

Congressional Closeup by Carl Osgood

Tax Bill Buried Under Blizzard of Amendments

On May 17, the Senate began debate on the \$1.35 trillion tax cut bill which the Senate Finance Committee had passed on May 15. The bill came out as a reconciliation bill, however, subject to special budgetary rules, which, among other things, prevent the bill from being filibustered. Robert F. Byrd (D-W.V.) charged that these rules mean that “the most important feature of the budget resolution for the Republican leadership was the provision that allows the leadership to muzzle debate on a bill that will change the fiscal landscape of this nation for a generation and, by so doing, to thwart the will of the minority in this Senate.”

Democrats are still attempting to, if not kill the bill, at least slow it down, to deny President Bush’s demand that it be passed before the Memorial Day recess. The strategy has been to offer an avalanche of amendments. As of May 22, the Senate had debated 48 amendments requiring roll call votes, 44 of them by Democrats, and all of them defeated.

Most of the amendments have centered on reducing the tax breaks for upper-income brackets and expanding those for the lower-income brackets. There were several attacks, including one led by John McCain (R-Ariz.), on President Bush’s proposal to lower the top tax rate from 39% to 33%. The McCain amendment would have limited that reduction to 38%. Other amendments would have increased the income subject to the lowest tax bracket, and retained the estate tax in some modified form.

On May 22, Minority Leader Tom Daschle (D-S.D.) explained to reporters that the amendment strategy was to ensure that Democrats concerns about the tax cuts be heard. These include

earmarking a “fair share” of the budget surplus toward debt reduction, providing sufficient resources for “America’s priorities,” such as a Medicare prescription drug benefit, and spreading more of the tax cut benefits to the lower 90% of taxpayers.

Senator Lott Rebuked on Campaign Finance Reform

In a highly unusual move, the Senate voted 61-36 on May 15, in favor of a resolution calling on Majority Leader Trent Lott (R-Miss.) to send the McCain-Feingold campaign finance reform bill, which passed the Senate 59-41 on April 2, to the House for its consideration. The move followed Lott’s announcement the previous week, that he had no intention of doing so. Normally, when one House passes a bill, it is formally sent over to the other House for its consideration within 30 days.

John McCain (R-Ariz.), who introduced the resolution, called the holding of the bill “arbitrary and unfair.” He said, “The Senate recognizes in its rule that once a majority reaches a certain threshold, it can prevail and move forward. What we are seeing here is a minority of one stopping the will of this body.”

Before the vote, Lott indicated that he was in no hurry to send the bill over. But, the practical implications of his delaying action seem minimal, because the House can decide to take up its own version of campaign finance reform, an action which seems likely, in any case.

McCain has continued to push Lott to send the bill to the House. During an appearance on ABC News’ “This Week” on May 20, McCain said that Lott’s action “is very disturbing be-

cause it could set a very dangerous precedent” for the legislative process as a whole. He did not rule out that he and Russ Feingold (D-Wisc.) may take some sort of parliamentary action to force Lott to send the bill.

On NBC News’ Meet the Press later the same morning, Lott said, “There’s no need to send it over there if the House is in the process of acting” on the bill. He added that he has already directed the bill to be sent over and “they should have it next week.”

O’Neill Grilled on Debt Forgiveness

On May 22, Treasury Secretary Paul O’Neill made his first appearance before the House Financial Services Committee to report on the status of reforms at the International Monetary Fund and on the condition of the international financial system. The hearing was the result of a mandate in the 1999 Foreign Operations appropriations bill which provided for an increase of \$18 billion in funding to the IMF in response to the growing international financial crisis.

O’Neill asserted that the crises in Argentina, Turkey, and Indonesia don’t have anything to do with each other. Otherwise, he said very little about the current international financial crisis. He was, instead, questioned at length on debt forgiveness for the world’s poorest countries. O’Neill claimed that he knew of no single case “where a country was forced to take money from these institutions,” and that while the existing program should be allowed to work, “I think if we are really going to entertain the possibility of writing off everything, we need to face up to how many billions of dollars that is.”

The most critical evaluation of the IMF came from Bernie Sanders (I-Vt.), who noted the IMF policy failures in Asia and as a result of its debt reduction program, and its forcing of countries to export everything they produce to the United States. "The IMF's misguided policies in recent decades," he said, "are largely responsible for the lack of per-capita economic growth in Latin America, plummeting per-capita income in Africa, skyrocketing trade deficits in the United States, and a decline in real wages for American workers." Sanders was among those calling for complete debt cancellation for the poorest nations.

House Backs School Testing

On May 17, the House began debate on its version of President Bush's education plan. According to Education and the Workforce Committee Chairman John Boehner (R-Ohio), the bill "challenges states to set high standards for public schools, demanding accountability for results. It provides unprecedented flexibility to local districts, letting them make spending decisions." George Miller (D-Calif.) said that the bill "truly represents what members on both sides of the aisle have been saying they want with respect to the Federal role in education and to what the President has said that he wants."

While the bill has wide support in the House, the provision dealing with testing generated some debate. On May 22, Peter Hoekstra (R-Mich.) introduced an amendment to repeal the testing requirement for grades three through eight. Hoekstra argued that the testing mandate that was passed into law in 1994 should be allowed to

work before additional mandates are imposed on the states. He added that the argument is about "the Federal government deciding that every school has to test students." Wayne Gilchrist (R-Md.) warned that "teaching to the test" will be an unintended consequence if testing is added to the system.

Opponents of the Hoekstra amendment, both Democrats and Republicans, warned that if it were to pass, it would cut the heart out of the bill. Michael Castle (R-Del.) said, "We do need to have the standards and the assessments, and part of the assessments is the testing." Tim Roemer (R-Ind.) said that properly done testing is a "diagnostic tool" that helps "to determine whether or not that child goes to the next grade or graduates." Hoekstra's amendment went down to defeat by a vote of 255-173.

Olson's False Testimony Is Being Probed

Following a deadlocked vote on May 17, the Senate Judiciary Committee has authorized a limited investigation of the responses given by the Bush Administration's nominee for U.S. Solicitor General, Theodore Olson.

Democrats on the Committee have charged that Olson was less than truthful in testimony about his involvement in the "Arkansas Project," which sought to dig up dirt on Bill and Hillary Clinton from 1994 through 1997. With carefully chosen words, Olson has denied knowledge of the project before 1997—despite substantial evidence to the contrary.

The Arkansas Project was financed by \$2.4 million from the foundations run by Richard Mellon Scaife; it was run through the *American Spec-*

tator magazine, and the tax-exempt American Spectator Educational Foundation. It was reportedly organized at a meeting in Olson's law office in late 1993 or early 1994. One source familiar with these events told the online *Salon* magazine: "Olson is somebody Scaife would trust to see that nothing went wrong and that his money would not be wasted."

By that time, Olson was already representing David Hale, the corrupt former Little Rock municipal judge who was indicted in September 1993, and was later squeezed to become the star witness against Clinton, by Independent Counsel Kenneth Starr.

In truth, Olson's role was much, much greater than anything he has let on. Olson was a key player in cooking up both the so-called Whitewater scandal against Clinton, and the sex scandals which started with Paula Jones and led into the Monica Lewinsky case and the impeachment.

Olson was a former law partner of Starr from the 1970s, and remains one of Starr's closest friends. They joined the Justice Department together in 1981, when another partner, William French Smith, became Attorney General.

Starr and Olson are both activists in the misnamed Federalist Society, founded in 1982 under the direction of now-Supreme Court Justice Antonin Scalia.

Olson and his wife Barbara hosted a weekly "Get Clinton" salon at their secluded Great Falls, Virginia home, where journalists and others plotted how to bring down Clinton—especially after Clinton was elected to a second term. Among regular attendees were the *American Spectator's* Emmett Tyrrell and the *Wall Street Journal's* Robert Bartley; according to some reports, Starr was also a regular participant.