Congressional Closeup by Carl Osgood

Daschle Jumps On Tax-Cut Bandwagon

On March 18, Senate Minority Leader Tom Daschle (D-S.D.) told NBC News' "Meet the Press" host Tim Russert, that Democrats would be "willing to meet the [Bush] Administration halfway" on cutting taxes. That is, Daschle said, Democrats would support lowering the 15% tax bracket to 10%, and doing it to take effect immediately, rather than down the road, as in the Bush plan. This comes less than two weeks after President Bush appeared in South Dakota, with Daschle at his side, to campaign for his much larger tax-cut package.

Daschle also criticized the Bush Administration for "talking down" the economy. In November, he said that Republicans "were using this whole recession talk, all of this negative rhetoric to make their case for a tax cut that really didn't fit the circumstances." He added, "Now it does." Daschle said, "We don't deny that we've got less of an economic opportunity than we had a year ago." Hence, his desire to cut taxes even faster than the GOP wants to. Sen. Joseph Lieberman (D-Conn.), appearing the same day on ABC News' "This Week," didn't endorse Daschle's plan, but did say that it would be an "improvement" over Bush's plan.

On the House side, where part of Bush's plan has already been passed, Ways and Means Committee Chairman Bill Thomas (R-Calif.) told reporters on March 15, that two of the next three components of the Bush plan could be passed in the House before the Easter recess. These would be either the repeal of the estate tax, reduction of the marriage penalty, or expansion of the child credit. "I believe it's possible to have a comprehensive hearing, have at least two markups, and move two packages to the floor comfortably" before the next recess, he said. "I don't think three fit in."

Thomas, in response to Democratic criticisms that the GOP is moving to cut taxes without even having a budget, also said he anticipates that a budget resolution will be dealt with before additional parts of the tax package are taken up.

Airline Competition Debated by Senate Panel

On March 13, the Senate Commerce Committee, chaired by John McCain (R-Ariz.), held a hearing on a bill McCain is sponsoring, entitled the "Airline Competition Restoration Act." McCain said that the bill would give the Department of Transportation review authority over airline mergers, and "would ensure that underutilized gate slots and facilities are available for competitive purposes, and ensure that the capacity of the existing system is fully utilized."

McCain warned that the current proposed mergers "would give several airlines increased market share and substantial ability to wipe out competition." He made note of how difficult it is for small airlines to operate in a hub dominated by one of the major carriers. "I am sure the airlines will complain about this bill as Federal intervention or meddling in their industry," but "they seem to be welcoming Federal intervention on the labor front," a reference to President Bush's recent ordering of a 60-day cooling-off period against Northwest Airlines' unions, which are threatening a strike against that carrier.

Kay Bailey Hutchison (R-Tex.), also a member of the committee, is sponsoring rival legislation which is aimed at forcing airlines to improve customer service. She said that McCain's bill "takes the wrong approach," and instead advocated the buildup of new airport and airway infrastructure. "Creating new barriers to mergers and acquisitions in the aviation industry is like closing the barn door after the horse has escaped," she said. She characterized giving the Department of Transportation power to review gate utilization at large airports as "state-sponsored redistribution of assets" that "amounts to re-regulation."

Campaign Finance Reform Debate Begins in Senate

On March 19, the Senate began debate on the campaign finance reform bill sponsored by John McCain (R-Ariz.) and Russell Feingold (D-Wisc.). The bill prohibits soft-money contributions to political parties, expands disclosure requirements, and restricts corporate and union expenditures for so-called issue advertising within 60 days of a Federal election.

Supporters of the bill argue that the uncontrolled flow of soft money into party coffers threatens democracy. Chris Dodd (D-Conn.) calls it "money that threatens to drown out the voice of the average voter of average means; money that creates the appearance that a wealthy few have a disproportionate say over public policy."

Opponents of the bill are being helped by several Democrats who are worried that a soft-money ban will put Democrats at a severe disadvantage. So far, John Breaux (La.) is the only Democrat who has publicly broken with his party over the issue (in the past, Democrats unanimously supported the McCain-Feingold bill), but recent news reports have cast doubt as to how much support there is in the

Democratic caucus for the bill.

Another indication of the problems the bill faces, besides the formidable opposition of Mitch McConnell (R-Ky.), is the alternative sponsored by Chuck Hagel (R-Neb.). His bill, cosponsored by Mary Landrieu (D-La.), would limit soft-money contributions to parties to $60,000 a year, but would increase the current $1,000 limit on individual contributions to $3,000. Hagel warned that the McCain-Feingold bill would not stop soft-money expenditures, but rather, would push such spending outside of reportable channels. "The more money that is pushed outside of the reportable system of candidates and political parties, the less control candidates will have over their own campaigns," he said. He added that his bill is more likely to pass constitutional review than is the McCain-Feingold bill.

Supporters also fear that the bill may be amended with a "poison pill," most likely to come in the form of so-called "paycheck protection," that is, the prohibition of the use of union dues for political spending without permission of union members. Democrats staunchly oppose such a provision, and would abandon the bill if it were amended in this manner.

Senate Passes Bankers' Bankruptcy 'Reform'

On March 15, the Senate voted 83-15 to pass the bankruptcy reform bill. The vote culminated two weeks of debate in which every attempt to soften the bill's provisions was turned back by the Senate. The Senate ignored reports, presented by Paul Wellstone (D-Minn.), that about 50% of all personal bankruptcies result from unpayable medical bills, while a substantial portion of the remainder result from divorces or job losses.

Among the defeated amendments was one by Wellstone to amend the means test in the bill, which averages out the last six months of a debtor's income to determine whether that debtor is eligible for a Chapter 7 filing, or should be forced into Chapter 13 and a debt repayment plan. Wellstone said that six months "may be a very poor snapshot of a debtor's circumstances, especially if the debtor's income has gone down substantially before the filing due to a job loss or disability." He warned that this could "have the effect of inappropriately forcing some debtors into Chapter 13 repayment plans that they'll never be able to complete." The amendment was defeated by a vote of 77-22.

There were also several amendments dealing with issuing credit cards to individuals under the age of 21 and protecting retirement savings from creditors. In the first category were amendments by Dianne Feinstein (D-Calif.) and Chris Dodd (D-Conn.) that would have put a $2,500 cap on any credit card issued to a minor, and would have required a parent's co-signature for an application for a minor. In the second category, was an amendment by Edward Kennedy (D-Mass.) that would have protected retirement plans, such as a 401(k) or an IRA, from creditors. All three amendments were tabled, Feinstein's by a vote of 55-42; Dodd's, 58-41; and Kennedy's, 61-37.

House Panel Discusses Medicare Reform

On March 14, Health and Human Services Secretary Tommy Thompson made his first appearance before the House Ways and Means Committee, to discuss the Bush Administration's proposed budget for his department. The Administration's proposal for the reform of the Medicare program took up most of the discussion, however.

Thompson was short on details as to what "modernization" of Medicare means, with the exception of a prescription drug benefit. He told the committee that President Bush wants to devote $153 billion to prescription drugs over the next ten years. Otherwise, he said that the Administration will "protect" Medicare, and that the "improvements and modernizations will strengthen Medicare." A somewhat dubious Charles Rangel (D-N.Y.) kept questioning Thompson on the projected surplus in the Medicare program and its relationship to President Bush's proposed $842 billion contingency fund.

Thompson insisted that the law requires that the money that goes into the Medicare trust fund "is a credit to the trust fund plus interest, and it's going to be used for Medicare." Democrats remained unconvinced, however, as shown in a press conference later that afternoon by Senate Minority Leader Tom Daschle (D-S.D.) and House Minority Leader Richard Gephardt (D-Mo.). Daschle said that President Bush's budget plan uses the Social Security and Medicare surpluses to pay for the $2 trillion tax cut, and that the proposed contingency fund is fiction. "There is no extra pot of money in the President's budget," he said. "Sixty-two percent of the President's contingency fund is the Medicare trust fund." He said that a new Families U.S.A. study shows that Bush's tax plan will force Medicare into deficit by 2010, instead of the current projected 2025. He added that Bush's plan will also make it impossible to find $153 billion for prescription drugs.