

Congressional Closeup by Carl Osgood

Gas tax repeal protects oil company profits

On May 21, the House voted 301-108 to temporarily repeal the 4.3¢ a gallon gasoline tax that was passed as part of the Omnibus Budget Reconciliation Act of 1993. Democrats opposed to the measure attacked the political nature of the bill and the windfall that oil companies will reap during the repeal, which ends on Dec. 31, 1996.

Steny Hoyer (D-Md.) told Republicans, "Not one of you can show in any way that this tax had anything to do with raising the gasoline prices." John Lewis (D-Ga.) called it an "election year gimmick," and said that not a single one of his constituents who contacted him on the issue supported the repeal.

Rosa DeLauro (D-Conn.) said that because Republicans "stood firm in their support of big oil," they missed "golden opportunities" to ensure that repeal of the tax would actually benefit American consumers. "First," she said, "the leadership refused a Democratic amendment to guarantee that consumers and not oil companies would benefit from the repeal. Second, the tax should have been paid for by reforming corporate welfare and eliminating programs like the alcohol fuel credit and the percentage of depletion for oil producers. Finally, the Republican leadership should have promised the American people that they would hold hearings that the oil companies may have engaged in price gouging. Without these assurances, the end result is unclear."

Democrats, led by Charles Rangel (N.Y.), moved to recommit the bill to the Ways and Means Committee with instructions to report it back with text that would require oil companies to pass on the tax reduction by lowering pump prices accordingly.

In response, Ways and Means Committee Chairman Bill Archer (R-

Tex.) implicitly defended the market manipulations that caused the price rise in the first place. He claimed that the Rangel motion "attempts to regulate the market price of motor fuels with the threat of monetary penalties for failure to pass on the motor fuels tax reduction to customers." He said that "if proponents [of the Rangel motion] really mean what they say, then what is before us is yet another attempt to control the profit margins of every individual who buys and sells gasoline."

Republicans demand Iraqi oil revenues

On May 23, the Senate passed, by a vote of 53-47, a sense of the Congress resolution introduced by Trent Lott (R-Miss.) and Bob Smith (R-N.H.), demanding that the President seek to force Iraq to reimburse the United States for the costs associated with operations Southern Watch and Provide Comfort. The resolution, in the form of an amendment to the concurrent budget resolution, suggests that the President should renegotiate U.N. Resolution 986, in order to allow the United States to garnish the revenues of any Iraqi oil imports, and, failing that, calls on the President to reject any U.N. agreement to implement Resolution 986. It also calls on the President to ensure that "revenues reimbursed to the United States . . . be used to reduce the federal budget deficit."

Lott said, "If we are going to allow Iraq to sell oil to pay for humanitarian costs, the United States should recover the moneys our taxpayers are spending for the ultimate in humanitarian assistance: military protection!" Lott accused the Clinton administration of dropping the ball in 1995 when Resolution 986 was negotiated, for not re-

quiring at the time a provision for the reimbursement of "the American taxpayer."

Democrats objected that the resolution asks the President to do what he doesn't have the authority to do, and that preventing humanitarian relief for the Iraqi population would generate a backlash against U.S. interests. Claiborne Pell (R.I.), the ranking Democrat on the Foreign Relations Committee, said, "If we cavalierly suspend efforts to provide humanitarian assistance, the Iraqi people will only draw the conclusion that the United States is against them and wants to punish them for the sins of Saddam. I can think of no more effective way to bolster Saddam's standing in the eyes of the Iraqi people than to follow the course of action recommended in this amendment."

Harkin defends hold on Greenspan renomination

Sen. Tom Harkin (D-Iowa) outlined why he is holding up confirmation of the renomination of Alan Greenspan to chairman of the Federal Reserve Board, in order to force a debate, in a letter to the editor of the May 20 *Washington Post*. The letter was in response to the *Post's* editorial opposition to a debate.

In contrast to other nominations for less important positions by the Senate, for example, Surgeon General, this one has "not undergone the scrutiny it deserves," Harkin wrote. "Greenspan has stated that he believes that we would be better off with a gold standard. And, recently released Federal Reserve transcripts reveal that he completely missed the start of the 1990 recession. These facts alone are worthy of a thorough examination on the Senate floor."

Harkin said that the decisions of Greenspan have cost American families, in lost incomes and lost opportunities, and have stifled economic growth and reduced the incomes of average Americans. "Interest rates have been kept artificially high and middle-class families and businesses have been forced to pay the price."

Minimum wage increase passed in the House

On May 23, the House, by a vote of 266-162, passed an increase in the Federal minimum wage to \$5.15 per hour by July 1, 1997. The vote came on an amendment to a bill on employee use of employer-owned vehicles. In the process, the amendment survived attempts by the Republican leadership to, first, prevent it from coming to the floor at all, and then, to effectively kill it by attempting to exempt small businesses from paying the minimum wage.

As soon as the amendment was introduced by Frank Riggs (R-Calif.), it was subjected to a point of order by Rob Portman (R-Ohio), on the basis that increasing the minimum wage would be an "unfunded mandate," and in violation of the unfunded mandates legislation passed as part of the Contract with America last year. Minority Whip David Bonior (D-Mich.) accused the GOP leadership of hiding behind procedural maneuvers to avoid a floor debate on the minimum wage.

William Clay (D-Mo.) argued that "the failure to ensure a living wage is ultimately far more expensive to local governments, state governments, private businesses, and society as a whole than a modest increase in the minimum wage."

Seventy-six Republicans joined with Democrats to allow the vote to

occur, and 71 of those voted for the increase.

Once the amendment was passed, the Republican leadership tried to sabotage it with an amendment, sponsored by Economic and Educational Opportunities Committee Chairman Bill Goodling (R-Penn.), to exempt small businesses from paying the minimum wage. Goodling's reasoning was based on the assumption that low-wage jobs are the kind that "small businesses must create if . . . we are going to have a growing economy."

However, Clay reported that "67% of all retail firms and an astounding 78% of all service firms are exempted by this amendment." Goodling's amendment was defeated by a vote of 196-229. The final vote on the bill to which the minimum wage increase was attached, was 281-144.

Sen. Edward Kennedy (D-Mass.) said that the vote would give the increase momentum in the Senate, where it has been blocked from a vote. "We'll see expanded Republican support on this side, too. We look forward to the battle," he said.

FAA hearing hits budget cuts, but avoids dereg

On May 14, the Senate Commerce, Science and Transportation Committee oversight hearing on the Federal Aviation Administration was dominated by the crash of ValuJet Airlines Flight 592 into the Florida Everglades just three days before. The budget cuts that hamper the FAA were attacked, but the broader issue of deregulation, which has led to the near disintegration of the industry, was ignored.

Ernest Hollings (D-S.C.) attacked the budget politics that have dominated Congress and the Executive branch. He said that the authorization

for the FAA in 1996 was over \$10 billion, but the level of appropriation was only \$8.15 billion. "When you come up \$2 billion shy of what you asked for, that's a heck of a cut," he said. "We need a strong FAA . . . and we don't need political cuts and fever that goes around this town when nobody wants to pay the bill and therefore they want to cut everything." He added, "We've been in a shabby game up here . . . and people are getting killed."

The impact of the expiration of the airline ticket excise tax on the airport and airways trust fund, and FAA capabilities and aircraft safety issues were aired, but deregulation was ignored. FAA Administrator David Hinson said, "The cost of a ticket that an airline charges is irrelevant to the FAA. How an airline positions itself economically is their business."

Retirement security bill offered by Democrats

On May 23, Senate Democrats, led by Minority Leader Tom Daschle (S.D.), introduced a series of bills intended to improve retirement security for U.S. workers. Daschle said that the bills would "ease the fears of working Americans by making it easier for businesses to offer pension plans, and easier for workers who do not have access to employer-sponsored pension plans to set up their own tax-free pension plans."

Provisions of the legislation include pension plan portability, requirements that pension funds be invested in a timely manner, and increased civil and criminal penalties for pension fund raiding. "People who work hard all their lives," Daschle said, "deserve to be able to retire with dignity. We intend to insure that they can, and we intend to do so, this year."