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Congressional candidates debate at A&M



Pete Geren

Barton, Geren disagree on government priorities

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Congressional candidate Pete Geren stressed investment in education Wednesday during his first face-to-face debate with 6th District incumbent Joe Barton, who maintained that America's number one problem is the deficit.

The two candidates fielded questions from a four-member panel before an audience of about 200 in Rudder Tower on the Texas A&M campus.

The first question addressed student financial aid, asking the candidates if they thought it should be maintained.

Barton said a bill came before Congress last year that would continue existing loan programs and set up certain incentives.

He said that in one instance the bill would have doubled the amount of money a student could get in his

third and fourth year and would also have set up incentives for the teaching profession.

But, Barton said, the appropriations bill was \$3 billion more than the authorization bill which called for \$15.2 billion.

"I had to vote against that because I am a supporter of the Gramm-Rudman bill," he said. "Gramm-Rudman says we have to live within our current budget means. We cannot continue to add onto existing programs until we get our spending policies under control.

"If there is any group in our country that has the ability to help themselves, it is the student population. . . Some of the senior citizens are past the point where they can help themselves and we have to increase funding in those areas."

Geren countered that America is

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Joe Barton

Lewis: White plans to call 2nd session starting Monday

AUSTIN (AP) — Gov. Mark White plans to call the Legislature back for another special session on Monday, House Speaker Gib Lewis said Wednesday.

"We discussed when we will be coming back and that will be Monday," Lewis said after meeting with White, Lt. Gov. Bill Hobby and the House and Senate budget committee chairmen.

Today is the last day of the special session that began Aug. 6, but lawmakers have made little progress toward wiping out the \$3.5 billion state deficit and balancing the budget.

The speaker's press secretary, Tim Conger, said White told the leaders he would like to address a joint House-Senate meeting on Monday, as he did to open the first special session.

Lewis, who has opposed a tax increase during this special session, said he would support a tax hike only if all other key budget-balancing steps are taken first and still prove inadequate.

"I haven't changed in any way," he said. "Our first priority is to try to make cuts in state spending. And try to bring that (final deficit) figure down as low as we possibly can.

"If we get the opportunity to do what we want to do in the House — the follow-through on various budget cuts, transferability of (state) funds, to run state government in a businesslike way — if that doesn't bridge the gap (then) sure, I'll vote for a tax bill. I'm not about to allow the state to get in bad financial straits."

However, he emphasized, "We haven't gotten there yet."

Throughout the day, Lewis' budget aides briefed representatives on the financial picture under a variety of possible actions — including tax increases next year.

Possible actions being analyzed include delaying payments to state employee retirement funds, some type of sales tax increase and a boost in the motor fuel tax.

Asked if a tax increase in 1987 appears likely, House Speaker Pro Tem Hugo Berlanga, D-Corpus Christi, said, "It sure looks that way."

But lawmakers should wait until the 1987 session, Berlanga said, because they won't have enough information until then on how much money should be raised and what the state's economy will be like.

One possibility, Berlanga said, is that lawmakers would "look at a major overhaul (of the tax system) and a possibility of expanding the (sales tax) base and lowering the rate."

Lewis said that in this special session, lawmakers may have heard too much from special interests and state agencies and not enough from those who foot the bills.

"No one has talked about the poor old taxpayer," Lewis said. "What about him? Have we taken him into consideration yet? I think the House is trying to take him into consideration."

Not all House members agreed that a tax increase can be avoided.

Rep. Juan Hinojosa, vice chairman of the Mexican-American Leg-

islative Caucus, said, "The Texas state budget crumbles while the House of Representatives fiddles, refusing to face up to the need for a tax increase.

"While the House budget proposes more than \$730 million in cuts, the proposal jeopardizes the state's future in higher education, highways and related industries and jobs.

"Anti-tax legislators refuse to accept reality, hoping instead that outside forces such as OPEC will force up the price of oil to help stabilize the state's oil and gas revenue."

Iranians detain 2 Soviet vessels

MANAMA, Bahrain (AP) — Iran stopped two Soviet ships in the first action against Iraq's main arms supplier since the Iranian navy began searching freighters for military cargo early last year, shipping sources said Wednesday.

Iranian warships chased the Pyotr Yemtsov in the southern Persian Gulf on Tuesday, then forced it into the Iranian port of Bandar Abbas to be searched.

Shipping executives, who spoke on condition of anonymity, said the second vessel was stopped briefly Wednesday and identified only as the Tutov.

The Pyotr Yemtsov, which belongs to U.S.S.R.-Black Sea Shipping of Odessa, was seized during a voyage from the Black Sea port of Nikolayev to Kuwait and was

being unloaded Wednesday at Bandar Abbas, according to the reports.

In Moscow, Foreign Ministry spokesman Gennady I. Gerasimov confirmed that the 11,750-ton Pyotr Yemtsov was "detained" off the coast of the United Arab Emirates but did not mention the Tutov. Bandar Abbas is about 120 miles east of the U.A.E.

Despite the Soviet role in supplying Iraq during the 6-year-old Iran-Iraq war, shipping sources said weapons or other military goods were unlikely to be shipped on Soviet freighters through the Persian Gulf.

An executive based in Kuwait said, "We believe the Pyotr Yemtsov was loaded with construction material, but the Iranians con-

sider such commodities to be an asset for the Iraqi military effort."

He noted that several Kuwaiti vessels had been intercepted and their cargoes of steel rods and other construction materials seized.

Scores of ships of many nationalities are known to have been searched since Iran began intercepting commercial vessels early in 1985.

Most detained ships are allowed to resume their trips after searches. Others have been taken to Bandar Abbas, where their cargoes were unloaded and confiscated.

The American freighter President Taylor was stopped and boarded outside the Strait of Hormuz last January on a voyage to the United Arab Emirates port

of Fujairah. In May, U.S. warships in the Indian Ocean prevented the interception of another American cargo ship, the President McKinley.

U.S., British and French naval vessels patrol the Persian Gulf, the narrow Strait of Hormuz that leads from the gulf to the Indian Ocean and the strait's environs in the Gulf of Oman.

Soviet warships also cover the area outside the Hormuz.

Shipping executives said an average of two Soviet or East European freighters a day ply the gulf waters. They expressed surprise that Iran would harass Soviet ships while the Kremlin is trying to improve relations with Ayatollah Ruhollah Khomeini's fundamentalist Shiite Moslem government.

Insiders say saving writeoffs not enough

Tax bill may hurt oil industry recovery

NEW YORK (AP) — The oil industry was able to keep two of its cherished writeoffs in the tax overhaul bill, but insiders say other aspects of the plan will hurt efforts to recover from the collapse of petroleum prices.

Some estimate the proposed revisions could drain at least \$10 billion from industry coffers during the next five years, further weakening companies that already are coping with sharply lower margins or struggling to ward off bankruptcy.

Others say, however, that even that projected loss still would be far second to the main problem: the volatility of oil prices, hovering at about

half what they were last November.

In any case, depletion allowances and intangible drilling cost writeoffs were kept in the bill for companies already benefiting from them.

Depletion allowances are tax breaks based on the premise that withdrawal of oil or natural gas from the ground, while providing a potential profit, also represent "losses" of a finite source of supply.

The writeoffs have been permitted for all companies except the large "integrated" companies, which do everything from drilling oil to marketing petroleum products. These companies, totalling between

20 and 30, lost the depletion allowance writeoff in 1975.

Intangible drilling costs basically represent costs involved in setting up a well, aside from expenses for equipment, land acquisition and land improvements, such as roads.

Under the new bill, the one-year writeoff for intangibles remains for independent drillers. But major oil companies would have to stretch out 30 percent of the writeoffs over five years, instead of the present 20 percent over three years.

"On those things, we got off all right," said Brendan Quirin, senior economist at Amoco Corp., the nation's fifth largest oil company. "But

if you look at the investment tax credit, we didn't do so well."

Current tax rules generally permit a company to charge off 10 percent of the cost of equipment.

This writeoff, a dollar-for-dollar credit applied to the company's income tax bill, is in addition to writeoffs for depreciation, which are allowed on 95 percent of the same investment.

Now, Quirin said, the investment tax credit is "a credit you don't get. It has gone from 100 percent to zero.

"I came up with a five-year number of \$5 billion to \$6 billion of investment tax credit lost. It clearly is a

hit on the business, if you add in the other changes contemplated under the bill.

"I'd estimate about \$10 billion over five years; and that's based on the very strong assumption that the industry is going to be in a profitable position."

Charles J. DiBona, president of the Washington-based American Petroleum Institute, said the trade group agreed the tax bill could cost the industry that amount.

He said the group especially was worried that the bill would discourage new exploration and increase dependence on imported oil.

'Time running out' for deal to discount wheat to Russia

WASHINGTON (AP) — A month has passed since President Reagan's controversial decision to offer wheat to the Soviet Union at cut-rate prices, but Moscow so far has ignored the offer and time is running out.

Sen. Richard Lugar, R-Ind., a critic of the proposed sale, said the situation is embarrassing for the United States. He said the administration cut the price even more last Friday, which "demeans the process further."

To encourage the Soviets to buy 4 million metric tons of wheat under a previously arranged grain deal, the president announced on Aug. 1 that he had decided to grant a \$13 per ton subsidy, meaning that American wheat would cost less in the Soviet Union than in the United States.

The subsidy, paid by American taxpayers, was increased Friday to \$15 a ton. The aim was to reduce the price to the world level.

In justifying approval of the deal, Reagan said the subsidy would help hard-pressed American wheat growers sell their surpluses. He was encouraged to take the action by Senate Majority Leader Robert Dole, R-Kan.

However, senior members of the administration, including Secretary of State George Shultz, publicly criticized the deal as making no sense.

Shultz said the Soviets must be "chortling and scratching their heads about a system that says we're going to fix it up so that American taxpayers make it possible for a Soviet housewife to buy American-produced food at prices lower than an American housewife."

Lugar, chairman of the Senate Foreign Relations Committee, was among lawmakers who were opposed.

The two nations are in the third year of a five-year grain

purchase agreement. If the Soviets haven't purchased the wheat by Sept. 30, the expiration of fiscal 1986 in the United States budgeting process, and the discount sales opportunity will have passed the Soviets by. Any Soviet purchases after that date would be credited against the next budget year — Fiscal 1987 — in which the Soviets also have agreed to buy 4 million metric tons.

An aide to Dole, Mark Scanlon, said Wednesday last week's increase in the subsidy did not surprise him because many felt the \$13 figure was too low. And he suggested further increases might be justified.

Lugar said the issue dominated his discussions with Prime Minister Robert Hawke and other officials during a visit to Australia last week. Australia argues that it doesn't subsidize its exports and that grain trade should be subject to free market forces.

Mass funeral to go on despite ban in S. Africa

JOHANNESBURG, South Africa (AP) — Anti-apartheid leaders said a mass funeral for 20 blacks killed by police in Soweto will be held today in defiance of an official ban.

The government issued tough new press restrictions Wednesday to make sure journalists could not cover it.

Families of some killed in the violence that swept parts of Soweto on Aug. 26-27 were called to police offices Wednesday and told to shun the funeral scheduled for a stadium near the White City neighborhood.

White City, so named because it is the best-lighted part of the huge black township outside Johannesburg, suffered the worst violence.

At least 20 people were shot dead last week by police in the Soweto uprisings and a gang of young men hacked a black town councilor to death.

Leaders of anti-apartheid groups said they would go ahead with the funeral despite a Soweto police order Tuesday forbidding mass funerals of people killed by security

forces. It says a service may be held for only one person and only 200 mourners may attend.

President P.W. Botha's government reimposed a rule prohibiting journalists from reporting the actions of security forces and added tough new restrictions on news coverage.

New press restrictions, issued by Police Commissioner Johan Coetzee, expand a previous ban on reports of security force actions by saying any journalist on the scene or "within sight" of any unrest, restricted gathering or security force activity must leave immediately.

The restrictions, published in the official government gazette, replace an order issued in conjunction with the declaration of a nationwide state of emergency June 12.

A government lawyer conceded two weeks ago that the order was improperly promulgated because it was not published in the government gazette. Since then, on the advice of attorneys, journalists had treated the order as invalid.