

## Congressional Closeup by William Jones

### Republicans wary of tax cut 'bonanza'

As House Ways and Means Committee Chairman Bill Archer (R-Tex.) announced a series of proposed tax cuts, including the capital gains tax cut, on March 9, many Republicans were expressing skepticism about any such major giveaways. Capital gains tax cuts to the very rich have been woven into a comprehensive package by the Ways and Means chairman together with tax cuts to "upper- and middle-income families" in order to make the corporate giveaway a bit more palatable to the populists' constituencies.

Archer's plan calls for a tax credit of \$500 per child for families earning up to \$200,000 a year, a 50% reduction in the capital gains tax, massive writeoffs and tax breaks for businesses, and new Individual Retirement Accounts (IRAs) for middle- and upper-income families.

The largesse of the proposal, however, is being called into question by key Senate Republicans. "Basically, I'm opposed to tax cuts," said John Chafee (R.I.), "as much as we love to parcel them out." Even Finance Chairman Bob Packwood (Ore.) indicated that any tax cut proposal would take a back seat to deficit reduction.

### Term-limits steamroller running out of steam

The Republican leadership is suddenly having trouble gathering a majority of their GOP colleagues to back a term-limits bill, one of the top items in their "Contract with America." House leaders had to cancel a press conference on March 10 because they couldn't agree what to say on this very sensitive issue.

Although several term-limits bills

are floating around the House, there is still no unity on which one to back and even less of a perspective for mobilizing the two-thirds majority needed to pass it as an amendment to the Constitution. One bill, which would limit the term of congressmen and senators to 12 consecutive years, has passed the House Judiciary Committee. Under this version, a representative or senator could serve 12 years and then sit out a term, before returning for another 12. Some House freshmen want to introduce a lifetime limit of 12 years.

Some leading Republicans, such as House Judiciary Chairman Henry Hyde (R-Ill.) and House Majority Whip Tom DeLay (R-Tex.), oppose the limits. But GOP freshmen could have a rough time come the 1996 general elections, if some form of term-limits does not pass, since many of them campaigned heavily on promises that they would set strict limits on how long a person could serve.

Defeat on this issue, so soon after the drubbing taken by the Balanced Budget Amendment, could be a serious blow to the credibility of the Conservative Revolution.

### Welfare 'reform' to eliminate safety net

The Republican majority on the House Ways and Means Committee passed a measure on March 8 that is being hailed as the "biggest, toughest, and most comprehensive" welfare reform in modern times. The measure will now go to the Rules Committee, which must merge the Ways and Means measure with similar ones passed by the House committees on Agriculture and Economic and Educational Opportunities.

The Ways and Means legislation

would transform money earmarked for the welfare "safety net," into block cash grants to the states, and would end such critical programs as Aid to Families with Dependent Children (AFDC), Emergency Assistance, the Women, Infants, and Children (WIC) nutrition program, and the federal school breakfast and lunch programs.

In addition, the measure would deprive legal immigrants of welfare benefits, would restrict eligibility for the food stamp program, and would cut drastically the Supplementary Security Income (SSI) for many children with mental and physical disabilities. Conservative Revolutionists, such as Michigan Gov. John Engler and Massachusetts Gov. William Weld, want to eliminate the SSI entirely. The legislation also requires welfare recipients to work after two years and to leave the welfare rolls within five years. It denies cash welfare payments to unwed teenage mothers under 18.

The legislation is expected to pass the House, but will undoubtedly meet some stiff opposition in the Senate, where there is less enthusiasm among Republicans to throw the burden of the welfare system into the laps of the state governments. The Senate Finance Committee began taking up the welfare reform issue on March 8.

### Securities speculators protected from victims

"Wall Street Scores Big," trumpeted a headline in the March 9 issue of the *New York Post*, which accurately characterized the passage on March 8 of the "Securities Litigation Reform Act." The legislation is the second of three measures in a Republican package of legal reforms. The bill, which passed 325-99, makes it much harder

for company shareholders to file fraud suits if the value of their stock drops.

The bill is aimed at suits filed on behalf of shareholders who allege that the companies they invested in misrepresented their financial prospects, by setting stricter standards of proof for securities fraud. Under the measure, plaintiffs would have to provide far more evidence that a company knowingly misled the market on its financial position and that the investor lost money because of the misinformation. Opponents said it would reduce protection for average stockholders from fraud by attorneys, accountants, and corporate officials. An amendment to exclude derivatives transactions from the "protections" of the bill was rejected.

The first part of the Republican legal reform package—the "loser pays" bill—passed the House on March 7 by a 232-193 vote. This measure would require plaintiffs to pay court costs and defendants' attorneys fees.

Democrats who opposed the measures complained that the securities bill was rushed through with hardly any hearings. "This is Congress operating at its worst," said Rep. Edward Markey (D-Mass.). "This is overturning 200 years of American jurisprudence." The administration is also strongly opposed to the legal reforms, which could well face a presidential veto if they pass the Senate.

## Senate GOP delays line-item veto debate

Senate Republicans initiated floor debate on the line-item veto on March 16, despite their inability to reach agreement on their version of the Contract with America's "Fiscal Responsibility Act" provision. A line-item

veto would give the President power to veto particular items in an appropriations bill. Opponents, led by Sen. Robert Byrd (D-W.V.), point out that the provision would give the President more authority over appropriations than allowed by the Constitution.

Senate Majority Leader Bob Dole (R-Kan.), still smarting over the defeat of the Balanced Budget Amendment and hoping to avoid back-to-back losses on the Contract with America's centerpiece Fiscal Responsibility Act, wants a compromise.

The House passed a straightforward line-item veto measure in one of its first actions this year. Senators John McCain (R-Ariz.) and Dan Coats (R-Ind.) have introduced a version similar to the House version in the Senate. The McCain-Coats bill would put presidential "rescissions" into effect automatically unless Congress approves a bill to block them.

Some GOP senators, however, fearing that there is no veto-proof two-thirds majority available for a strict line-item measure, want to find a compromise position. Advocating a more moderate version are Senate Budget Committee Chairman Pete Domenici (N.M.) and the panel's Democratic ranking minority member, Sen. J. James Exon (Neb.). In their proposal, Congress would have to vote on a rescission request within a specified time, which would take effect only if approved by a majority of both houses. A simple majority in one house could therefore block the rescission.

## Scrap ABM Treaty, say House Republicans

Congressional Republicans are trying to use a stalemate in current negotiations with the Russians around the

1972 Anti-Ballistic Missile Treaty to build political support for challenging the treaty itself, claiming that President Clinton is making concessions that would prohibit the deployment of future missile defenses. The present negotiations that the administration is conducting are aimed at revising the treaty in order to develop new short-range missile technologies.

Key Republicans are advocating pushing ahead with development of sophisticated defenses against short-range missiles that they believe could be launched from ships or other platforms by "rogue nations." Some of the new technologies could violate the ABM Treaty. Many Republicans also want to speed development of a national anti-missile defense program, but the measure was stripped from this year's defense bill when it got to the House. In a joint hearing in the beginning of March before the House National Security Committee Subcommittee on Research and Development and the Subcommittee on Procurement, Lt. Gen. Malcolm O'Neill, director of the Ballistic Missile Defense Organization (BMDO), said that a nationwide defense against attack by up to four intercontinental ballistic missiles can be deployed within six years at a cost of \$5 billion.

The Clinton administration's commitment to the ABM Treaty has been based on the belief that both the United States and Russia must agree to certain new missile defense technologies. The Russians have also threatened not to adhere to the Start I dismantling of nuclear weapons if the United States abrogates the ABM Treaty. The administration has thus far budgeted \$400 million on new technology, but has maintained that a national defense system is unnecessary, although the technology could be used to build one.