

Congressional Closeup by Carl Osgood

Sparring Over The Budget Continues

The tug-of-war over tax cuts and the rapidly disappearing budget surplus picked up right where it had left off before the July 4 recess, with defense spending, in particular, caught in the middle. On July 11, Deputy Defense Secretary Paul Wolfowitz testified before the House Budget Committee to defend the Bush Administration's amended 2002 budget request. The following day, Mitchell Daniels, director of the Office of Management and Budget, appeared before the Senate Budget Committee, to assure the world that the bottom is not falling out of the U.S. economy, and therefore, the Federal budget.

Many of the same issues were raised in the two hearings. Declining Federal revenues headed the list, and related to that were the tax cut passed earlier this year, and its effect on the Medicare and Social Security trust funds. Republicans insisted that the trust funds will not be touched for other programs, and they are following the Bush Administration's lead in insisting that the economy will improve next year. Sen. Charles Grassley (R-Iowa) told reporters on July 11, "It's plain old wrong to mislead Americans into believing that we can't provide the kind of substantial tax relief that we did with strong bipartisan support and, at the same time, protect Medicare." However, Republicans are admitting that one of the reasons that tax receipts are down, is that the tax bill moved the corporate tax payment, normally due on Sept. 15, to Oct. 1, which is the beginning of the next fiscal year.

Specifically on the defense budget, Rep. John Spratt (D-S.C.), the ranking member on the House Budget Committee, doubted Wolfowitz's claims that much of the budget increase the

Pentagon is seeking can be covered by savings generated internally. He said that another round of base closures, which the Bush Administration is seeking, would take five to six years to generate any savings, and other Administration proposals, such as weakening the Davis-Bacon law regarding union labor on government construction projects, are politically difficult to implement.

The Senate Budget Committee hearing turned out to be a free-for-all between Chairman Kent Conrad (D-N.D.), on the one side, and Daniels and Sen. Pete Domenici (R-N.M.), on the other. Conrad told Mitchells and Domenici that the numbers he came up with, showing an impending raid on the Medicare trust fund, were based entirely on the GOP-passed budget resolution from earlier this year. In response, Domenici went so far as to suggest to Conrad that, since he's now committee chairman, he should go ahead and mark up an alternative budget resolution. Conrad replied that the appropriations process has gone too far to start all over again.

Appropriations Bills Are Going Ahead

Spending bills continued to wend their way through the appropriations process after the Congress returned from its July 4 recess. The House Appropriations Committee reported out the Commerce, Justice, State Department, and the Judiciary appropriations bill on July 11, and the full House passed the Agriculture appropriations bill on July 11 by a vote of 414 to 16. The House followed up on July 12 by appointing members of a conference committee on the fiscal 2001 supplemental appropriations bill.

On the Senate side, the bill for the Interior Department passed by voice vote on July 12, and the Senate Appropriations Committee reported out the Energy and Water Development, the Transportation, and the Legislative Branch bills the same day. The Transportation bill includes an amendment providing money for granting Mexican trucks wider access to American highways, but with tougher safety conditions. It's still weaker than the blanket prohibition that the House voted up on June 26, however. Senate Majority Leader Tom Daschle (D-S.D.) has promised to complete work on 9 of the 13 bills by the August recess.

Senate Moves Toward Bankruptcy Reform

In the Senate, the process of appointing members of a conference committee is normally done by unanimous consent. On July 9, however, Paul Wellstone (D-Minn.) blocked a unanimous consent request to go to conference on the bankruptcy reform bill, which had been passed in both the House and the Senate in March. Wellstone's objection forced the Senate to go to regular order, but he may have only delayed the inevitable.

Even though he's been almost a lone figure in doing so, Wellstone has used every avenue available to try to block progress on the bankruptcy bill. When the Senate took up the bill on July 12, Wellstone plainly stated, "What I am asking the Senate to do, today, is to step back from the brink and decline to go to conference" on the bill. He told the Senate that 50% of personal bankruptcy filers file because of medical bills, and a significant number of the remainder because of job loss. These people are not trying to

“game the system,” but will be treated by the bill, as if they were “deadbeats.” In this context, Wellstone noted that medical costs are going up and job losses are increasing. Therefore, “the timing of this bill could not be worse.”

The only other senator to express reservations about the bill was Hillary Clinton (D-N.Y.). She told the Senate that while she voted for the original bill, “I will absolutely not vote in favor of the final bankruptcy reform bill,” if at least minimal consumer protections are not left in it.

The bill easily passed through two cloture votes on July 12 and July 17, both by 88 to 10 tallies.

Campaign Finance Reform Stalls in the House

A procedural motion to bring to the House floor two competing campaign finance reform proposals died in a shower of sparks, by a vote of 203 to 228, on July 12, amid accusations from reformers that the motion was part of a GOP strategy to kill off reform altogether. The two bills, one sponsored by Marty Meehan (D-Mass.) and Christopher Shays (R-Conn.), and the much weaker alternative, sponsored by Bob Ney (R-Ohio) and Albert Wynn (D-Md.), had both been reported out of the House Administration Committee, which Ney chairs, but the Shays-Meehan bill was broken up into 13 amendments by the rule.

Republicans called this procedure “fair, open, and timely,” but Democrats were livid. Martin Frost (D-Tex.), the ranking member on the Rules Committee, called the rule “the height of cynicism” and “one of the most stupid proposals I have seen in my 23 years in this institution.” While expressing reservations about the Shays-Meehan bill, because of its ban

on soft-money fundraising, Frost suggested that the two bills deserved a full and open debate, but “because of the cynical maneuvering on the part of the Republican leadership, we may never get to that point.” And even if the rule were to pass, he warned, “the debate on this issue will be in such a highly charged atmosphere that it may well be impossible to have a rational debate.”

The reformers were unbowed in their efforts, however. While a spokesman for House Speaker Dennis Hastert (R-Ill.) told the *Washington Post* the next day that “this is dead,” Shays and Meehan were threatening parliamentary guerrilla warfare to try to force Hastert to change his mind. “It will happen in a nice and congenial way, or it could happen after a lot of conflict and disagreement,” Shays told the *Post*, “But it will happen.” Sen. John McCain (R-Ariz.), who has been lobbying House GOP members to support reform, told NBC’s Tim Russert, on July 15, “I’m confident we will have a fair vote on this.” He laid responsibility for the debacle at the feet of Hastert. He said that Hastert had promised a “fair vote,” if the reformers held off until after the July 4 recess, but “clearly, we didn’t get that.”

Bush’s Medicare Plan Gets Mixed Reception

On July 12, President Bush announced, in a Rose Garden ceremony, his proposed pharmacy “discount card” for Medicare beneficiaries. He said the discount plan is “the first necessary step to provide immediate help to seniors without destabilizing Medicare’s finances.” He also laid out his “principles” for the reform of Medicare, such as to “put Medicare on a sustainable financial footing for future

generations.” He called for combining the two parts of Medicare into one, under which many new plans are to be established.

Those who have long been involved in Medicare reform were generally supportive of the President’s plan. After the ceremony, Sen. John Breaux (D-La.) bragged that Bush’s discount card plan was included in the reform plan he’s co-sponsoring with Sen. Bill Frist (R-Tenn.). “This clearly does not solve the problem of prescription drugs,” he said, “but I think it’s an added step in the right direction.” He also warned that without “reform” which will “reduce the cost of Medicare . . . I think we are looking at some very desperate times for Medicare,” such as “potential bankruptcy.” Republicans generally adhere to Breaux’s view and, in the House, they are preparing a reform bill to be considered in the near future.

Democrats, otherwise, are highly critical of the Bush plan. Sen. Edward M. Kennedy (D-Mass.), speaking a couple of hours after the White House ceremony, told reporters that the Administration’s principles “fall far short of meeting the urgent and growing need for a real Medicare prescription drug benefit.” Moreover, he said, “the Administration is proposing a number of controversial changes to Medicare that offer new incentives for HMOs and could force America’s seniors into managed care.” Sen. John D. Rockefeller IV (D-W.V.) was even more blunt. “I find it offensive, as somebody who’s a professional policy person,” he said, “that a President could come up with something with this lack of depth.” Sen. Bob Graham (D-Fla.), who is sponsoring an alternative to the Breaux-Frist plan, added, “This will not fool the seniors of America as to what they need, which is a prescription drug benefit, under Medicare.”