

KRISTER Room
AMARILLO, TEXAS
5/30/86

May 29, 1986

Junk Bonds--T. Boone Pickens

o Last year the Federal Reserve voted to restrict the use of so-called 'junk' bonds in financing corporate transactions, particularly hostile takeover bids. As you know, Pickens has been one of the leading advocates (and practitioners) of corporate takeovers.

o The Fed's rationale was that use of these low-grade bonds represented a greater risk than other forms of financing, and that the high level of debt in the economy as a whole required close Fed scrutiny.

o The counter-argument is that investors know the risks associated with low-grade bonds and take them into account in structuring deals--and that these 'junk' bonds have proved to be an effective device in financing takeover bids.

o In large part the issue comes down to whether you believe facilitating takeovers exerts healthy pressure on lax management and, in the long run, assures a better return to investors and more efficiently-run companies.

o A case can be made that the Fed action may have averted more severe restrictions that Congress might have imposed, since there was a lot of Member concern about junk bonds. Much of that concern, though, came from CEOs of companies that were or might be threatened by takeover bids.

o Because this is potentially volatile issue in Congress, it is difficult to envision a Congressional override of the Fed rule.

CONGRESSMAN BEAU BOULTER BIOGRAPHY

Beau Boulter, a Republican, was elected to his freshman term in the U.S. House of Representatives in 1984. He defeated a 10-year incumbent, and has been described by a fellow Texas Representative as "coming out of nowhere and in six short months making his mark."

Reducing the federal deficit is one of Boulter's primary goals in Congress. He seeks to accomplish this by cutting wasteful spending, in part through his work on the Grace Caucus, which he has founded and chairs. The Caucus' mission is to see that selected federal budget-cutting measures recommended by the private sector Grace Commission are properly carried out. It is expected that if these commission measures are put into effect, billions of dollars of wasteful government spending could be eliminated.

Boulter's appointment as the only Freshman Republican to the House Budget Committee has provided him with the opportunity to be a direct voice for budgetary reform in the Congress. Boulter's work on the Budget Committee won him high marks from the House leadership and was rewarded by an appointment to the Budget Conference Committee, assigned to work out differences between the House and Senate budget proposals. In addition, Boulter has three Budget subcommittee assignments: Defense and International Affairs; Economic Policy; and Budgetary Process.

Boulter has also been asked by the Republican leadership to serve as a member of the Government Operations Committee.

Vehemently opposed to tax increases, Boulter co-authored a special letter, signed by 146 House Republicans, which ensures that a Presidential veto of a tax-increase bill will be upheld in the House of Representatives. His hard work and important committee assignments led Boulter to be described as "one of the most conspicuously successful freshmen so far" by Texas Monthly magazine.

Other Boulter activities in Washington include membership in the Republican Policy Committee, the Republican Study Committee, the Republican Research Committee (task forces on Agriculture and Foreign Policy), the Board of Directors of the National Republican Congressional Committee, the Congressional Leaders United for a Balanced Budget, the Copper Caucus, the Military Reform Caucus, the Congressional Space Caucus, the Coalition for Peace through Strength, and the Congressional Coalition for Soviet Jewry.

Prior to his election to Congress Boulter served for two years as an elected Amarillo City Commissioner, a position he left to run for office in Washington. Boulter was also a partner in an Amarillo law firm practicing trial law before his election.

Boulter was admitted to the Texas state bar in 1968 after earning his law degree from Baylor Law School. He completed his bachelor's degree in government studies in 1965 at the University of Texas.

He and his wife Rosemary have three children; Rebecca (18), Matthew (13), and Elizabeth (6).



Beau Boulter

OUR CONGRESSMAN



“This is my home. My stake in our future is the same as yours. For working men and women, families ... children and seniors ... and for all who share a vision for a better America, let’s make sure our best days lie ahead.”

Beau Boulter

RESULTS.

When we elected Beau Boulter to Congress in 1984, he promised to roll up his sleeves and get to work.

He kept that promise.

In fact, Beau has already accomplished more in just one term than most Congressmen achieve after years of service.

It’s called getting results.

Congressman Boulter is the only first-term Republican to serve on the influential Budget Committee. To Beau, it was more than an honor. It was an opportunity to make his voice heard. A chance to make a difference.

As a member of the House Budget Committee, Beau Boulter has made reducing the federal deficit one of his top priorities.

That’s because he wants to leave our children and grandchildren with growth and prosperity. Not a huge debt.

Beau Boulter’s commitment to bringing federal spending down led him to organize the Congressional Grace Caucus, a group of over 140 Representatives and Senators devoted to reducing government waste.

But most important, Beau is effective for Texas. He’s introduced legislation to stop government subsidies of foreign agriculture products that compete with local farmers. And he’s fought for a strong national defense.

Beau has been a leader in efforts to develop an energy policy that reduces America’s dependence on foreign sources of oil.

By keeping Beau in Congress, all of us who call the Panhandle and North Texas home can be assured that Texas interests are well represented in Washington.

Let’s re-elect Congressman Beau Boulter.

Beau Boulter. Texas Pride.

LEADERSHIP.

"When I was elected to Congress in 1984, I was determined to do more than just vote on legislation. I wanted to get things done. To make a difference.

"Today, I'm proud to have been the only Republican freshman chosen to serve on the House Budget Committee.

"When Social Security cost-of-living adjustments were threatened, I used my position on the Budget Committee to make sure that this COLA for older Americans was not reduced.

"I've also been able to tell the liberals in Congress that Texans are tired of sky-high deficits and wasteful government spending.

"I am pleased that 113 Congressmen and 28 Senators joined the Congressional Grace Caucus—a group dedicated to reducing government fraud and waste. I continue to serve as the Chairman of this important organization.

"Additionally, I wrote and presented a letter to President Reagan containing the signatures of 145 of my colleagues, assuring the President that the House of Representatives would sustain his veto of any new tax increase.

"When the President promised the



"I voted against a 10-percent pay raise for Congressmen. I opposed spending \$600 million for Amtrak. I led a task force in the House committed to reducing foreign aid programs.

"And I am an original co-sponsor of a resolution calling for a Constitutional Amendment for a balanced budget."



KEEPING IN TOUCH.

"Since taking office, I've spent many hours talking with the citizens throughout the district. Listening to your opinions about national issues and getting your ideas on what's best for our area.

"Keeping in touch means listening to the people who elected me. It also means letting them know what's going on in Washington.

"As your Congressman, I have met with people in every one of the 37 counties in this district. I've held 36 Town Hall meetings and made 234 speeches. I've answered over 45,000 letters from constituents.

When the President promised the American people in a nationwide telecast that he would veto a tax increase, he referred to my letter as proof that his veto would be sustained."



A BALANCED FEDERAL BUDGET.

"High federal deficits threaten the future of all Americans. That's why balancing our federal budget—without a tax increase—has been one of my top priorities.

"I was an early and constant supporter of the Emergency Balanced Budget Act that forces Congress to eliminate the deficit within five years.

"As your Congressman, I have kept a close watch on the ways many members of the House of Representatives try to spend hard-earned taxpayers' money.

WORKING FOR TEXAS— AND YOU.

"When it comes to a healthy local economy, agriculture and oil and gas are matters of urgent concern to the Panhandle and North Texas.

"That's why I introduced the Foreign Agricultural Investment Reform Act (FAIR). FAIR will prevent your tax dollars from being used by the International Monetary Fund and the World Bank to subsidize agricultural production of foreign countries, including Communist China.

"Equally important to our nation, Texas and our local economy is a vibrant independent oil and gas industry. An energy policy which makes us less dependent on foreign sources of oil is not only essential to the economy of Texas and the 13th District, but is also critical to the security of our nation.

"I remain committed to providing the independent oil and gas industry with the incentives necessary for exploration, drilling and production.

"Our Texas economy has been dealt a blow by the OPEC cartel. I introduced legislation that will not only give our country more energy independence but will also give our energy and agriculture banks the needed flexibility with their energy and agriculture borrowers."

"In addition, my staff works hard to help local citizens deal with the government. We've helped thousands of people with such problems as missing social security checks and veterans' benefits that were unfairly taken away.

"Keeping in touch helps me do the best job I can for the people of the Panhandle and North Texas. Together, we're solving our problems—not making new ones."

A STRONG NATIONAL DEFENSE.

"To guarantee the safety and security of all Americans, we must make sure our national defense is second to none.

"That's why I support the President's Strategic Defense Initiative.

"But we must also make sure our defense dollars are not squandered. For that reason, I co-sponsored legislation to reform the purchasing practices of the Department of Defense.

"And I applaud the President's bold action against such international terrorists as Muammar Khadafy. We must never again return to the days of weakness and indecision."

Beau
Boulter

Beau Boulter. A Congressman for Us.

"Beau Boulter's uncommon ability to get results is already helping to shape the future of our great country. His commitment to the people of Texas and his efforts to create new jobs and help those in need have been tireless and effective."

"Thanks, Beau, for being such a willing partner in setting America on a new course."

Ronald Reagan

—PRESIDENT RONALD REAGAN

"When it comes to fighting for Texas, Beau Boulter has been a true champion. I've come to rely on his advice and assistance. Believe me, we all need Beau Boulter in Congress."

Phil Gramm

—SENATOR PHIL GRAMM

Remember: Vote to Re-elect Beau Boulter on May 3rd.

May 29, 1986

PASSIVE LOSS LIMITATION

EXCEPTION FOR OIL AND GAS WORKING INTERESTS

- o The Finance Committee bill contains an exception from the passive loss limitation rule for "working interests in oil and gas properties".
- o First, I would like to clear up a misconception in the reports by the media. There was no threat to kill the tax reform effort if this modification were not adopted. This modification was included in this bill just like any other modification -- a majority of the Committee thought it was a good idea and voted for it.
- o The passive loss limitation rule is the provision that has been described as the "anti-tax shelter" provision. This provision raises approximately \$50 billion over five years by telling investors in tax shelters that they can use deductions generated from these investments to offset income generated by these types of investments, but they cannot use these deductions to offset other income such as salary or wages.
- o The working interest exception recognizes the economic reality that some oil and gas projects are structured differently than real estate or other types of investment.
- o Those of us who voted for this exception believe that when an individual enters into a joint venture to drill an oil well and agrees that he will be jointly and severally liable for any and all costs that may result, he is in the active business of oil drilling. He is not just a passive investor who only has limited liability.
- o Working interest holders receive detailed explanations of proposed expenditures before they are incurred and they have the ability to challenge the specifics and to put up funds or

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not. They are truly in the business whether or not they actually operate the drilling rig.

- o In contrast, if an individual is a limited partner in a so-called oil fund, under the Senate bill he will be treated just like other passive investors and the loss limitations will apply.
- o The working interest exception represents \$1.4 billion out of \$50 billion raised the passive loss limitation. It is clear that the exception does not materially reduce the value of the general rule.
- o In fact, the working interest exception has almost exactly the same revenue impact as the 3-year extension of the targeted jobs credit which we agreed to the same evening we agreed to the working interest rule. I have not seen any stories about the \$1.3 billion loss attributable to these credits.
- o Similarly, the research and development credit was extended for 4 years at \$1 billion per year. It is an incentive, not an economic cost, but no one has written about that. No one has discussed the credit for historic and other older buildings which cost \$2 billion per year and have been the basis for countless tax shelters.

1314 TEXAS

Group Ratings

	ADA	ACLU	COPE	CFA	LCV	ACU	NTU	NSI	COC	ACA	CSFC
1984	60	68	75	58	58	50	15	40	29	37	33
1983	70	—	74	75	53	4	10	—	50	33	20

National Journal Ratings

	<i>Economic</i>	<i>Social</i>	<i>Foreign</i>
1984			
Liberal	59%	64%	46%
Conservative	39%	33%	53%
1983			
Liberal	64%	65%	52%
Conservative	35%	35%	48%

Key Votes

1) Cap Tax Cut	FOR	5) OK School Pray	FOR	9) Cancel MX Missile	FOR
2) Extend SS Benefit	AGN	6) Limit Abortions	AGN	10) Halt Aid to Contras	FOR
3) Estab Dom Content	FOR	7) Approve ERA	FOR	11) Incr Aid to El Sal	FOR
4) Bar Imm Amnesty	AGN	8) Pass Imm Reform	FOR	12) Supp Nuclear Freeze	FOR

Election Results

1984 general	Jim Wright (D)	106,299	(100%)	(\$321,723)
1984 primary	Jim Wright (D)	31,211	(100%)	
1982 general	Jim Wright (D)	78,913	(69%)	(\$498,898)
	Jim Ryan (R)	34,879	(30%)	(\$42,816)

Campaign Contributions and Expenditures

	<i>1983-84</i>	<i>Direct Cont. 1983-84</i>	<i>PACS Breakdown 1983-84</i>
Receipts	\$361,755	Indiv. \$183,731	Corp. \$78,067
Expend.	\$321,723	PACS \$168,151	Labor \$25,868
Unspent	\$109,174		Ideo. \$17,100
			T/M/H \$49,070
			Agr. \$6,000
			CWOS \$3,700

THIRTEENTH DISTRICT

The 13th congressional district of Texas is an entity that is totally the creation of politics, an amalgam of two old congressional districts that, because of the equal population rule, had to be combined, but that had always been separate and rather different regions. The old 13th district, which forms the eastern part of the current seat, is part of the agricultural land of the Red River Valley; like all of that valley, on both the Texas and the Oklahoma sides, it is traditionally heavily Democratic. It is dusty land, with empty skylines; it only grudgingly yields a living. Almost all the people here are white Anglos; few blacks got this far west and few Mexican-Americans go this far north. Population has been declining here not only in the rural counties, but also in the district's second largest city, Wichita Falls, whose population fell below 100,000 in 1980.

The other half of the 13th district was the old 18th, situated on the high plains of the Texas Panhandle. This land is drier and less fertile than that in the Red River Valley. West of the 100° meridian, the countryside is full of dry gullies that swell to floods when it rains. But it seldom does; instead, the wind blows as hard and unrelentingly here as anywhere in the United

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NTU	NSI	COC	ACA	CSFC
15	40	29	37	33
10	—	50	33	20

Foreign

46%
53%

52%
48%

- 9) Cancel MX Missile FOR
- 10) Halt Aid to Contras FOR
- 11) Incr Aid to El Sal FOR
- 12) Supp Nuclear Freeze FOR

106,299	(100%)	(\$321,723)
31,211	(100%)	
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34,879	(30%)	(\$42,816)

PACS Breakdown 1983-84		
\$78,067	T/M/H	\$49,070
\$25,868	Agr.	\$6,000
\$17,100	CWOS	\$3,700

ally the creation of politics, an equal population rule, had to different regions. The old 13th of the agricultural land of the the Oklahoma sides, it is tradies; it only grudgingly yields a ot this far west and few Mexi- ng here not only in the rural Falls, whose population fell

the high plains of the Texas d River Valley. West of the oods when it rains. But it sel- e as anywhere in the United

States. Over the years, most of the Panhandle's farmers and ranchers have moved into town, many to Amarillo, the district's largest city and home of oil company raider T. Boone Pickens (not to mention the helium capital of the world), others into smaller towns like Pampa and Borger. First settled by people from neighboring northwest Oklahoma and western Kansas, the Panhandle has always been one of the most Republican parts of Texas. Opposition to energy price regulation has strengthened this area's Republicanism, and in national elections it almost seethes hostility toward the Democrats.

The result is a pretty even balance between Democrats and Republicans in close elections; when they're not close, the 13th is heavily Republican. The district has changed congressmen twice in a decade, when low morale cut turnout in half and enthusiasm boosted it in another. The first instance was in 1974 when moderate Democrat Jack Hightower benefited from low turnout in the Panhandle and beat incumbent Republican Bob Price. The second was in 1984, when Hightower was in turn beaten with the help of a big Panhandle turnout by Republican Beau Boulter.

Victory has a thousand fathers, and Boulter's win has been ascribed to many things. Some consider it the result of the Reagan economic policies; the trouble is, Hightower supported the 1981 Reagan budget and tax cuts and couldn't plausibly be depicted as some kind of left-wing liberal. Others say Boulter won because, as a religious fundamentalist, he was able to capitalize on local feelings on such issues as school prayer. But that leaves one mystified as to why Boulter, while winning Gray County with 67% of the vote, saw Hightower win 73% just 30 miles away in Hall County, which surely doesn't have a higher proportion of secular humanists, unbelievers, and ACLU members than its neighbor. Differential turnout seems to be the reason. Hightower got some 3,000 more votes in the Red River counties than he had in the last close race here, in 1980. But Boulter got 18,000 more votes in the Panhandle than the Republican candidate had that year.

Which is not to say that Boulter did not show considerable political skill in winning; he did. He has shown it in other ways as well. Freshmen Republicans tend to have bad committee assignments, partly because the Democrats maintain unfair party ratios. But Boulter got a seat on the Budget Committee—the only Republican freshman to do so. That means he doesn't have seniority on other committees, but that's of little consequence; he has an opportunity already to play a significant role on the most major of issues.

The People Pop. 1980: 526,840, up 7.7% 1970-80. Households (1980): 75% family, 39% with children, 66% married couples; 30.0% housing units rented; median monthly rent: \$166; median house value: \$28,800. Voting age pop. (1980): 376,878; 7% Spanish origin, 5% Black, 1% Asian origin.

Presidential Vote

1984	Reagan (R)	145,536	(72%)
	Mondale (D)	56,686	(28%)

News From

Congressman Beau Boulter

FOR IMMEDIATE RELEASE
MAY 28, 1986

CONTACT: SALLY FOLLMER

BOULTER OPPOSES WASTE REPOSITORY SITE

AMARILLO - Following an announcement by the Department of Energy that a site in Deaf Smith County is one of the three being recommended to the President for further study as a potential site for the nation's first high-level nuclear waste repository, Congressman Beau Boulter (R-13) said that he is "unequivocally opposed to the storage of nuclear waste at the Deaf Smith site, and will continue to make clear to the DOE exactly what my objections are."

The site characterization process is mandated by the 1982 Nuclear Waste Policy Act. Boulter, elected in 1984, noted that the site location, while outside of his district, is actually closer to Amarillo than any other major city. "Because of its potential impact on the 13th District, Boulter said the process is a major concern of mine."

Primary among the concerns expressed by Boulter and other officials is the protection of the Ogallala Aquifer, the largest underground water supply in the nation. "Unless someone can convince me that the Ogallala and the rich farm land of our area are going to be 100% safe from contamination," Boulter said, "I will remain opposed to the site location. There are, without a doubt, more remote, less populated areas of the country for the storage of high level nuclear waste, and I am convinced that the DOE will eventually reach that same conclusion."

Today's announcement was one step in an ongoing process of site characterization and elimination. In addition to the Deaf Smith site, the DOE recommended one in Hansford, Washington, and one at Yucca Mountain, Nevada. Originally scheduled for earlier this year, today's recommendation is a culmination of 3 years of study at 9 sites.

President Reagan accepted the recommendation of all three proposed sites at 1:00 p.m.

Boulter said he expected numerous delays in the start up of any significant characterization process due to legal action being taken by the State. "Eventually," Boulter concluded, "I think the characterization will take place, and the results will convince the DOE that Deaf Smith County is not a suitable repository site."

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Congressman Beau Boulter *Reports from Washington*



THROWING GOOD MONEY AFTER BAD

Our farmers aren't afraid of a fair fight for a slice of world markets. But when U.S. taxpayer dollars are used to promote foreign agricultural production, someone has got to draw the line.

The World Bank, an international financial institution to which the U.S. belongs, recently lent Argentina \$350 million so that the country could increase its subsidies for exports — 75% of which are agricultural commodities. In effect, by providing Argentina with the finances to subsidize their exports, the World Bank is helping Argentine farmers get high prices for wheat, corn, sorghum and soybeans at home, while still undercutting U.S. prices on the world markets. And this isn't simply an isolated incident. The World Bank is apparently considering granting the same kind of loan to Mexico and Brazil.

This action typifies the way international financial institutions are abusing U.S. taxpayer dollars.

The International Monetary Fund (IMF), for instance, provides low interest loans to developing countries and in return, policies of economic austerity are imposed on those countries to improve the overall economy. This system has any number of major problems, probably the most elementary of which is that many of the governments simply do not have the political strength to enforce the economic programs agreed to. What's more, many of the countries have debt burdens that are growing faster than their economies — meaning that a bigger and bigger portion of their capital is used to service that debt.

The result? Loan default. The answer? The big banks who made the original loans, faced with the

threat of default, ask for increased IMF funds so that loans can be "refinanced". In short, good money gets tossed after bad, and the U.S. taxpayer's pocketbook is the source.

As long as the U.S. plans to participate in international financial institutions, we must make absolutely certain that their actions don't have indirect detrimental effects on our own commodities and general economy.

In the case of the recent World Bank loan to Argentina, you don't have to be an economist to understand that, once again, our American farmers are getting the short end of the stick. Since 1982, U.S. agricultural exports have declined at a rate of 7% a year. At the same time, multilateral lending backed by U.S. tax dollars has funneled billions into foreign agricultural production.

The need for reform within the international monetary system as it affects agriculture is addressed in a bill I introduced late last year — the **Foreign Agricultural Investment Reform Act — FAIR**. This legislation requires U.S. directors of international financial institutions to oppose all loans for export production of agricultural commodities that are already in surplus on world markets. If such loans are approved despite U.S. objections, our contribution to that institution is reduced by an amount equal to the U.S. share of each loan made.

My legislation is getting a good deal of attention both in the Congress and in the farm community. The Joint Economic Committee of the Congress will hold a hearing in May to further examine the need for reform within the international financial system.

Congressman Beau Boulter *Reports from Washington*



FORBEARANCE & FLEXIBILITY NEEDED

As the oil price slump goes into its fourth month, and the agriculture community continues to suffer, a lot of the 13th Congressional District is hurting. Oil, which in November was selling at about \$31 a barrel, has sunk to as low as \$10 a barrel. Farmers, already struggling to compete with production subsidized by foreign governments, continue to face low prices and high surpluses. Both of these industries are vital to the overall economic well-being of this nation, and our national security. We cannot be independent and self-sufficient without energy, or without a stable agriculture industry.

Last week I introduced legislation which is designed to help maintain a strong domestic oil and gas industry, and curtail the sharp economic decline being experienced in the oil producing and agriculture communities. The oil and gas industry is being hit by proposed tax reform changes and the dramatic drop in international and domestic prices. Agriculture continues to suffer low net income and slumping land values. Relief has got to be in sight if we want to maintain our energy independence and keep these industries alive.

My bill has a long title, but its purpose is concise. The general thrust of the **Energy Incentives and Agricultural Financial Resources Act of 1986** is to maintain current tax law for the oil and gas industry, increase incentives for the production and use of natural gas, and to give our ag and energy banks the flexibility they need to work with their borrowers to restructure their ag and energy loans rather than charging the loans off as non-performing assets.

The last thing the oil and gas

industry needs right now — when prices are plummeting — is tougher tax laws. As it is, exploration in the U.S. has virtually come to a standstill. Simple economics dictate that if oil is worth less, less money will be spent. With prices at their current levels, the lifting costs associated with producing a barrel of oil may be greater than the price a producer gets for that barrel. Obviously, under these circumstances, U.S. production will fall and our dependency on OPEC will increase.

Oil and Gas Journal, a trade publication, has estimated that lower production and higher demand that would result from \$15 a barrel oil would place the U.S. in a position of having to rely on foreign sources of oil for 52% of our oil by 1990. Today's rate is 29%. And in 1977, before conservation measures and new domestic discoveries reduced our reliance on foreign oil from an all time high — the rate was only 47%.

The point of all this is that we need to continue domestic production and exploration of oil. Without maintaining current incentives and expanding others, our nation will once again be dangerously dependent on OPEC — and subject to its control of the market.

My legislation will allow our local banks to restructure agriculture loans rather than having to write them off as non-performing assets. It could be the extension that will help some good farmers make it through a particularly tough time.

Along these same lines, I have co-sponsored a resolution encouraging the Farm Credit Administration to allow for the restructuring of farm debt, and to use a policy of "forbearance rather than foreclosure" wherever possible.