

## Congressional Closeup by Carl Osgood

### Zakheim Grilled on Iraq Reconstruction

Congressional frustration with the tendency of top Pentagon officials not to answer questions was on display during a June 4 hearing of the Senate Foreign Relations Committee on Iraq reconstruction. The ire of several committee members was focused on Defense Department Comptroller Dov Zakheim, who, while not necessarily refusing to answer questions, was not providing the substance that some Senators were asking for.

Committee chairman Richard Lugar (R-Ind.), who has promised oversight hearings on Iraq, said at the outset that two of the issues the committee is interested in clarifying, include the degree of international contributions that have been offered for the reconstruction effort, and the degree to which Iraq's own resources are to be used to help finance that effort.

Before those issues were addressed, however, Joseph Biden (D-Del.) grilled Zakheim on the cost of maintaining the military deployment. Zakheim claimed that he would not be able to provide such an estimate until January of next year. Biden charged that the Pentagon does indeed have an estimate, but "if you're going to wait till next January to present us with a proposal, then in fact, that is, I would argue, irresponsible."

Chuck Hagel (R-Neb.) and Russ Feingold (D-Wisc.) continued the grilling. Hagel asked Zakheim about the total number of U.S. troops in Iraq. Zakheim at first claimed that the number was classified, then admitted under further questioning that there are 146,600 U.S. troops in Iraq. Feingold tried to find out what the U.S. goal was for donor financing of Iraq reconstruction. "Would you like to see the rest of the world do 90% of this or 10% of this," he asked. Zakheim replied, "I

think the realistic goal is to get them to contribute as much as we possibly can get them to." Feingold called that a "complete non-answer." "You must have some goal, here," he said. Zakheim replied, "I just don't think it's easily answered that way."

### Republicans Exclude Child Tax Credit From Tax Bill

The battle over exclusion of an extension of the child tax credit to low-income households not otherwise eligible for it, from the tax cut bill passed last month, exploded into the open when House Majority Leader Tom DeLay (R-Tex.) reportedly said, on June 3, "There's a lot of other things that are more important than that. To me it's a little difficult to give tax relief to people who don't pay income taxes." House Democrats responded in the only way they could, by blocking action on minor bills under suspension of the rules, which require a two-thirds vote to pass. Rep. Rosa DeLauro (D-Conn.) said that "business as usual will stop" until Congress provides tax relief for the working poor. Business did stop for three suspension bills that day.

In the Senate, reaction was more bipartisan, with Olympia Snowe (R-Me.) and Blanche Lincoln (D-Ark.) working out a deal with Finance Committee Chairman Charles Grassley (R-Iowa) on a new tax package to include extending the child tax credit. On June 5, the Senate passed the package by a vote of 94-2. It includes a refundable child tax credit, and also addresses the marriage penalty. It provides a uniform definition of the word "child" in the tax code, and offsets to make up for the approximately \$10 billion cost of the bill. Senate Republicans were probably impressed by the fact,

pointed out by Democrats, that the original tax bill as written did not provide any benefit to military families with incomes of \$10,000 to \$25,000, in part because military personnel, especially those in combat zones, receive some special incentive pay which is not taxed (therefore, their taxable income was not high enough to receive the credit).

Even as the Senate was acting, DeLay was giving no sign that the House would take up the Senate bill. Instead, he promised another \$1 trillion in tax cut packages which may or may not include the child tax credit. However, DeLay may now be feeling pressure from a source he might not have expected it—the White House. White House spokesman Ari Fleischer told reporters on June 9 that President Bush "thinks it's a good idea" to provide assistance to low-income families, and that he hopes the House will take up and pass the Senate bill without amendment.

### Ethanol Requirements Debated in Senate

The Senate resumed debate on the energy bill when it returned from the Memorial Day recess on June 3, and immediately got bogged down in an amendment, co-sponsored by Majority Leader Bill Frist (R-Tenn.) and Minority Leader Tom Daschle (D-S.D.), that would mandate the mixing of 5 billion gallons of ethanol in gasoline and diesel fuel by 2012. George Voinovich (R-Ohio), one of the supporters of the mandate, claimed it would reduce the U.S. trade deficit by \$34 billion, increase gross domestic product by \$156 billion, and create 214,000 jobs. He said that, in Ohio alone, the ethanol industry supports 192,000 jobs and contributes \$4.5 billion in net

farm income.

Opponents, mostly from non-corn-growing states on the East and West Coasts, charged that the mandate would only increase costs for consumers. Dianne Feinstein (D-Calif.) introduced two amendments to the mandate, to allow for suspension of the program if it causes economic or environmental damage, and to allow state governors to opt out of it. She said, "It will be extremely costly to ship large amounts of ethanol to California and other states." She cited estimates that the ethanol mandate will add an annual \$8.4 billion to gasoline costs over the next five years. She charged that the mandate concentrates too much control in the Midwest corn-growing states, and noted that Archer Daniels Midland produces 46% of the ethanol supply. Because the additional costs of the mandate will be passed on to drivers at the gas pump, "the ethanol mandate," Feinstein said, "amounts effectively to a hidden gas tax."

Feinstein's amendments were defeated, on votes of 35-60 and 34-62, as were subsequent attempts to place limits on the ethanol mandate. The underlying amendment adding the mandate to the bill, passed on June 5 by a vote of 68 to 28.

Next on the agenda is expanding oil drilling on public lands.

## **Comp Time Bill Pulled From House Floor by GOP**

On June 5, the House Republican leadership decided not to take to the floor a bill to allow workers to "choose" compensatory time off in lieu of overtime pay, because they concluded that they did not have enough votes to pass the bill. A massive lobbying effort by organized labor apparently convinced a handful of moderate Republicans

from districts with heavy labor representation that they should oppose the bill, giving labor unions a rare victory in the GOP-controlled Congress.

An angry John Boehner (R-Ohio), chairman of the Education and the Workforce Committee, said, "Because of the campaign of lies waged by the leaders of organizations like the AFL-CIO, private sector working mothers and fathers continue to be denied the right to choose paid time off with their families instead of overtime pay. . . . We fully expected that we'll have another opportunity to pass this measure during the 108th Congress."

Democrats, who stayed unusually united on the bill, charge that it would undermine the 40-hour work week. Democratic members of Boehner's committee, in their minority report on the bill, wrote that the bill would give employers further incentives to cut costs, by delaying the payment of overtime pay, without forcing them to give employees the flexibility in their work schedules that the Republicans were claiming was the reason for the bill. House Minority Leader Nancy Pelosi (D-Calif.) said that what the Republicans are saying with their bill is "work for free, and then they will give you time off some other time in the future. Well, some of these companies are not even going to be there sometime in the future. So, we want the discretion to rest with the worker in that regard."

## **Senate GOP Bring In New Medicare Reform**

On June 10, Senate Majority Leader Bill Frist (R-Tenn.) unveiled a new Medicare reform plan "that has, as its goal, to strengthen and improve Medicare, and at the same time, add a pre-

scription drug benefit that will be available to all seniors." He also unveiled an ambitious schedule designed to get the bill to President Bush's desk by the July 4 recess. He insisted that despite the ambitious schedule, the bill would go through the regular legislative process in a bipartisan way.

The plan departs from President Bush's proposal, in that beneficiaries will not have to participate in a health maintenance organization in order to get the drug benefit, thereby avoiding one of the Democratic objections to the earlier proposal. Finance Committee Chairman Charles Grassley (R-Iowa) and Olympia Snowe (R-Me.) emphasized that the plan does not undermine the traditional fee-for-service Medicare to provide the drug benefit. Snowe said that the plan "provides a substantial benefit," worth about \$400 billion, and "targets the subsidies to low-income seniors so that they will get the maximum benefit under this program." Frist admitted, however, that the plan does not help about 10 million senior citizens who are not defined as low income. "It is simply because," he said, "there's not enough money to pay for everything for everybody throughout."

Democrats are apparently split over the GOP plan. While Max Baucus (D-Mont.), the ranking member on the Finance Committee, has often partnered with Grassley on major legislation, Minority Leader Tom Daschle (D-S.D.) was quite negative. While promising that the Democrats would not filibuster the bill once it got to the Senate floor, he did describe it as "flawed seriously." He added, "There are many improvements that must be made in order for it to be acceptable to seniors." He promised that the Democrats plan to work through the legislative process to offer amendments to improve the bill.