

Congressional Closeup by Carl Osgood

Senate Budget Resolution Has Smaller Tax Cut

On April 6, the Senate approved, by a vote of 65-35, a budget resolution that includes a tax cut significantly smaller than the \$1.6 trillion demanded by President George W. Bush. The White House had expected that the Bush plan would be pushed through on a party-line vote, with Vice President Richard Cheney casting the tie-breaking vote. Instead, Democrats, led by John Breaux (D-La.) and Tom Harkin (D-Iowa), recruited three Republicans to break ranks and vote for a smaller tax cut. The White House was already expecting Lincoln Chaffee (R-R.I.) to join with the Democrats, but he was joined by James Jeffords (R-Vt.) and Arlen Specter (R-Pa.).

The crucial vote came on April 4, when Harkin introduced an amendment to reduce the tax cut by \$450 billion, and to put about \$250 billion into education, including school construction and student aid programs, with the rest going to debt reduction. Harkin said that the \$250 billion was about one-third as much as the amount of taxes that the President wants to cut for the wealthiest 1% of Americans. The vote on his amendment was 53-47, with one Democrat, Zell Miller (Ga.), voting with the GOP, and the three Republicans supporting Harkin.

Democrats also succeeded in doubling the amount for a Medicare prescription drug-benefit plan, from President Bush's \$153 billion, to \$311 billion. In addition, an amendment providing for an \$85-billion tax rebate, sponsored by Ernest F. Hollings (D-S.C.), passed by a vote of 94-6.

The House and Senate versions still have to be reconciled, and so, it remains to be seen what the resolution will look like in its final form. Cheney indicated after the Senate's final vote on the measure, that Republicans ex-

pect to be able to at least partially restore their program in conference committee. What remains to be seen is how important the resolution will be, given that it is a nonbinding measure that only sets parameters for the spending and tax bills, some of which have yet to be written.

House Votes To Repeal Estate Tax

On April 4, the House passed, by a vote of 274-154, the third piece of President Bush's \$1.6-trillion tax-cut package, the repeal of the estate tax. The bill, which the Republicans have labelled the Death Tax Elimination Act, phases out the estate tax over ten years. The Republicans made the same argument they've always made in support of the repeal — that it hits family farmers and small business owners the hardest, because the estate tax is so onerous it often forces liquidation of the business in order to pay the tax.

Democrats opposed to the bill argued that it serves to benefit the wealthiest of Americans, because only a few thousand estates, those worth more than \$5 million, pay the bulk of all estate taxes collected by the Federal government. Charles Rangel (D-N.Y.) said that the tax cuts passed so far by the House (the rate reduction, the marriage penalty elimination, and the estate tax) add up to about \$2 trillion, much more than the \$1.6 trillion proposed by the Bush Administration.

Democrats offered a substitute that would simply have increased the exemption rather than repealing the tax altogether. The substitute would have increased the exemption, currently at \$675,000, to \$2 million for individuals and \$4 million for married couples, and would have taken effect in 2002. Rangel told the House that

this was relief that was needed now, not ten years from now. It was defeated by a vote of 227-201.

Farm Crisis, Policy Debated in Senate

On April 4, the Senate voted 51-49 to include \$63.5 billion over the next ten years for agricultural assistance in the fiscal 2002 budget resolution. Zell Miller (D-Ga.), a co-sponsor of the amendment along with Charles Grassley (R-Iowa), explained that that figure includes \$5 billion needed for this year to help farmers through the current crisis. Miller noted that farmers planting for the current crop year are facing increasing fuel and fertilizer costs "at the same time we watch commodity prices continue to fall."

Miller, however, was the only Democrat to support the amendment. Democrats complained that the Republican amendment guts the Social Security and Medicare trust funds in order to fund what everybody otherwise agreed is badly needed assistance to farmers. The Democrats supported an alternative amendment that would have funded such assistance out of the tax cut, but it was defeated by a vote of 53-47.

However, the debate wasn't limited to how assistance to farmers should be paid for. Tom Harkin (D-Iowa) called for a change in agricultural policy. "What is happening in agriculture today is a reflection of the misguided, defective farm program that we have called 'Freedom to Farm,'" he said. He complained that the Republican amendment "basically takes us down the same path as Freedom to Farm did," because "it will not permit us to make the kinds of changes that are necessary to improve our agricultural policy."