prediction of the direction of monetary policy impossible and create doubts in the financial markets about the Fed's willingness or ability to meet its targets. During 1981-82, short-term interest rates were kept high during months when money supply growth was too slow to meet the needs of trade and inflation expectations revived during months when money supply growth exploded, adding inflation premiums to interest rates.

Kopcke argues that not only is mone-

tary policy responsible for high interest rates but it is also responsible for the budget deficit: "In fact, a monetary policy that restricts the growth of investment and GNP also increases the government's deficit: The slower growth of national income depresses tax revenues; these larger deficits then build up the public debt faster, increasing future net interest expenses; and the monetary restraint may increase real interest rates, contributing further to net interest expenses."

Recent economic research has reached another interesting conclusion: that the Fed, and not Reagan's tax cut, is responsible for the recession. Everson Hull's statistical comparisons show that the 1981-82 deceleration in monetary growth is "of sharper magnitude and of longer duration than that of any comparable period during the last 20 years." With

The deficit: 'A misleading statistic that deflects debate from the important issues'

the tax cuts delayed, there was no appropriate fiscal policy in place to offset the adverse effects of extraordinarily tight money on the economy. The tax cuts were "not initiated early enough to moderate the effects of restraint in money-supply growth." Recession and large budget deficits were inevitable.

MISPERCEPTIONS. Robert Eisner states that "the grievous economic losses" of the recent recession "may be traced in part to the active support by some and undue tolerance by others of an excessively tight monetary policy in the mistaken view that it was necessary to correct a federal budget incorrectly perceived as overly stimulative. It is important for current and future economic analysis and policy that we avoid such misperceptions." Despite Eisner's warning, backed up by extensive empirical research representing a wide spectrum of economic views, the Reagan Administration (except for the Treasury Dept.), the Fed, Congress, and most of the press have learned nothing.

Money supply growth continues to be extremely volatile. From August, 1982, to May, 1983, the supply grew at unprecedented annual rates. In May, the Fed again changed course, collapsing the growth of the monetary base from 15% in April to 6% at the beginning of November (compounded annual rates measured over 13-week periods). The decel-

eration in base growth has resulted in a sharp deceleration in M1 growth from a 16% annual rate in July to 1.3% as of Nov. 9. Further, the current 6% growth in the monetary base is due entirely to currency growth. For the last two months the growth of reserves on a 13-week basis has been negative. Unborrowed reserves have been growing but not fast enough to offset a decline in borrowed reserves, a sign that open-market operations are propping up the federal-funds rate, keeping interest rates high.

The Treasury is concerned about the sharp deceleration in money growth caused by Federal Reserve Chairman Paul A. Volcker's propping up interest rates. Hull and other researchers have found that "there is a very significant and close relationship which suggests that the probability of recession increases significantly with the degree of monetary deceleration." The Treasury believes that every week of continued tight money raises the probability of a recession in 1984.

Recently, even monetarists have expressed concern that the Fed is not supplying enough money. Nobel Laureate Milton Friedman has predicted renewed recession some time in the first half of 1984 if the current slow rate of monetary growth continues. Economists who are expecting a sharp rebound in velocity to compensate for monetary tightness may be disappointed. Velocity, when calculated using final sales rather than GNP, has continued to decline.

The recent success of conservative Republican senators in delaying the increase in the government's borrowing authority may result in artificially higher money growth numbers that could hide a policy of continuing tightening by the Fed. The delay of the debt ceiling bill forced the Treasury to draw down its cash balances, which then end up in various money supply measures. Unless the Fed succeeds in smoothing out the effects, some analysts think that weeks of abnormally high money supply could be reported even while the monetary authorities remain on a tight course.

If overly restrictive monetary policy does indeed cause the economy to turn down, the deficit will become even larger. Ironically, Volcker's view that the combination of strong economic growth and large deficits will force up interest rates and abort the recovery is leading him to keep interest rates up in order to slow the economy's growth. More and more economists seem to feel that Volcker should deal with the deficit by letting the economy grow and not base his policy on unsubstantiated fears of crowding out.

ASSOCIATION

MEMO

Association Department / U.S. Chamber

"Your other office in Washington, D.C."

May 9, 1983

Dear Member Association Executive:

Faith Ryan Whittlesey, Assistant to the President for Public Liaison, met with me for an hour this past Wednesday in her White House office.

We discussed association involvement with the Administration. I can tell you -- first hand -- that she wants and seeks a close liaison with associations.

Mrs. Whittlesey expects us to work with her in the same "go for it" style that characterized her successful 10-year career in Pennsylvania politics.

"Contact us. Don't hesitate. Don't wait to be asked!" she emphasized. "We have over 500 constituent groups. We have a small staff. It's the squeaky wheel that gets greased."

Much of the conversation revolved around business helping "citizens understand our economic and political system." Through direct mail, seminars, briefings, lectures. On subjects like free enterprise, entrepreneurship, voter registration, regulatory reform.

"We must remember that the person who frames the debate wins the debate," she said. "Business has to do a better job of framing the debate. It's often too reluctant. But it has a responsibility."

Here are some subjects we covered:

On Administration Policy:

"We need to find out from associations and their members what we can propose from a policy viewpoint that will help them," she said. "Too often associations are reactive . . . waiting for guidance and leadership We're looking to them for ideas."

On White House Briefings:

She thinks they're important. Wants to do more of them. Wants them to be better. Associations can help by providing detailed background information prior to the meeting, including: nature of group, size, management level, political background, criticisms about the Administration, and so forth. Anything to make the briefings more pointed, more relevant. "Include your spouses, too!" she said. "They can help get the word out."

On Political Involvement:

Mrs. Whittlesey strongly believes that political involvement is critical for both associations and association executives. Participation on all levels of government. Writing letters to editors. Speaking at civic group meetings.

On Association Meeting Speeches:

She encourages you to seek Administration speakers to rally member support behind Administration programs you endorse. "Call us. We'll get a speaker for you," she said.

(More about my chat with Faith Whittlesey on the reverse.)

On Shaping Public Opinion:

Mrs. Whittlesey feels businesses and associations don't adequately use their own -- or other -- resources to help shape public opinion. Internal resources like newsletters, briefings, meetings. External resources like the broadcast and print media. Use both, she says, to help people understand how the economy works, how business operates, how people get elected.

On Her New Job:

"The magnitude of work has been the biggest surprise," she said. "The setting of priorities in terms of representing all of America." She sees as a priority the marshalling of forces to carry out the promises President Reagan made at the time of his election. "Those are the areas we have to concentrate on. We have to reach out to other constituencies . . . beyond business . . . through business . . . to blue collar America."

The talk was very constructive. Very informative. Very gracious -- considering she's in the middle of putting together a support staff to meet the needs of her many constituent groups.

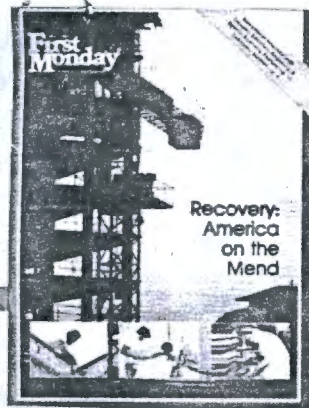
I like her!

Put these names in your Rolodex. They're your contacts in the Office of Public Liaison: Jonathan Vipond, III, deputy assistant, (202) 456-6297; John H. Rousselot, special assistant and deputy director, (202) 456-6246; and Mary Jo Jacobi, special assistant, (202) 456-2397.

We've invited them to our "Association, Insiders" breakfast next Wednesday. You'll want to be on hand to meet them. Read on for more information on that session.

The next "Association Insiders" breakfast -- scheduled for Wednesday, May 11 in the U.S. Chamber's Hall of Flags -- will focus on "Political Action Committees: An Endangered Species?" Speaker is Senator Charles McC. Mathias (R-Md.), chairman, Senate Rules Committee.

Registration/other information: the Association Department, (202) 463-5560.



First Monday

The Republican News Magazine

MAY 1983

VOL. 13/NO. 3

NEW LIAISON CHIEF

Whittlesey Takes Reagan Message To The People

Faith Ryan Whittlesey, the President's new special assistant for public liaison, loves to play classical piano. Her job, in many respects, requires the same expertise, sensitivity and diplomacy as an accomplished symphony conductor.

She is in the difficult position of listening to the diverse noises from special interest groups, understanding their special needs, and then, by communicating to them clearly and concisely the President's agenda, attempt to blend the diversity into harmonious support for Ronald Reagan. Because of her "can-do" attitude, one gets the feeling that Mrs. Whittlesey will indeed orchestrate policies and programs with skill and finesse.

A seasoned political pro, Mrs. Whittlesey is motivated by a deep sense of commitment to the integrity of the individual, and is truly a woman with the concerns of the ordinary citizen in mind. What guides her policy-making conscience? She says, "I hold up in my mind the picture of my parents, people who had no lobby, no important friends, paid their taxes and went to church."

Formerly a self-confessed liberal Democrat who "cheered the election of John F. Kennedy in 1960," she is quick to note that she changed parties at the same time President Reagan did and like the President, she supported Barry Goldwater's presidential bid in 1964.

Political Education

The transition from liberal to conservative came about from her experience as a teacher in a low-income area of Philadelphia, and while serving as a lawyer in the state welfare department. In those positions, Whittlesey said she realized the liberal, Democrat remedies for the country's social problems resulted in tragic failures. Costs for many of these programs were astronomical; benefits to the truly needy were infinitesimal.

"There were people devising solutions to our social problems who had no understanding of where the money came from or what the overall goals were," Whittlesey said.

She began reading everything she could get her hands on, from *National Review* to *New Republic* in order to understand both sides of the argument and to learn to marshal her thoughts in rebuttal of social engineering solutions.

It is a lesson Whittlesey believes all youth, especially college students, should be exposed to "so that they can see both sides at their strongest before making a decision." To counter the influence of academicians, admittedly not often conservative, Whittlesey says it is the responsibility of Republicans to take their message to the youth of America. In this way, she says, Republicans can develop support among young Americans, creating a seedbed for future political involvement by these youngsters.

One of the most interesting changes she plans to implement in her office is reorganization based on themes of responsibility such as business, trade, commerce, social concerns and foreign policy rather than specific ethnic or professional groups such as ethnics, women, blacks, labor, etc.

Her ability to see the big picture will probably be one of the most important contributions Faith Whittlesey makes in her role as assistant to the President for public liaison. Guided by a firm commitment to peace and freedom and Ronald Reagan, Mrs. Whittlesey says her strategy is to broaden the discussion with special interests so when, for example, pro-Israel groups come to her, she says she stresses the worldwide Soviet threat and how the President's defense program can directly affect American strength and credibility in the Middle East. "Only if America is strong, can we meet our commitment to protect democracy in Israel," she says.



Faith Whittlesey

First Monday

Puritan Ethic

Not afraid of hard work, Mrs. Whittlesey says, "It's the Puritan ethic—you don't go through life blaming problems on someone else." Her extensive background in politics and diplomacy gives her the edge she'll need in her new office.

The 44-year-old lawyer won her first election in 1972. She ran for reelection and won in 1974, a disastrous year for Republican candidates everywhere. By this time, she was a widow with three small children and yet Whittlesey was just at the starting gate of an incredible career.

While serving her second term in the legislature, Whittlesey was approached by members of the party—the same machine that had opposed her in 1972—and asked to run for the Delaware County Commission, one of the most important posts in the state. Whittlesey agreed to run. Not surprisingly, she won, leading the ticket.

As chairman, Whittlesey managed a county government with over 2,000 employees and a \$62 million budget. At the same time, she worked to revive and reform the local party organization, placing an emphasis on party cohesiveness and discipline and an active effort to recruit new activists.

"I know that without the imposition of party discipline, we cannot maintain an organization which can deliver votes on crucial issues, and for candidates at any given time," Whittlesey told one reporter several years ago.

Reagan Campaigner

Whittlesey suffered a temporary political setback in 1978 when she lost her bid as Republican candidate for lieutenant governor. She was, however, co-chairman of the Pennsylvania Reagan for President Committee, was elected Pennsylvania Member of the Republican Platform Committee for the Republican National Convention, served as co-chairman of the 1980 Republican Party Platform Sub-Committee on Foreign Policy and Defense, and delivered the Republican defense plank at the 1980 Convention.

President Reagan nominated the Pennsylvanian to become Ambassador to Switzerland, and in September of 1981, Whittlesey was easily approved by the Senate Foreign Relations Committee.

Whittlesey was given high marks for her hard work and energy while serving in the Bern, Switzerland post. She made it a high priority to get to know the Swiss, and she was invited into their homes regularly. She was also known for her ability for making many new friends in Switzerland. As the President's representative, it was her task for America to explain the administration and its policies. "The Swiss ask very sophisticated questions about his (Reagan's) policies, and I don't shrink from the task of explaining them," she said.

Whittlesey's streak of independence springs, perhaps, from her family back-

ground. She says her parents "were the greatest inspiration in life."

Whittlesey was the child of a first generation Irish immigrant from Hoboken, N.J. and a farmer's daughter from Northern New York state. As a result, Whittlesey said she "was brought up with the American traditional values of thrift, savings and hard work."

Regardless of family income, Whittlesey and her brother "received the best education because my parents deprived themselves so that we would have educational opportunity. My mother worked full-time, and my father worked and helped her with the household chores. As a family, we worked together and remained very close. With strong ties like this, a family can ac-

complish anything," Whittlesey said.

In her adult life, Mrs. Whittlesey has indeed already accomplished a lot. A high-energy idealist and a no-nonsense pragmatist, Faith Whittlesey is a lady with conviction, boundless energy and enormous talent. She'll be exciting to watch. ■

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Chamber of Commerce of the United States of America
Washington

June 10, 1983

The Honorable Richard T. McCormack
Assistant Secretary for Economic
and Business Affairs
Department of State
2201 C Street, NW
Washington, D. C. 20520

Dear Mr. McCormack:

I was pleased to learn, via Morton Blackwell, that you can be guest speaker at our Breakfast Bunch meeting on June 16.

As a matter of information, the Breakfast Bunch is a large group of Washington corporate representatives with whom we have twice-monthly legislative report breakfasts. This is the group's 17th year, and enrollment is about 350.

The meeting will be in the Hall of Flags here at the U.S. Chamber, from 8 a.m. to 9 a.m. I will introduce you at about 8:25. I'd like you to speak for about 15-20 minutes and then answer questions until the 9 a.m. adjournment.

As Morton indicated, I would like you to use this occasion to discuss the struggle in Central America. This will be a departure in that Breakfast Bunch speakers usually deal with active legislative issues of direct interest to the business sector. However, I have the feeling that too few citizens are properly concerned with the problems that face us in Central America and with the serious long-range implications. Perhaps it will help some to discuss the matter before these corporate representatives. Incidentally, your appearance will be telecast that day as part of our nationwide BisNet programming.

We look forward to seeing you on June 16.

Cordially,

Hilton Davis

cc: Morton Blackwell ✓

Many thanks - expecting you to
be our guest that morning.
Dixie

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

RICHARD L. LESHER
PRESIDENT

March 18, 1983

1615 H STREET, N.W.
WASHINGTON, D. C. 20062
202/659-6207

The Honorable Faith Ryan Whittlesey
Assistant to the President
for Public Liaison
The White House
Washington, D.C. 20500

Dear Mrs. Whittlesey:

As you enter upon your duties as Assistant to the President, let me again assure you of our best wishes and our desire to cooperate with you and your staff in maintaining effective liaison -- especially with the business sector.

To give you an opportunity to meet with the leaders of the association community, you are invited to be the featured speaker at our "Association Insiders" breakfast meeting on Wednesday, April 6, 1983. This meeting will be in the Hall of Flags in our building at 1615 H Street, NW, starting at 8:00 a.m. and ending at 9:00 a.m.

These breakfast meetings are held regularly for executives of trade and professional associations so they can exchange information on developments in Washington. Since most of these executives are close watchers of the White House, they would be especially interested in your plans for organizing and carrying out the Administration's liaison activities. We generally schedule 15-20 minutes for remarks, then another ten minutes for questions from the audience.

file



LEGISLATIVE STATUS REPORT

APRIL 6, 1983

CHAMBER OF COMMERCE OF THE UNITED STATES

AGRICULTURAL EXPORTS House Agriculture & Foreign Affairs committees to hold joint hearing tomorrow on overview of agricultural export issues; Administration to testify. Additional hearings expected.

BANKRUPTCY REFORM Senate Judiciary Committee to hold hearing today on S 445 (CS), which would require courts to consider debtor's future income when filing for complete bankruptcy; no markup scheduled. Panel last month reported new version of S 443 (CNP), which would resolve constitutionality issue of bankruptcy judges; bill number not yet known. House floor action expected shortly on judges bill, HR 3 (CNP); Judiciary Committee has not scheduled action on consumer bill, HR 1800 (CS).

BUDGET Senate Budget Committee resumes markup today on proposed FY'84 budget; markup expected to continue into next week. Panel to use as vehicle Administration's plan calling for \$848.5 billion in outlays, \$659.7 billion in revenues, leaving \$188.8 billion deficit. Plan would delay COLAs on some entitlement & pension programs; freeze federal pay & pensions for one year & allow 10% growth in defense spending. Alternative budget to be introduced which would freeze federal civilian pay & COLAs for retirement & disability programs for one year; freeze Social Security COLA for six months & limit future increases to 60% of consumer price index; curb growth of Medicare; allow defense spending increase of 7%; and adopt President's entitlement proposals. House March 23 voted 229-196 to approve HConRes 91 (CO), first budget resolution for FY'84 which calls for \$863.5 billion in outlays, \$689 billion in revenues; FY'84 deficit estimated at \$174 billion. Plan would raise \$30 billion in unspecified revenues & trim defense growth to 4%.

CARIBBEAN BASIN INITIATIVE Senate Finance Committee to hold hearing April 13 on Administration's Caribbean Basin Initiative (CBI), which would provide tax & trade relief to 28-nation Caribbean basin region. Chamber to submit statement supporting provisions which would lift duties from most goods imported by U.S. House Ways & Means Committee expected to consider CBI soon; Chairman Rostenkowski (D-ILL) to introduce bill.

CLEAN WATER Senate Environment & Public Works' Environmental Pollution Subcommittee to hold hearings today, tomorrow & April 14 on S 431 (COA), which would limit extension of best available technology economically achievable (BATEA) deadlines; allow localities greater role in controlling indirect industrial discharges; freeze existing designated water uses & allow for partial state national pollutant discharge elimination system (NPDES). Panel to also consider simple extension of BATEA deadlines, S 432 (CNP). No action in House Public Works Committee on similar measure, HR 2305 (CNP); no comprehensive bill introduced.

COAL SLURRY PIPELINE House Interior Committee to resume markup today on HR 1010 (CSR), which would grant federal eminent domain authority for coal slurry pipelines. Senate Energy & Natural Resources Committee did not complete markup March 23 on similar measure, S 267; no new date set. House Public Works' Surface Transportation Subcommittee to hold hearing April 13 on House bill.

CPSC House Energy & Commerce's Health Subcommittee to hold hearings today & tomorrow on HR 2367 (CO), 1983 Consumer Product Safety Commission (CPSC) amendments. Chamber to testify today. Senate Commerce Committee last month reported S 861 (CS), two-year CPSC reauthorization. Measure, which modifies commission's authority only slightly, would fund commission at \$35 million in both FY'83 & '84 -- \$3 million over Administration request.

DOMESTIC CONTENT House Energy & Commerce's Transportation & Tourism Subcommittee held hearing yesterday on HR 1234 (CO), which would require motor vehicles sold in U.S. to contain increasing percentage of American-made parts & labor; additional hearing set April 12. No action scheduled in Senate Commerce Committee on similar S 707 (CO).

ENTERPRISE ZONES Action not yet scheduled in Senate Finance Committee on S 863, Administration's "enterprise zone" legislation, which would designate 75 areas over three-year period eligible to receive special tax breaks. Program designed to attract business investment & development in nation's blighted areas. House Ways & Means Committee Chairman Rostenkowski (D-IL.) indicated his committee may not consider identical measure, HR 1955.

EXIM BANK Senate Banking's International Finance Subcommittee concluded hearings last month on Export-Import Bank. Chamber testified, supporting Administration plan, S 869, to authorize \$6.5 billion in direct lending & \$10 billion in insurance & guarantees in FY'84. Chamber also suggested bank embrace policy of mixed financing to offset foreign predatory trade practices, & that bank be reauthorized for five years rather than two. House Banking's International Trade Subcommittee to hold hearings April 8, 12-14; markup set April 22 on EXIM Bank legislation.

EXPORT ADMINISTRATION ACT House Foreign Affairs' International Economic Policy Subcommittee held hearing yesterday on HR 1566, reauthorization of Export Administration Act; additional hearing tentatively set April 25. Markup possible April 29 & May 2. Hearings to be held on related issues May 3 & 4. Full committee markup on reauthorization set May 10 & 11. Senate Banking's International Finance Subcommittee to resume hearings April 14 on following: S 397 (CSR), Act amendments; S 407, enforcement improvement; & S 434, to consolidate administration's functions in Office of Strategic Trade. Administration to unveil its proposal late this week.

FAIR INSURANCE PRACTICES Senate Commerce Committee to hold hearings April 12 & 25 on S 372, which would not allow gender to be considered in setting insurance rates. Bill estimated to substantially increase pension, annuity & health plan costs. House Energy & Commerce's Interstate Commerce Subcommittee has concluded hearings on similar measure, HR 100.

FIFRA House Agriculture's Department Operations Subcommittee to hold hearing today on reauthorization of Federal Insecticide, Fungicide & Rodenticide Act (FIFRA), which regulates pesticides. No action scheduled in Senate Agriculture Committee.

FOREIGN ASSISTANCE Both House Foreign Affairs & Senate Foreign Relations committees expected to mark up separately FY'84 foreign aid requests later this month. Administration requested \$9.2 billion in foreign aid; Agency for International Development to receive \$1.8 billion.

FOREIGN CORRUPT PRACTICES No additional hearings scheduled in Senate Banking's International Finance Subcommittee on S 414 (CS), which would amend Foreign Corrupt Practices Act (FCPA) by clarifying accounting & liability provisions. In House, Mica (D-Fla.) has introduced HR 2157, which would replace FCPA with amendments to Export Administration Act.

FREEDOM OF INFORMATION ACT Senate Judiciary's Constitution Subcommittee to hold hearings April 15, 18 & 21 on S 774 (CS). Bill would revise Freedom of Information Act by requiring government to notify business if request for information firm submitted was made under act; allowing business opportunity to appeal government release of data & granting business right to judicial review of government decision. No bill on House side.

HAZARDOUS WASTE Markup not yet scheduled in House Energy & Commerce's Transportation & Tourism Subcommittee on reauthorization of Resource Conservation & Recovery Act (RCRA), which governs hazardous waste disposal. Chairman Florio (D-N.J.) to introduce legislation. Hearings expected in April in Senate Environment & Public Works' Environmental Pollution Subcommittee on S 757, which includes section applying Act's provision to small generators of hazardous waste (CO).

IMMIGRATION REFORM Senate Judiciary's Immigration Subcommittee holds markup tomorrow on S 529 (COA), immigration reform measure which would impose criminal & civil penalties on employers found guilty of hiring illegal workers. House Judiciary's Immigration Subcommittee continues markup today & tomorrow on HR 1510 (COA). Chamber opposes provisions which would shift enforcement burden from federal government to private employer.

INTERNATIONAL ECONOMIC ISSUES Senate Foreign Relations Committee last month approved S 695 (CS), which would increase International Monetary Fund (IMF) quota to \$8.4 billion; measure sequentially referred to Senate Banking Committee. House Banking's International Trade Subcommittee to continue hearings April 7, 26-28; markup set May 3. Amendments placing greater restrictions on lending expected. House Banking's Financial Institutions Subcommittee to hold hearings April 20 & 21 on international lending policies of U.S. commercial banks.

JOBS House Education & Labor's Employment Opportunities Subcommittee to hold markup tomorrow on job creation proposals. ### Senate Environment & Public Works Committee to hold hearings April 11, 12 & 18 on public works job bills.

NATURAL GAS House Energy & Commerce's Fossil Fuels Subcommittee to continue hearings tomorrow on natural gas proposals, such as Administration's decontrol bill, HR 1760 (CSR) & HR 2154 (CO), which would extend controls on natural gas prices. Decontrol bill would deregulate all natural gas by date certain; allow contract adjustments; & provide for consumer protection by eliminating automatic pass-through of price increases by pipelines. Bill would also abolish Fuel Use Act & incremental pricing. Senate Energy & Natural Resources Committee to continue hearings today on S 615 (CSR), Administration's natural gas proposal. "Recontrol" measure expected to be introduced shortly. Markup could begin as early as April 12.

NUCLEAR LICENSING House Interior's Energy Subcommittee to mark up simple two-year Nuclear Regulatory Commission (NRC) reauthorization later this month. Markup expected late April in Senate Environment & Public Works' Nuclear Regulatory Subcommittee on S 893 & S 894 submitted by DOE & NRC, respectively. Both bills would streamline nuclear licensing procedures.

OSHA House Education & Labor's Health & Safety Subcommittee held oversight hearing yesterday on Occupation Safety & Health Administration (OSHA).

PATENT TERM RESTORATION Senate Judiciary's Patent Subcommittee to hold hearing June 22 on patent term restoration; no legislation introduced.

PRODUCT LIABILITY Senate Commerce's Consumer Subcommittee to hold hearings today & April 27 on Chairman Kasten's (R-Wis.) S 44, which would establish uniformity in product liability tort law.

RECIPROCAL MARKET ACCESS Senate floor action scheduled April 15 on S 144 (CS), which would give U.S. greater authority to take action against foreign barriers to trade & investment. House Ways & Means' Trade Subcommittee to continue hearings April 13, 14 & 19 on trade remedy legislation; Chamber testified last month, outlining general trade policy.

REVENUE SHARING Senate Governmental Affairs' Intergovernmental Relations Subcommittee to continue hearings today & tomorrow on general revenue sharing. Aid program, due to expire September 30, 1983, funded at \$4.5 billion annually for past seven years. House Governmental Operations' Intergovernmental Operations Subcommittee held hearing last month; Chamber submitted statement, supporting straight reauthorization of program, but opposing Administration plan to combine revenue sharing with Community Development Block Grants.

SMALL BUSINESS ISSUES Senate Small Business Committee held hearing yesterday on effect of "umbrella" contracting, which groups separate functions & services into single contracts, on small business. ### Conferees to meet soon on S 272 (CS), which would give small businesses greater access to federal procurement information. ### Senate Small Business Committee to meet April 18 on President's report on small business competition.

SOCIAL SECURITY President to sign into law HR 1900, comprehensive Social Security reform package, sometime next week. Measure would raise \$165 billion by accelerating scheduled payroll tax increases; delaying COLAs for six months; taxing some Social Security benefits; including all new federal employees in system; & gradually raising retirement age from 65 to 67.

TAXES Senate to consider Kasten (R-Wis.) amendment (CS) to repeal 10% withholding of interest & dividends when it debates trade reciprocity bill, S 144, April 15. Majority of House membership has co-sponsored D'Amours (D-N.H.) repeal measure, HR 500 (CS). ### House Ways & Means Committee may begin hearings late this month on tax portions of FY '84 budget; markup not expected until June. Senate Finance Committee will probably await completion of House proposals before beginning work.

TSCA Senate Environment & Public Works Committee to hold hearing April 13 on reauthorization of Toxic Substances Control Act. No bill introduced.

UNEMPLOYMENT Senate Labor Committee to hold hearings April 20 on cyclical unemployment. ### House Education & Labor Committee to hold hearing May 4 on underlying causes of unemployment.

Program Schedule April 1983

Specials

Associated Industries of Florida Teleconference:

4/4: President Ronald Reagan addresses a meeting of AIF members live via satellite from Washington, D.C.

At Issue Special—Health Care Costs:

4/5: An examination of the public and private sector response to rising health care costs, including legislation affecting costs to business and consumers, with guests: Michael Bromberg, Executive Director, Federation of American Hospitals; Karen Ignagni, Assistant Director, AFL-CIO; Linda Jenckes, Vice President for Federal Affairs, Health Insurance Association; Robert Rubin, Assistant Secretary, Planning and Evaluation for Health Policy, U.S. Dept. of Health and Human Services; Jan Ozga, Human & Community Resources Div., U.S. Chamber.

Corporate Executive Development Special—Influence Groups:

4/22 & 4/26: What are influence groups? Who do they represent and how do they get their messages across? Hear from representatives of union, business and public interest groups on the how-to of what goes on. Then talk with a panel of experts on the impact of various influence groups. Panelists include: former congressman Tom Railsback, now with the Motion Picture Assn. of America; Vic Kamber, Kamber Group; Fred Wertheimer, Common Cause.

Economic Roundtable:

4/18 & 4/21: A round-robin discussion with leading economists, covering all sides of today's tough economic problems and offering workable solutions for the business community.

Economic Update Special:

4/26 & 4/28: A detailed analysis of U.S./Mexico relations, including a look at the balance of trade and monetary policy. Guests include: Dr. Richard Arrellano, Research Director, National Chamber Hispanic Business Development Project and former Deputy Assistant Secretary of State; and Steven Lande, Vice President, Manchester Associates and former White House Assistant Special Trade Representative.

Fairness in the Media:

4/8: A panel discussion on the freedom and responsibility of the media, covering such issues as the media portrayal of business and First Amendment rights vs. national security. Planned in cooperation with the taxpayers' lobby Citizen's Choice.

PACs: A Change in the Laws?

4/12 & 4/14: A discussion of possible legislative changes in the ways we finance our elections, particularly new restrictions on PACs. Guests include: Sen. Charles Mathias (R-Md.), Chairman of the Rules and Administration Committee; Sen. Alan Dixon (D-Ill.), author of the pending Senate PAC bill; Sen. Roger Jepsen (R-Iowa); FEC Commissioners Lee Ann Elliott and Joan Aikens.



Sen. Charles Mathias (R-Md.) and Sen. Alan Dixon (D-Ill.) are among the guests discussing "PACs: A Change in the Laws?" on BizNet, April 12.



Anchors Meryl Comer and Carl Grant bring you the latest business developments on "BizNet News TODAY."

The BizNet Exchange

And welcome aboard to some more new subscribers: The NORTH DALLAS Chamber of Commerce. Gordon Rose has great plans for his new communications center and *BizNet*. Also, YORK AREA Chamber of Commerce. Call Carl Neu for 'just did it' tips on working with your local cable company. And, in PORTLAND, Oregon, Dick Armstrong and his cable company are the perfect match. The *BizNet* family is growing!

For all of you subscribers . . . a new feature starting in April, 9 a.m. Eastern. "BizNet Calendar" will serve up a menu of programs to come . . . up-to-date guests and topics, times, changes, etc. So, if you have a question that isn't directly answered in the advance printed schedule, look for it on *BizNet*. And when you have a suggestion, call *BizNet* Subscriber Services at (202) 463-5808. We are eager to implement your program ideas.

New corporate subscribers on line: GOODYEAR TIRE & RUBBER COMPANY and OWENS-ILLINOIS. Join PEPSICO and

continued on pg. 4 . . .

BizNet

The American Business Network

Time (Eastern)	MONDAY 4/4	TUESDAY 4/5	WEDNESDAY 4/6	THURSDAY 4/7	FRIDAY 4/8
7:00 am	BizNet News TODAY*	BizNet News TODAY*	BizNet News TODAY*	BizNet News TODAY*	BizNet News TODAY*
7:30	" "	" "	" "	" "	" "
8:00 am	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY
8:30	" "	" "	" "	" "	" "
9:00 am	AIF Teleconference* w/Pres. Reagan	BizNet Calendar*	Association Insiders*	Breakfast Bunch*	BizNet Calendar*
9:30	" "	" "	" "	" "	" "
10:00 am	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY
10:30	" "	" "	" "	" "	" "
11:00 am	Stateside	Economic Update* Congressional Report* (INT)	Association Insiders	Breakfast Bunch	Fairness in the Media* Take It To Court*
11:30	" "	" "	" "	" "	" "
12 Noon	Dateline International	At Issue: Health Care Costs	Economic Update Congressional Report		Talking Business
12:30	" "	" "	" "		" "
1:00 p.m.	It's Your Business				
1:30					

Time (Eastern)	MONDAY 4/11	TUESDAY 4/12	WEDNESDAY 4/13	THURSDAY 4/14	FRIDAY 4/15
7:00 am	BizNet News TODAY*	BizNet News TODAY*	BizNet News TODAY*	BizNet News TODAY*	BizNet News TODAY*
7:30	" "	" "	" "	" "	" "
8:00 am	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY
8:30	" "	" "	" "	" "	" "
9:00 am	BizNet Calendar*	BizNet Calendar*	BizNet Calendar*	BizNet Calendar*	BizNet Calendar*
9:30	" "	" "	" "	" "	" "
10:00 am	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY
10:30	" "	" "	" "	" "	" "
11:00 am	Ask Washington* (INT)	PACs: A Change in the Laws?*	Chamber to Chamber* Association Report*	Small Business Report*	Organization Mgmt.* Talking Business*
11:30	" "	" "	" "	" "	" "
12 Noon	Organization Mgmt.	Stateside	Ask Washington	PACs: A Change in the Laws?	Chamber to Chamber
12:30	Take It To Court	" "	" "	" "	Association Report
1:00 pm	It's Your Business		International Forum*		
1:30			" "		

Program Descriptions

Ask Washington:

4/11, 4/13, 4/19, 4/22, 4/27 & 4/29: Dialogue with key political and government officials on the subjects you want to ask about.

Association Insiders:

4/6 & 4/20: Prominent guest speakers analyze issues with influential association executives.

Association Report:

4/13 & 4/15: Information on legislation, trends and management for the association executive.

At Issue:

4/19 & 4/25: In-depth, behind-the-scenes analysis of today's key business issues.

BizNet Calendar:

A regular preview of upcoming events on BizNet, including program guests & topics.

BizNet News TODAY:

Monday through Friday business news updates, the latest Capitol Hill action, plus special business features.

Breakfast Bunch:

4/7, 4/21 & 4/25: Newsmaking guests from Capitol Hill discuss the nation's affairs with corporate reps.

Program Schedule April 1983

Time (Eastern)	MONDAY 4/18	TUESDAY 4/19	WEDNESDAY 4/20	THURSDAY 4/21	FRIDAY 4/22
7:00 am	BizNet News TODAY*	BizNet News TODAY*	BizNet News TODAY*	BizNet News TODAY*	BizNet News TODAY*
7:30	" "	" "	" "	" "	" "
8:00 am	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY
8:30	" "	" "	" "	" "	" "
9:00 am	BizNet Calendar*	BizNet Calendar*	Association Insiders*	Breakfast Bunch*	BizNet Calendar*
9:30	" "	" "	" "	" "	" "
10:00 am	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY
10:30	" "	" "	" "	" "	" "
11:00 am	Economic Roundtable*	At Issue*	Association Insiders	Breakfast Bunch	CED Special: Influence Groups*
11:30	Labor Report*	Fitness 9 to 5*	" "	" "	" "
12 Noon	International Forum	Ask Washington* (INT)	Organization Mgmt.	Economic Roundtable	Ask Washington
12:30	" "	" "	Talking Business	Labor Report	" "
1:00 pm	It's Your Business				
1:30					

Time (Eastern)	MONDAY 4/25	TUESDAY 4/26	WEDNESDAY 4/27	THURSDAY 4/28	FRIDAY 4/29
7:00 am	BizNet News TODAY*	BizNet News TODAY*	BizNet News TODAY*	BizNet News TODAY*	BizNet News TODAY*
7:30	" "	" "	" "	" "	" "
8:00 am	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY
8:30	" "	" "	" "	" "	" "
9:00 am	BizNet Calendar*	BizNet Calendar*	BizNet Calendar*	BizNet Calendar*	BizNet Calendar*
9:30	" "	" "	" "	" "	" "
10:00 am	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY	BizNet News TODAY
10:30	" "	" "	" "	" "	" "
11:00 am	At Issue	Economic Update Special*	Dateline International*	Stateside* (INT)	Ask Washington
11:30	Fitness 9 to 5	" "	" "	" "	" "
12 Noon	Breakfast Bunch	CED Special: Influence Groups	Ask Washington* (INT)	Economic Update Special	Dateline International
12:30	" "	" "	" "	" "	" "
1:00 pm	It's Your Business				
1:30					

*live or 1st run program. INT: Interactive program.
Shaded areas indicate broadcast facilities available for special off-net telecasts, private videoconferencing, sub-networking, private workshops, special productions. For times other than those shown, contact Mark Bindrim, Broadcast Facilities Sales, (202) 463-5921.

Chamber to Chamber:

4/13 & 4/15: Chamber executives share productive approaches to chamber management.

Congressional Report:

4/5 & 4/6: "Debunking the Democratic Myth," with Bill Sweeney, Deputy Chairman, Democratic National Committee.

Dateline International:

4/4, 4/27 & 4/29: Analysis of events affecting U.S. business abroad, including trade regulation, competing with foreign producers, becoming an exporter.

Economic Update:

4/5 & 4/6: News and insiders' forecasts of economic trends—a must for business planning. continued on pg. 4 ...

Consult your copy of WASHINGTON REPORT each week for updates on program topics and guests. Address specific questions and/or comments to:

Subscriber Service:

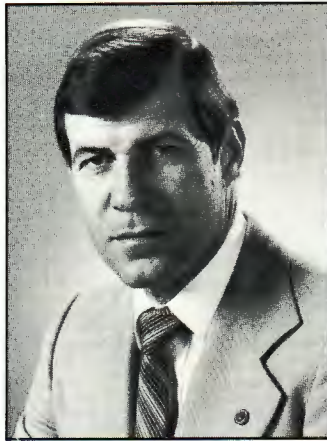
Cheri Rusbuldt, BizNet Marketing Manager, (202) 463-5808

Technical Operations:

Doug Widner, Manager, Satellite Network (202) 463-5697



Bill Sweeney, Deputy Chairman, Democratic National Committee on "Congressional Report" April 5.



Glenn Swengros, Director, Fed.-State Relations, President's Council on Physical Fitness, hosts "Fitness 9 to 5" April 19.

Exchange . . . continued from pg. 1

HAC (NASHVILLE) in the April 12, 11 a.m. Eastern "PACs: A Change in the Laws?" program. Vital information and sharing of ideas on this critical area in election prep. What can you do for '84? What's out? Are there better and more effective ways to spend your PAC dollars? Find out. Tune in and 'meet' the experts.

New schedule reflects addition of "BizNet News TODAY" at early times for East Coast delivery. Now more than 7 million viewers out there coast to coast for this exciting new business news program. If your local community isn't getting it, call *BizNet* Syndication at (202) 463-5834 so we can help you get it in your city. Take credit for the program and make money for your non-profit association at the same time. Call today and we'll tell you how!

SAN DIEGO and OMAHA chambers in on the last "Outlook Series" program. Terrific success in both cities. And SHREVEPORT doing masterful job of creating a learning experience for local small business by involving the U.S. Department of Commerce. Smidgeon of creativity and a couple of key volunteers will make worlds of difference!

Try it with the April 19, 11 a.m. Eastern "Health Care" and "Fitness 9 to 5" programs. Make a whole day out of it. Ask your staff and members to share ideas for better physical fitness which equals higher productivity and happier work life.

JEFF CITY, Missouri site for *BizNet* program at the CCEM Meeting in March. Live program and interaction with U.S. Chamber officials and issue managers. Such an exciting program . . . call Jim Anderson and Ron Roberson for details.

Finally, congratulations to Justin Horan, CCE, PITTSBURGH, for his recent appointment as chairman of the *BizNet* Advisory Committee. Justin has stepped into this new role in the same year he becomes ACCE Chairman . . . gonna be a busy 1983-84 for him. Call Justin if you have any suggestions.

Descriptions... continued from pg. 3

Fitness 9 to 5:

4/19 & 4/25: Tips on maintaining peak mental and physical condition for your best possible business performance. Host: Glenn Swengros of the President's Council on Physical Fitness and Sports.

International Forum:

4/13 & 4/18: Analysis and discussion of world events with prestigious guest speakers.

It's Your Business:

4/4, 4/11, 4/18 & 4/25: Prominent figures from Congress, business, labor, consumer groups and government debate major business and economic issues.

Labor Report:

4/18 & 4/21: Updates on labor action—contract negotiations, OSHA and EEO regulations, workers' compensation, and more.

Organization Management Seminar:

4/11, 4/15 & 4/20: Business workshops featuring a variety of management information. 4/11: Topics include "Selecting a Meeting Speaker;" "Publish or Perish: Proofreading Do's & Don'ts;" "The Executive Wardrobe;" "The Write Spot;" "Visuals,"—and more!

Small Business Report:

4/14: Up-to-date reports on legislation, trends, regulations, and litigation affecting small business.

Stateside:

4/4 & 4/28: Emerging legislative issues at the state and local level . . . before they become national laws. 4/4: "States Good for Business," with David Edwards, Virginia Peninsula Economic Development Council; Ernest LaBelle, TRW, Inc.; Chris McNaughton, Kellogg Company; Jon Shebel, Associated Industries of Florida; and Carl Zwisler, International Franchise Association.

Take It To Court:

4/8 & 4/11: Guest legal experts discuss business-related court decisions and potential impact.

Talking Business:

4/8, 4/15 & 4/20: An insider's view of American business—from the private sector perspective.



Talk face-to-face with people who affect your business.

The BizNet television network of the U.S. Chamber of Commerce will revolutionize the way businesses, chambers and trade associations communicate. BizNet links you directly to Washington's most powerful policymakers. And to other business leaders across the country.

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