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EXECUTIVE SESSION
THURSDAY, FEBRUARY 7, 1985
U.S. Senate
Committee on Finance
Washington, D.C.

The committee met, pursuant to notice, at 10:07 a.m. in room SD-215, Dirksen Senate Office Building, the Honorable Bob Packwood (chairman) presiding.

Present: Senators Packwood, Roth, Chafee, Heinz, Durenberger, Long, Bentsen and Moynihan

Also present: Ms. Anne G. Cantrel, Administrative Director; Michael Stern, Esquire, Minority Chief Counsel

1
2 The Chairman. The committee will come to order. Mike
3 and Anne, are you ready?

4 Ms. Cantrel. Yes, sir, Mr. Chairman,

5 Mr. Stern. Yes, sir, Mr. Chairman.

6 The Chairman. We have more members coming and when they
7 get here I hope they will ratify what we hopefully have agreed
8 upon.

9 First, I would like to move to item 2, which is the
10 adoption of the committee rules, item 2 on the agenda, and I
11 would like to move their further adoption. I might say they
12 are the same rules that we operated under the last session and
13 I think, Mike, the same ones we had under the previous
14 session, aren't they?

15 Mr. Stern. Yes, sir.

16 The Chairman. We have made no change and I don't think
17 they have been any problem for us in the past. I will open
18 it up for comment, but I would hope we could adopt them.

19 Senator Long. Mr. Chairman, I just want to say that that
20 is a very good set of rules, especially from the point of
21 view of a chairman because I helped to write those rules when
22 I was chairman. And when three or four motions are pending,
23 it gives the chairman the right to decide which motion that he
24 thinks ought to be voted on first.

25 But I want to assure the chairman that as long as he will

1 use that discretion in ways that I would approve, I will be
2 glad to back him all the way in that discretion.

3 The Chairman. Well I assure my distinguished colleague
4 I will recognize him first.

5 Senator Long. Well I am not asking for that. All I am
6 saying is that I think that those on that side, the Republican
7 side of the aisle, seem to be reasonably well satisfied the
8 way discretion was exercised when this Senator was the
9 chairman. And I am not kicking. I am satisfied that we have
10 been treated fairly and I am sure we will be. I think it is a
11 good set of rules and I am happy to vote for it.

12 The Chairman. Thank you.

13 Any comments on the rules, the same rules we have used
14 before?

15 (No response)

16 The Chairman. If not, without objection, they are
17 adopted.

18 Let us move to item A, which is the committee's staff
19 budget. And in consultation with the Minority, we have asked,
20 or will ask the Rules Committee, for a 7 percent increase in
21 our budget. And before the comments on this are offered, let
22 me just read a comparison of the committee budgets for last
23 year. This is not the proposals, the request for this year,
24 but the budget for the committees for last year, in descending
25 order of the size of their budgets: Government Affairs:

1 \$4,900,000; Labor: \$4,800,000; Judiciary: \$4,700,000;
2 Appropriations: \$4,300,000; Commerce: \$3,700,000; Budget:
3 \$3,200,000; Foreign Relations: \$2,700,000; Environment:
4 \$2,500,000; Energy: \$2,500,000. And then, finally, we get to
5 Finance, at \$2,400,000. And there below us are Armed Services,
6 Banking, Agriculture, Rules, and Small Business.

7 And I read that list without any comment as to the
8 relative job the committees have to do in this Congress. They
9 all have important jobs to do. But I would like to think the
10 job of the Finance Committee, which has jurisdiction over all
11 of the revenue and half of the spending, occupies some
12 importance. And we have been very frugal in the past. And I
13 don't think that a 7 percent request increase is outlandish,
14 and especially--and I can assure everyone who is here the
15 President is serious--especially if we are going to be
16 considering a tax reform bill that is a rather dramatic
17 departure from what we have done in the past on the use of the
18 Tax Code.

19 So, again, I say that without comment. I like a great
20 portion of the President's bill, but it is going to require a
21 lot more time of this committee and a lot more time of the
22 staff, starting down a road in terms of simplifying or making
23 the Tax Code more fair, a different road from what we have
24 gone down before.

25 Are there any comments on the budget request?

1. Senator Durenberger. Mr. Chairman, if I may, I don't know
2 whether we are talking to ourselves here or if there is a
3 record, but you make an excellent point. I serve on a couple
4 of those committees you rattled off, and I would give all of
5 them up before I gave up the challenge to the country, not
6 just to us for the work on this committee. And I just want
7 to again, I suppose, add for the record to the point you are
8 making about the frugality of this committee.

9 I have served four years now as Chairman of the Health
10 Subcommittee. I think we have operated with about \$120,000
11 out of that budget making major decisions in over \$100 billion
12 worth of federal spending every year.

13 Everybody who participates in the process is drawing
14 heavily on personal staff to supplement the excellent staff
15 we had here. And I would wish that you could expand on this
16 to add to the resources in that area. But maybe what I am
17 saying here is that as an example of how each of us as a
18 Senator brings apart personal staff resources, plus the
19 committee resources, we are probably showing the rest of the
20 people how they ought to operate their budgets rather than
21 saying we ought to be up in the fours and the fives and the
22 sixes.

23 The Chairman. I might also add, this is a 20-member
24 committee. Most of those others I read off, with the
25 exception of Appropriations, are all smaller committees; in

1 some cases, are five to seven smaller than we are; in one
2 case, one that is either five or seven smaller than we are,
3 with a significantly larger budget than we have.

4 And I might add one further thing. That is in terms of
5 how many members in this committee pay attention to this
6 committee. I won't name who it was, but several years ago we
7 were having to close mark-up, and one of the Commerce
8 Committee staff was here with me--I was then Commerce
9 Committee Chairman--because it involved the airport tax and we
10 had some jurisdiction over how it was used and the Finance
11 Committee funded it. And the meeting started at 9:00 in the
12 morning, and it was one of those closed mark-ups and it went
13 to 1:00 in the evening. As I was leaving with the Commerce
14 deficit, "What do you think of the committee?" He said, "I
15 don't like the committee." "Why is that?" He said, "Too much
16 member participation."

17 Indeed, this committee does have member participation, and
18 does draw upon the staff of the committee, and we try to give
19 it as generously as we can. It is a small staff; it is an
20 elite staff; it is a good staff. But I am not at all
21 embarrassed to make the argument that we are justified in a
22 7 percent increase.

23 Senator Long. Mr. Chairman, would you explain what the
24 7 percent increase is for?

25 The Chairman. Yes. The great bulk of it is in the salary

1 area. And, Anne, what, about \$40,000 of it is an increase in
2 benefits that we have to pay. Right?

3 Ms. Cantrel. Exactly, Mr. Chairman.

4 The Chairman. As a matter of fact, we have been requested
5 by the Rules Committee not to request a cost-of-living
6 adjustment, and we are not going to request a cost-of-living
7 adjustment. That reflects pretty much the President's budget
8 also, where he is not talking just about no adjustment, but
9 reductions actually in federal pay. But we are not asking
10 that.

11 But I can assure, having been on Commerce, which is one
12 of those that has a budget significantly larger, this
13 committee clearly is not going to have very many field
14 hearings. In Commerce, if somebody wanted to have a field
15 hearing in their state, and the Minority was willing to send
16 somebody, no problem. Send a couple of staffers out, and if
17 the hearing cost three or four thousand dollars in travel and
18 whatnot, you did it.

19 There is not fat in this budget. The bulk of the increase
20 is to allow us to add about, at the most, two people to the
21 professional staff.

22 Senator Bentsen. Let me understand again. You say most
23 of it is to add two people and the rest is for, I assume,
24 merit increases. Is that it?

25 The Chairman. Anne, do you want to go down it?

1 Senator Bentsen. I don't want all the details.

2 The Chairman. All right. Yes. The answer is yes.

3 Any comments?

4 (No response)

5 The Chairman. If not, is there objection to adopting the
6 request for a 7 percent increase?

7 Senator Long. I so move.

8 The Chairman. Without objection.

9 The last item on the agenda is the appointment of members
10 to the Joint Committee on Taxation. It is a 10-person
11 committee. In the past, the House has had five; we have had
12 five. And it has been traditional that the Majority have
13 three, and normally it is done by seniority, and the Minority
14 has two. And the House allocates it on the same basis.

15 Is there any objection to following the same process for
16 the appointment of the members on the Joint Committee?

17 (No response)

18 The Chairman. Without objection.

19 Is there any other business to come before the committee?

20 Senator Bentsen. Is there a point where you are going to
21 talk about subcommittees?

22 The Chairman. Yes. What I am going to do, Lloyd, I think
23 there will be no diminution in subcommittees. As you know,
24 the Republican Conference proposed rules, and I think they are
25 going to be adopted, to gradually try to move the subcommittees

1 down to no more than five per committee. But a rule be
2 adopted that if there is a standing subcommittee with a Chair,
3 and the Chair wants to stay under grandfather--and as a matter
4 of fact, you can even shift from one subcommittee to another.
5 If you were a Chair you can continue to be a Chair. Therefore,
6 the only possibility of one subcommittee being dropped--
7 because I am going to drop the committee I chair, the Taxation
8 and Debt Management--is if Bob Dole, who did not have a
9 subcommittee, did not want to pick one up, he said he would be
10 happy to pick one up. So we will keep the same number of
11 subcommittees we have.

12 One of the reasons that is so stable--and Mike Stern
13 called this to my attention the other day--is we have had no
14 change in the membership on this committee from 1980 onward.
15 We have had the same members through the last two Congresses
16 and we will have the same members through this Congress, which
17 is an unusual record of stability.

18 It is my expectation to call the Majority together on
19 either Wednesday or Thursday, because there are some members
20 who want to change subcommittees. And as far as I am
21 concerned, I am going to follow the same practice that
22 Russell did. Anybody who wants to get onto a subcommittee,
23 we will make sure that there is a way to get on even if some
24 of them are quite popular. Trade is a very popular
25 subcommittee. And I would hope that everybody who wants on

1 can get on whatever subcommittee there is. And I apologize
2 for the delay because there were some members on the Majority
3 side that had not quite decided which subcommittee they
4 want to chair, and it is a certain musical chair system.

5 Senator Long. Mr. Chairman, I hope you would be cautious
6 about that because you may have just every Senator here
7 wanting to be some particular subcommittee,

8 The Chairman. Well, I realize if everybody wants to be
9 on the Trade Subcommittee and nobody wants to be on Oversight
10 or something like that, we cannot do that. But within
11 reason, I would like to follow the practice that we tried to
12 follow in the past of accommodating everybody's wishes.

13 Senator Long. What we did was to make the Trade
14 Subcommittee larger than the others. How big is that Trade
15 Subcommittee? Mr. Stern, you know how big it is.

16 Mr. Stern. Eighteen members.

17 Senator Long. How many?

18 Mr. Stern. I am told 18 members.

19 Senator Long. Eighteen members?

20 (Laughter)

21 The Chairman. We cannot expand it very much. We only
22 have 20 members.

23 Senator Roth, did you build that empire like that?

24 (Laughter)

25 Senator Roth. I tried.

1 Senator Long. Maybe some of us ought to check our
2 consciences and see if we want to still trade coats. But I
3 must say that it sort of serves a purpose to be on the Trade
4 Subcommittee. If you find yourself somewhere where you want
5 to talk about what is going on about trade, you can make a
6 point that you are on the Trade Subcommittee.

7 The Chairman. Well, if we have got 18 now, it will not be
8 much trouble to accommodate the wishes of most of the members
9 who might want to be on the Trade Subcommittee.

10 (Laughter)

11 The Chairman. Is there any other business to come before
12 the committee?

13 (No response)

14 The Chairman. If not, we are adjourned.

15 (Whereupon, at 10:16 a.m., the Executive Session was
16 adjourned.)

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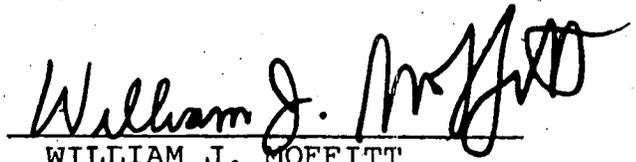
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C E R T I F I C A T E

This is to certify that the foregoing proceedings of
an Executive Session before the United States Senate Finance
Committee, held on Thursday, February 7, 1985, were trans-
cribed as herein appears and that this is the original
transcript thereof.



WILLIAM J. MOFFITT
Official Reporter

My Commission expires April 14, 1989.