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MEMORANDUM

To: Reporters and Editors
Fr: Jill Gerber, 202/224-6522
Re: Democrats' stimulus hurdle
Da: Thursday, Dec. 6, 2001

Today's Roll Call quotes numerous Democratic senators as saying Senate Democrats won't agree to any stimulus deal unless the package has the support of two-thirds of the Democratic caucus. Sen. Chuck Grassley, ranking member of the Committee on Finance and the Senate Republicans' sole stimulus negotiator, made the following comment on this development.

"The Democratic leaders are traveling back in time. They're regressing, not progressing. They're regressing to earlier contentions that the stimulus package had to be a Democratic product or nothing at all. I thought we'd moved past that, and on to negotiations to build a bipartisan stimulus package. Instead, it appears the Democratic leaders don't want any real compromise. First, they've engineered a nearly impossible threshold. Second, they're conducting what appear to be required consultations between the Democratic negotiators and the rest of the Democratic caucus. If they're trying to prevent a stimulus deal, this is the way to do it.

"It's important to remember the Senate is split nearly down the middle. There are 50 Democrats, 49 Republicans and one independent, yet the litmus test set up by the Democratic leadership ignores the Senate's make-up. By its terms, this litmus test is designed to limit any agreement to a Democrats-only deal. Because it ignores the reality of an evenly split Senate, this litmus test guarantees failure. If the Democratic leaders really mean what they say, that they want a stimulus bill, I'd ask them to remove the partisan litmus test. Any litmus test ought to go to the substance of the package. After all, isn't that what we all want – an effective stimulus package with aid to dislocated workers?"

The Roll Call article follows.

Roll Call December 6, 2001

Democrats Set Stimulus Hurdle; Senators Require Supermajority
By Paul Kane

Setting a high threshold for negotiating an economic-stimulus package, Senate Democrats have decided they will not accept any deal unless roughly two-thirds of their caucus agrees to support

the final product.

Before agreeing to begin bipartisan, bicameral negotiations on a final stimulus plan, Majority Leader Thomas Daschle (S.D.) told his caucus last week that Democratic Senators in the House-Senate conference would not agree to a stimulus deal if there was significant opposition from within Democratic ranks.

"They're not going to agree to anything unless a significant majority of the caucus agrees with it," said Sen. Kent Conrad (D-N.D.), chairman of the Budget Committee and a Finance Committee member. "It's got to be a significant majority, two-thirds of the caucus."

Other Democratic Senators confirmed that the high bar for a stimulus deal was set around a two-thirds majority, although some said Daschle left wiggle room in case he feels the deal is good and he doesn't have precisely that much support.

"I don't think it's a hard-and-fast number," said Sen. John Breaux (D-La.), a senior Finance member.

Breaux said he remained hopeful that a deal could be reached that would gain enough Democratic support for a final package, but added, "It's going to be tough."

Asked about the threshold for reaching a deal, Sen. Jim Jeffords (I-Vt.) said, "It's a high one."

Negotiations continued yesterday among six key lawmakers trying to hammer out a stimulus deal: Senate Finance Chairman Max Baucus (D-Mont.); Sens. Jay Rockefeller (D-W.Va.) and Chuck Grassley (R-Iowa), ranking member on Finance; House Ways and Means Chairman Bill Thomas (R-Calif.); House Majority Leader Dick Arney (R-Texas); and Rep. Charlie Rangel (D-N.Y.), ranking member on Ways and Means.

Although some progress was reported on those talks, Senate Republicans worried that the Democrats were setting an impossible bar for reaching a deal and openly questioned whether Baucus' caucus colleagues trust the Montana Senator, who helped Grassley write a \$1.3 trillion tax cut last spring.

"I would hope we would not put [in place] this artificial threshold that is almost impossible to achieve," said Sen. Olympia Snowe (R-Maine), a key moderate on Finance. "Why do that? To set up failure? I hope not."

Snowe said the narrow margin in the Senate gave neither side the right to predetermine how many votes would come from their caucus, but rather mandated that negotiators shoot for a deal that cobbles together 51 votes, or 60 if needed to break a filibuster. "That is the essential marker here," she said.

An aide to Senate Minority Leader Trent Lott (R-Miss.) indirectly suggested that Daschle and Democrats simply don't trust Baucus. "Senator Lott has said this before and he'll say it again: He has every confidence in Senator Grassley's ability to negotiate a real economic security package on behalf of Senate Republicans," said Ron Bonjean, Lott's spokesman.

Baucus drew the ire of many Democrats when he and Grassley co-wrote the Senate tax package, most of which became law. On final passage, the bill was supported by just 12 Democrats.

In the process, Baucus received numerous tongue lashings from colleagues at Democratic caucus meetings, including one exchange in which Daschle told Baucus he did not have "the authority" to negotiate a deal with Grassley.

Conrad acknowledged that requiring a caucus supermajority for the stimulus deal was "unusual", but said the circumstances in this negotiation - not the party's faith in Baucus - necessitated setting the high threshold. Conrad recalled Senate Democrats setting similar bars for approval of year-end budget deals in the early 1990s, including the 1990 compromise struck with the first Bush administration.

"We've not had an ending to a session quite like this one," Conrad said, noting that the Sept. 11 attacks, anthrax letters and a worsening recession have contributed to leaving Congress months behind in finishing up its business. "It's important that the caucus be behind any deal. We're not going to sign up to anything unless a substantial majority agree."

Conrad noted that it was both Daschle and Baucus who made the pledge to the caucus that a two-thirds majority would be required for a deal - a promise made at a caucus meeting held last Thursday to discuss the stimulus negotiations.

Jeffords, who caucuses with Democrats, said the feeling was that the stimulus plan was so crucial that everyone agreed a wide consensus was needed, not that the Senators needed any check on Baucus. "Max is doing a good job. I haven't heard anybody complaining."

Aides to Baucus agreed that the caucus is unified in this approach, noting that his plan to expand unemployment and health care benefits and reduce some business taxes had unanimous support in the body.

"We're hopeful that the package we negotiate is one that reflects the solid core principles we've been talking about since the beginning of this debate," said Michael Siegel, Baucus' spokesman.

Other Democrats contended that the bigger problem with negotiations is trying to forge a compromise with the House Republican plan, which is primarily tilted toward business taxes. Digging in for a fight, Senate Democrats from both wings of the caucus said they would rather kill the stimulus plan than give away too large a corporate tax break.

"The better alternative may be no bill at all," said Sen. Robert Torricelli (N.J.), one of the 12 Democrats to support the tax-cut bill in the spring. "I would rather see that money stay in the treasury."

"I would rather see no stimulus than that," said Sen. Dick Durbin (Ill.), an assistant floor leader to Daschle.

Durbin said it was increasingly doubtful that a stimulus plan would pass, considering there are just two weeks left before the Christmas break. He noted it took a week to lay the ground rules for the conference and determine who would take part.

"Do the math. We took a week to set the table and say who would sit where," he said.

Not a negotiator himself, Daschle has set up a system to monitor the talks, including Breaux, a key moderate, in postconference meetings in his office with Baucus, Rockefeller and possibly

Rangel.

Before substantive talks began this week, Rockefeller signaled that he intended to take a very hard line on the package. "I'm not much of a compromiser," he said.

But Baucus believes that moves by Thomas this week to offer unemployment extensions were a sign of compromises to come, Siegel said. "It's clear that we're making progress."

The entire Democratic caucus, however, will be the final jury on that outcome. "It was a commitment people wanted to hear," Torricelli said of the two-thirds majority decision.