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# NOMINATION OF THOMAS J. HEALEY

## HEARING

BEFORE THE

## COMMITTEE ON FINANCE
## UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

NOMINATION OF

THOMAS J. HEALEY TO BE ASSISTANT SECRETARY OF THE TREASURY FOR DOMESTIC FINANCE

AUGUST 2, 1983

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NOMINEE

# NOMINATION OF THOMAS J. HEALEY TO BE ASSISTANT SECRETARY OF THE TREASURY FOR DOMESTIC FINANCE

TUESDAY, AUGUST 2, 1983

U.S. SENATE,
COMMITTEE ON FINANCE,
*Washington, D.C.*

The committee met, pursuant to notice, at 3:47 p.m., in room SD-215, Dirksen Senate Office Building, Hon. Robert Dole (chairman) presiding.

Present: Senators Dole, Packwood, Chafee, Durenberger, and Bradley.

[The press release announcing the hearing and Senator Dole's opening statement follow:]

[Press Release No. 83-169]

FINANCE COMMITTEE SCHEDULES HEARING ON THE NOMINATION OF THOMAS J. HEALEY TO BE ASSISTANT SECRETARY OF THE TREASURY

Senator Robert J. Dole (R., Kans.), Chairman of the Committee on Finance, announced today that the Committee has scheduled a hearing on the nomination of Thomas J. Healey to be Assistant Secretary of the Treasury for Domestic Finance.

The hearing is scheduled for Tuesday, August 2, 1983 beginning at 2:00 p.m. It will be held in room SD-215, Dirksen Senate Office Building.

Immediately following the hearing, the Committee will meet in executive session to consider the nomination.

The hearing previously scheduled at 2:00 p.m. on S. 19 and S. 888 will follow disposition of the Healey nomination.

STATEMENT OF SENATOR DOLE—NOMINATION OF THOMAS J. HEALEY

I am pleased today to welcome to the committee Thomas J. Healey, President Reagan's nominee to be Assistant Secretary of the Treasury for Domestic Finance.

Mr. Healey's résumé has been distributed to members of the committee. I think most will agree that he appears to be well-qualified for this position. He is at present managing director of Dean Witter Reynolds Capital Markets and manager of that firm's corporate finance department. He has been with Dean Witter since 1975, during which time he served in the project finance group, eventually becoming group director. Earlier in his career, Mr. Healey served with several firms in various management positions, concentrating on financial matters. He holds a masters in business administration from the Harvard School of Business, and an undergraduate degree from Georgetown.

We have reviewed the financial disclosure forms of Mr. Healey and the material he has filed with the Office of Government Ethics. Also, the Director of the Office of Government Ethics has written to the committee approving the nominee's compliance with the Ethics in Government Act subject to the fulfillment of those commitments that Mr. Healey has undertaken. I am satisfied that there are no problems in this area. The letter from the Office of Government Ethics will be made a part of the record.

As Assistant Secretary of the Treasury for Domestic Finance, Mr. Healey will face some of the most important issues facing our country today. Among his responsibilities will be all of the Government's financing and debt management efforts; the establishment of interest rates for Federal financing programs; the establishment of policies governing Federal credit programs; oversight of revenue sharing programs; and coordination of deregulatory policies affecting financial institutions. The position to which Mr. Healey has been nominated clearly is one of fundamental importance to the members of the Committee on Finance. It is essential that we have an Assistant Secretary in whom we can repose the utmost trust.

The committee was fortunate to have benefitted from the talent and hard work of Roger Mehle, Mr. Healey's predecessor. I think we can expect with confidence that Mr. Healey will continue to maintain Roger's high standards of work and consultation with the committee. He is already quite familiar with the interests and operation of this committee, having testified before us on tax leasing financing arrangements. I see from his résumé that he won an award for "Deal of the Year" for his creativity in that area. While this committee might have dissented from the decision to make that particular award, I think we have to be impressed with Mr. Healey's creativity. I also should note that he has worked quite closely and effectively with our staff over the past two years on leasing and other corporate financing matters. We appreciate that cooperation, and look forward to its continuation in his new position.

The CHAIRMAN. Our next matter of business is Mr. Healey.

Are all these part of your family, Mr. Healey?

Mr. HEALEY. Just a couple of them aren't, sir.

The CHAIRMAN. Oh. [Laughter.]

[Pause.]

The CHAIRMAN. Mr. Healey, I would like to yield to Senator Bradley for an introduction.

Senator BRADLEY. Thank you, Mr. Chairman.

Let me just welcome Mr. Healey to the committee. He is a resident of New Jersey and will be moving down for the noblest of objectives, and that's a real commitment to public service. I welcome him to the committee and know that he will have easy sailing today.

Mr. HEALEY. Thank you very much.

The CHAIRMAN. With your help, it will be easy.

Do you have members of your family here that you would like to introduce, Mr. Healey?

Mr. HEALEY. My wife and my son Jeremy are both here, Senator.

The CHAIRMAN. Your wife is Margaret?

Mr. HEALEY. Yes.

The CHAIRMAN. Well, let me say that we are very pleased to have Thomas J. Healey, President Reagan's nominee, to be Assistant Secretary of the Treasury for Domestic Finance before the committee.

We have distributed the résumé. I think everyone will agree you appear to be well qualified for this position. At present you are managing director of Dean Witter Reynolds Capital Markets and manager of that firm's corporate finance department. You have been with that firm since 1975.

We have reviewed the financial disclosure forms, Mr. Healey, and the material is filed with the Office of Government Ethics. Also, the Director of the Office of Government Ethics has written to the committee approving the nominee's compliance with the Ethics in Government Act subject to the fulfillment of those commitments that Mr. Healey has undertaken.

I am satisfied there are no problems in this area. The letter from the Office of Government Ethics will be made a part of the record.

[The letter from the Office of Personnel Management and the résumé of Thomas J. Healey follow:]

United States of America
**Office of Government Ethics**

Office of Personnel Management
Washington, D.C. 20415

AUG 2 1983

Honorable Robert Dole
Chairman, Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Thomas J. Healey, who has been nominated by President Reagan for the position of Assistant Secretary of the Treasury (Domestic Finance).

We have reviewed the report and have also obtained advice from the Department of the Treasury concerning any possible conflict in light of the Department's functions and the nominee's proposed duties.

With respect to his various disclosed financial interests in Sears, Roebuck and Co. ["Sears"] and its Dean Witter Reynolds ["DWR"] subsidiary, Mr. Healey has agreed to the following:

1. With respect to the Sears Stock Grant [or Restricted Stock] Program, divestiture;

2. With respect to the DWR Pension Plan, no action is required as this Office is advised that Mr. Healey's interest is fully vested, and that the plan is independently managed and has no interest in Sears;

3. With respect to directly held Sears common shares, divestiture;

4. With respect to the Sears Stock Accumulation [or Stock Purchase] Plan, transfer to a qualified blind trust (to be certified by this Office, upon fulfillment of statutory requirements, pursuant to section 202(f)(3) of the Ethics in Government Act);

5. With respect to the DWR Deferred Compensation Plan and the DWR Management Profit Participation Plan, transfer of the rights to receive payments to the qualified blind trust, or alternatively at the election of Mr. Healey, acquisition of irrevocable annuities with identical payment schedules from an appropriate third-party (collateralized by the Sears Payment obligations); and

6. Execution of a recusal (copy enclosed) whereby Mr. Healey is committed to abstain from acting, advising, or recommending with respect to any "particular matter" (as defined in the Federal conflict of interest laws and applicable regulations) where the outcome may have a direct and predictable effect on Sears and DWR, even though all other large broker-dealers similarly situated would be affected in a like manner.

Subject to fulfillment of these commitments, Mr. Healey will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

David H. Martin

David H. Martin
Director

Enclosures

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THOMAS J. HEALEY
PROFESSIONAL AND EDUCATIONAL BACKGROUND

June, 1982 - Present: Managing Director of Dean Witter Reynolds Capital Markets and Manager, Corporate Finance Department. Responsibilities include developing and implementing the Department's long-term business strategies and serving as its administrative officer. Director of Dean Witter Reynolds Inc.

June, 1975 - June, 1982: Member of Dean Witter Reynolds' Project Finance Group. Promoted to Group Director in 1978. During that period the Group developed a number of innovative financing structures and helped initiate the form of lease which became permissable after the passage of the Economic Recovery Tax Act of 1981. This was recognized as one of Institutional Investor magazine's "Deals of the Year." Participated in the structuring and implementation of tax-oriented, indirect credit financings representing in excess of $3 billion in assets. Managed the largest pollution control offering ever undertaken ($360 million).

January, 1971 - June, 1975: Vice President of Finance with Instrumentation Engineering, Inc., a privately held corporation producing computer-controlled electronic test equipment. Responsibilities involved managing the firm's bank and investor relations as well as budgeting, accounting, contract pricing and administration. Through prudent management, the firm turned from a substantial loss to a profitable enterprise.

June, 1969 - January, 1971: Managing partner, Camargo Associates, a private investment company. Responsible for handling the firm's venture capital portfolio. Reviewed investment proposals and selected and monitored all investments. Served as a Director on five corporate boards.

June, 1967 - June, 1969: Senior Associate with Oppenheimer & Company, a securities and investment banking firm. Screened all potential investment banking opportunities for the firm and was solely responsible for two successful underwritings. Arranged private placements totaling $5 million of debt securities for one company and raised $1.7 million for another.

September, 1966 to June, 1967: Investigated small business development in Latin America through a Sheldon Traveling Fellowship awarded by Harvard University. Co-editor of a book published (in Spanish) based on this research.

OTHER: Adjunct Professor, Seton Hall University Graduate School of Business Administration (1970 - 1976).

Frequent lecturer and author of numerous articles on financial subjects; testimony before the Senate Finance Committee.

EDUCATION: Harvard School of Business, Boston, Massachusetts, M.B.A., 1966. Major in Computer Science and Finance. Student Association Award for outstanding contribution to the school.

Georgetown University, Washington, D.C., Bachelor of Arts in 1964. Majored in English with minor in Philosophy.

Portsmouth Abbey School, Portsmouth, R.I. (high school). Presently serve on the Board of Directors.

PROFESSIONAL STATUS: Chartered Financial Analyst.

PERSONAL: Born September 14, 1942, in Baltimore Maryland. Married with one son and daughter and resides in Chatham, New Jersey.

May, 1983

The CHAIRMAN. As an Assistant Secretary of the Treasury for Domestic Finance, Mr. Healey will face some of the most important issues facing our country today. Among his responsibilities will be all of the Government's financing and debt management efforts, to establish an interest rate for Federal financing programs, the establishment of policies governing Federal credit programs, oversight of revenue-sharing programs, and coordination of the regulatory policies affecting financial institutions. That is clearly of fundamental importance to the members of this committee, and it is essential we have an Assistant Secretary in whom we can repose the utmost trust.

You will certainly benefit from the work of your predecessor, and we are happy to have you before the committee. If you have any statement at this time, we would be happy to hear from you.

Mr. HEALEY. I have none other than to note that while reviewing my résumé before coming here today, I noticed that in the interest of brevity I had left off summer jobs. In the summer of 1962 I was pleased to be an intern in the office of then Senator Homer Capehart of Indiana, and it's nice to be back here again.

The CHAIRMAN. Thank you.

I would just ask—we have gone over the Office of Government Ethics material, and if Senator Bradley or anybody would care to look at it, it is available. We believe it is in good order.

Have you discussed potential conflicts of interest with the committee's chief counsel?

Mr. HEALEY. I have. I did that yesterday afternoon, and I also discussed the agreement I had made with the Office of Government Ethics to both put my assets in a blind trust and also sign a recusal against Dean Witter Reynolds, my present employer.

The CHAIRMAN. So as far as you know there are no problems?

Mr. HEALEY. I know of none.

The CHAIRMAN. And assuming there are no problems and you are confirmed, when does the Treasury now estimate that the debt ceiling will be reached? That's an exercise we go through on a regular basis.

Mr. HEALEY. The recent midyear review shows that at the end of September the debt subject to the limit is within about $2 billion of the limit, which would mean that the first working day in October, if that estimate is correct, we would pierce or potentially pierce the debt limit because of the need to make the social security investment on October 3. If we do better than the OMB estimates, then it could conceivably be later than that.

The CHAIRMAN. Well, in any event, it is going to come very soon after Congress comes back from the recess; at least within 30 days, I would assume.

Mr. HEALEY. That seems very likely.

The CHAIRMAN. This week the Treasury will offer $15.75 billion in notes and securities, and this is just the start of record debt financing requirements by the Federal Government.

Do you believe that credit markets would be able to absorb this much new debt without increases in interest rates that could jeopardize the recovery?

Mr. HEALEY. I guess there are a number of parts to that. I think that the debt that we are selling this week is the largest amount ever offered in a single week, but the amount offered this quarter, approximately $48 billion, is not the largest quarterly amount of new financing. And indeed the fiscal 1983 deficit is expected to be larger than the fiscal 1984. So hopefully the biggest part of the debt financing in terms of absolute dollars is behind us. That's one answer to your question.

I think the other part of the question is that the 1983 debt financing has occurred, fortunately, in a market which, until very recently, has shown declining interest rates, in spite of the huge demands for financing the deficit. And the market has been able to comfortably absorb all of the debt that the Treasury has issued so far.

The CHAIRMAN. I am not sure it's comfortable, but——

Now, you are going to be leaving a key financial position in a large Wall Street firm. We keep talking about the confidence or lack of confidence the financial markets have in the strength of the recovery. Is there any fear in the private sector that the recovery will be too rapid and might rekindle inflation?

Mr. HEALEY. I think there are concerns about both. There is a continual concern about inflation, and that's probably part of the explanation for why long-term bond rates are so high. But in the last year or 18 months we have seen the most dramatic rise in the stock market, that I can ever remember, and I think that shows Wall Street's basic expectation of a very positive and favorable recovery.

The CHAIRMAN. Then the final question I have, and the other Senators may have questions: Recent Treasury studies suggest that there is no necessary relationship between high deficits and high interest rates. Now, as an experienced observer of capital market behavior, do you agree with the conclusion in that study—if that was a conclusion?

Mr. HEALEY. Let me see if I can answer it this way: Clearly, the increase in deficits doesn't necessarily imply higher interest rates, and the evidence of that is relatively simple. In the last 9 months, even when the financing of the Treasury has been so substantial, we have seen a very dramatic decline in rates. So you can have declining rates while you have increasing deficits.

If you look at it at the margin, though, if Treasury borrowing is higher than some prior amount, if you increase the demand for borrowing without changing the supply of loanable funds, then interest rates will be higher under those higher demands for borrowing than they would have been if the deficit had been smaller and the Treasury borrowings had been less.

You have two different factors occurring, which is probably why the debate gets a little uncertain, because different parties are talking about different aspects of it.

The CHAIRMAN. Well, I guess you are concerned about the size of the deficit, though.

Mr. HEALEY. I am, I wish it were smaller; that would certainly make my new job easier.

The CHAIRMAN. Well, it seems to me that there is still time to address the deficit question before the election. I hope, as a new member of the administration, you will not adopt the line that we can't address the deficit until after the next election.

I note that Alan Greenspan did an about face. He was talking about a summit meeting after the election. I think now he is talking about a summit meeting today, if he could put one together.

In the view of many of us, and we are not experts—that may be the problem, or it may not be the problem—we are frightened by the deficits and the increasing interest rates, and a lot of the uncertainty in our own States about whether or not the recovery is going to fizzle out in 1984 or early 1985 and that we are not going to even look at it in the Congress or the administration is not going to address it until after the next election.

It would seem to me the administration ought to be focusing on this, and I assume they are.

Mr. HEALEY. I think a lot of attention is being paid to it. One of the encouraging things, hopefully, is the new Federal Reserve money supply targets, which, if they can be met, are very encouraging in terms of the impact on inflation and interest rates.

The CHAIRMAN. Senator Bradley?

Senator BRADLEY. Thank you, Mr. Chairman.

I would like to ask Mr. Healey: There is a Bush Commission on Financial Deregulation that is meeting and is supposed to report by the end of the year on what we should be considering. Then there is a new bill, S. 1609, that basically says the Federal Reserve should have greater regulatory responsibilities. And it seems that there are the other regulatory agencies, each of whom is now getting its own bill dropped in the hopper.

The question is, Is your general view that we should consolidate financial regulation? Or should we keep it in its present form located at various different agencies in the Federal Government?

Mr. HEALEY. Let me start by drawing a distinction, if I can, between the administration bill that was introduced within the last 30 days and what the Bush Task Group is doing.

The administration bill is basically focused on what powers a financial institution can have. It does not focus directly on who regulates financial institutions.

The work of the task group, as I understand it, is focused on who should regulate the financial institutions and is not focused on the powers.

The administration bill, Senate 1609, does not change at all who regulates which financial institutions. It keeps the regulators the same. So if the Federal Home Loan Bank Board regulated an institution before that bill were enacted, it would continue to regulate it after the enactment. The nature of the regulation hasn't been changed. In his letter of transmittal Secretary Regan specifically referred to the work of the Vice President's Task Group, of which Secretary Regan is Vice Chairman, and said that we were looking forward to working with them on that question of who regulates, as opposed to the question of what powers the financial institutions would have.

Senator BRADLEY. Do you believe in specialized depository institutions? Or do you think that, if you do, should that specialization be statutorily imposed? Or do you think that all depository institutions should be equal in their investment options?

So in other words, how far would you go toward a totally deregulated financial environment?

Mr. HEALEY. I clearly believe in specialized financial institutions, but I believe that specialization should be created in response to the requirements of the marketplace, and the specialization should be in the form of finding areas of opportunity where the institution can either obtain funds or provide funds at an attractive advantage.

Senator BRADLEY. Rather than having it imposed by statute?

Mr. HEALEY. Yes, because ultimately the point of view you want to look at is from the point of view of what's best for the consumer. And the consumer, I believe and this administration believes, is benefited by increased competition.

Senator BRADLEY. Do you think that the Garn-St Germain Act was a step in the right direction?

Mr. HEALEY. I believe it was, absolutely. And the fact that $360 billion flowed into MMDA accounts in just 6 months is just stunning proof, to my mind, of how the market can work. I think that's an incredible example of the power of the American financial system when it is allowed to operate.

Senator BRADLEY. I wonder how you will feel after you are confirmed in your position and you are down at Treasury if the interest rates go back up and the savings and loans come back to the Congress and say that: "We have all this long-term debt at very low interest rates; you've got to help us out?"

Mr. HEALEY. I will continue to be concerned and try to be constructive, because savings and loans are a very important part of the financial community.

Senator BRADLEY. So, even though you have a general predilection toward a deregulated financial market, you understand that there are certain institutions in certain positions in that market now, and if they are stressed you are willing to hear their point of view and address their questions. Correct?

Mr. HEALEY. Absolutely. That's not a commitment for a bailout, but it's a clear concern. That's a good example of a group of institutions that focus on a special market need, which is the housing market.

Senator BRADLEY. One last question: Do you think that financial deregulation makes it more or less difficult for the Federal Reserve to conduct monetary policy?

Mr. HEALEY. I think there may be two answers, so let me ask you to amplify the question a little bit. Do you mean in terms of the control of the monetary aggregates? Or do you mean in terms of the control over the financial institutions?

Senator BRADLEY. I mean in control of the monetary aggregates, because it seems to me that every time you have more and more financial deregulation, which might be a good thing, you have a different definition of money. And every time you control one type of money, another one pops up.

Mr. HEALEY. I think we are all struggling with that right now. We have a different set of statistics today than we did 9 months ago because of the dramatic success of the MMDA.

I am hopeful and people that I have talked to, including some of the technical people at the Federal Reserve, are hopeful that the impact of the MMDA on the definition of money is a one-time effect, and once it's understood all of the series can be readjusted, and the market goes back to equilibrium.

Senator BRADLEY. We hope so.

Mr. Chairman, that's all. I would just like to endorse his nomination wholeheartedly and reemphasize that I do think he is here for the highest of motives. I think he will do an outstanding job, and I know he intends to work well with the committee.

The CHAIRMAN. Thank you.

Senator Chafee?

Senator CHAFEE. Thank you, Mr. Chairman.

I am pleased to see that Mr. Healey got his high school education at Portsmouth Abbey in Portsmouth, R.I.

Mr. HEALEY. Thank you. I still go back there. That is the one board that the Office of Government Ethics didn't require me to leave.

Senator CHAFEE. Well, in your present position you feel a kinship with the poverty oath that has been taken by the brothers at Portsmouth Abbey?

The CHAIRMAN. Could we interrupt just a second?

Senator CHAFEE. Yes.

The CHAIRMAN. This is important, right? Thank you.

[Picture with Senator Bradley.]

The CHAIRMAN. If the interest rates go up, he will autograph it. [Laughter.]

Senator CHAFEE. I would like you to briefly take me through the statement you made to the chairman about what, as I understood you to say, there was not a direct correlation between the size of the debt and the interest rates. You said there had been a "dramatic decline in interest rates in the last 9 months." How much have interest rates changed in the past 6 months?

Mr. HEALEY. Probably relatively little in the last 6 months. I don't have the figures.

Senator CHAFEE. Just take the prime rate. I believe, and you may correct me, the prime hasn't changed from the current 10.5 percent in the last—I was going to say 9 months; I may be wrong on the figure. Am I?

Mr. HEALEY. I am not sure I can give you a specific answer; but, if it has changed, not dramatically.

Senator CHAFEE. Yes. So I wasn't quite sure what you were talking about when you talked about the dramatic decline in interest rates in the last 9 months.

Mr. HEALEY. I think I was thinking more in terms of the rate in the long-term market—the 30-year Treasury bond. There we have seen pretty dramatic declines, not only over the last 9 months but over the last 18 months, during that whole period of increasing deficits.

Senator CHAFEE. What deeply worries me and as the chairman has indicated, what worries this entire committee is the effect of these deficits on the interest rates and thus on the recovery. How could the interest rates not climb when the Federal Government is going out in the stock market not only funding a debt of $1 trillion but also, increasing that by 20 percent every year, or close thereto?

Mr. HEALEY. You are saying, how can interest rates help but increase?

Senator CHAFEE. Yes. How can interest rates do anything but increase with the recovery increasing the demand of private citizens, and presumably industry, and small business as well?

Mr. HEALEY. May I give you a couple of different answers in response to your question? The administration interest-rate outlook is for a long-term and short-term—short-term meaning 1983 to 1984—decline, in the interest rate, as used in terms of the midyear review by the Office of Management and Budget of the budget for 1983 and 1984 and thereafter.

The principal thing that they are looking at is the rate of inflation. And historically, interest rates have been most significantly influenced by the rate of inflation. The extent to which the rate of inflation is declining, and if the market can become convinced that a combination of monetary and fiscal policy will keep the rate of inflation at the levels somewhere near where they are now, is going to have the biggest long-term impact on interest rates.

The concern—and I think the chairman mentioned it earlier—the concern in the markets is very much that a combination of large deficits and increasing money supply is going to go back to the inflationary rates that we had as recently as several years ago. The market is significantly worried about that.

Senator CHAFEE. In your explanation it seems that you put far greater weight on the inflation than you do on the debt. I think you are right, but that isn't in any way discounting the effect of the debt.

Mr. HEALEY. And I don't mean to discount that. If we had a smaller deficit and had less debt to raise, then, everything else being equal, rates would be lower, because the demand for borrowing in the whole economy would be lower. And ultimately the market sets rates, at the crossover point of the supply and demand curves for funds.

If there were less Treasury borrowing, there would be lower rates.

Senator CHAFEE. Well, the message I want to convey is not unlike the point the chairman was making: Currently there seems to be a pattern that is being taken downtown that more or less discounts the effect of the deficits. Somehow the Republican philosophy has become all garbled; now deficits are quite acceptable and are no longer a cause for worry. That is not my philosophy.

I noticed that you are involved in capital management and venture capital. I suspect you would agree that the greatest thing we did to help those in venture capital was to reduce the capital rates; is that correct?

Mr. HEALEY. I think that is absolutely correct, and the market has responded that way.

Senator CHAFEE. Now, what would you think of a piece of legislation that would provide that anybody who held an original issue for 5 years would be subject to 10 percent capital gains?

Mr. HEALEY. I really haven't thought about that as an issue. I think that you could clearly make an argument for trying to adjust the capital gains rate to make it progressively smaller as you held something larger, particularly in that kind of context. But I don't know what the impacts are, and frankly haven't analyzed it thoroughly.

I would say that if you look at the markets, the markets are responding very well right now to the combination of the change in the capital gains rate and the attractive outlook for making investments in newer, smaller companies.

Certainly, in the 15 years I was on Wall Street I've never seen a better time either for smaller companies or for venture capital than 1983.

Senator CHAFEE. Smaller companies for raising capital?

Mr. HEALEY. Yes.

Senator CHAFEE. So, therefore you think that maybe this isn't necessary?

Mr. HEALEY. I don't have any sense from a market perspective that there is any strong feeling of companies not getting financed. You have both a very active public market for new companies and more professional venture capital money going into small private companies than there has ever been. Both of those segments are very active and very full right now.

Senator CHAFEE. In other words, there is never enough money for everything; but in your judgment, from having been in the business, there seems to be quite a bit of money available for venture capital?

Mr. HEALEY. Relatively more than I can remember in the last 15 years.

Senator CHAFEE. OK, fine. Thank you very much. Good luck to you.

Mr. HEALEY. Thank you.

Senator CHAFEE. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Healey. Are there any other statements you would like to make?

Mr. HEALEY. None other than that I look forward to working with this committee.

The CHAIRMAN. Thank you.

Well, it will be exciting. We will probably be seeing you in the next 30 days when you come up and try to tell us we ought to increase the debt.

Mr. HEALEY. I would like to say, just to make sure that I was clear with Senator Chafee—if I didn't make the point that I wish the deficits were lower and I think they should be lower, I would like to state it again. I thought I said it in answer to the chairman's question.

If anyone believes that the Treasury is happy with the current level of deficits, I think that's an error.

The CHAIRMAN. I think we all agree with that, but some of our friends—"supply-siders," I guess they are called—just think we are going to grow out of the deficit, that there will be so much growth that the deficit will erode and we'll live happily ever after. There are not as many of those people around as there were, but there are still a few.

Well, if there are no further questions, I am going to ask that we may poll out your nomination so we can act on it before the recess, so you can be officially on duty. I know of no objection. If there is anyone in the hearing room or outside who would like to file a statement in opposition to the nomination, they certainly have the right to do that. In the meantime, we will start, if there is no objection from Senator Long, polling out your nomination.

Along that same line, we have been holding in the committee for a number of weeks nominations for the International Trade Commission. As I understand, the White House is now willing that we move on two of the nominations. So I am going to ask the staff—again, I have to discuss this with Senator Long—that we poll out the nominations of Susan Wittenberg Liebler of California to be a member of the U.S. International Trade Commission for the remainder of the term expiring December 16, 1988, of Michael Calhoun; and for Celia Loudwick, of Iowa, to be a member of the U.S. International Trade Commission for the term expiring December 16, 1991. Eugene J. Frank resigned, and in the other case it was Mr. Calhoun who resigned. So we hope to act on those nominations before we recess.

There being no further business, we will stand in recess. We have a hearing of the Subcommittee on Taxation at 9:30 tomorrow morning.

[Whereupon, at 4:15 p.m., the hearing was concluded.]

O