



1           The Chairman. I would think if someone wants to  
2 make some changes, that he can make a suggestion. Most  
3 people would like to think about it.

4           It has been moved that we simply adopt the Committee  
5 rules. Without objection, that is agreed.

6           Now, with regard to the staff budget. I have a  
7 letter from Senator Dole --

8           Mr. Stern. Mr. Chairman, the Committee would have it  
9 before it. It is something that is marked as Attachment B,  
10 and it is headed "1979 Finance Committee Budget  
11 Resolutions."

12           The first thing, which is routine, would be to  
13 request an additional \$30,000 in a resolution, and almost  
14 all of that goes for the printing of hearings. That has  
15 been the figure that has been used.

16           The Chairman. This is Attachment B you are talking  
17 about?

18           Mr. Stern. Yes, sir.

19           The first resolution is the routine amount for  
20 hearing transcripts, and if the Committee would agree on  
21 that.

22           The Chairman. Is that the first page you have got,  
23 or the second page?

24           Mr. Stern. It is page 1. There is a table at the  
25 very top. You see, it says, "It is proposed that the

1 Committee report two budget resolutions."

2 . The Chairman. I see. \$30,000 for routine expenses.

3 Mr. Stern. Yes, sir. That goes for hearing  
4 transcripts. That was the amount that was agreed to in the  
5 last Congress.

6 The Chairman. Is there objection?

7 Without objection, agreed.

8 Mr. Stern. The second thing relates to the annual  
9 Committee staff budget. The table here combines the amount  
10 that is requested for the continuation of the present staff  
11 with the additional amounts that have been requested by the  
12 Minority.

13 The major elements of change are listed on the back  
14 of the sheet. The continuing of the present staff will  
15 involve an additional \$43,000 and then the other elements  
16 are in the 1978 budget, the Minority budget, was four  
17 professional positions and four clerical assistants. One of  
18 those would be converted from a secretarial to a  
19 professional position.

20 In addition, the minority is asking for an additional  
21 five professional positions and three clerical assistants  
22 for a total of ten professional and six clericals.

23 In the consulting area, there is an increase because  
24 the studies that are related to the multilateral trade  
25 negotiations will be completed by next year's budget, and

1 then the other changes are basically conforming changes to  
2 the increased staff.

3 So, all in all, it is a net increase of \$225,000  
4 under that request.

5 The Chairman. Well, let me first introduce Mr. Ed  
6 Hawkins here. Ed, would you mind standing up? Come up here  
7 to the microphone where we can interview you in case we want  
8 to.

9 I want to explain to the Committee that, during the  
10 recess, I had a nationwide talent search with any  
11 suggestions I could find from the taxpayer and others to try  
12 and find a highly competent tax lawyer to help us in this  
13 Committee. I think we have the best staff on the Hill in  
14 taxes to this point on the Joint Committee on Taxation. It  
15 always seems to me as though the Finance Committee ought to  
16 have enough competence over here in our staff that we could  
17 make suggestions over and beyond what the House would bring  
18 to us and also when those on our Committee wanted to  
19 second-guess the judgment of the Joint Committee staff and  
20 the work of the House Ways and Means Committee, we would  
21 have some strong back-up to help us if we wanted to do that.

22 Mr. Hawkins here has had a lot of experience. You  
23 tell us a little bit about your experience, Mr. Hawkins.  
24 You come here from private practice with a severe loss of  
25 income to do a service for your country. I think you will

1 be very helpful to us.

2 Tell us a little bit about your experience in  
3 taxation, Mr. Hawkins.

4 Mr. Hawkins. I graduated from law school in '53 and  
5 started tax in '55, so that I have been working the tax  
6 field for 23 years, all of it with one law firm, Squires,  
7 Saunders and Dempsey in Cleveland, Ohio.

8 During the course of that time, I have become  
9 increasingly concerned. You would think, with 25 years  
10 experience your competence in the field would gradually  
11 grow, but the field has been getting increasingly difficult  
12 and increasingly complicated so that it is fairly difficult  
13 just to stay even and not to drop backwards.

14 So that I became, in an effort to try to work on  
15 this, I became active in the American Bar Association Tax  
16 Section and worked in that. I became Chairman of the  
17 Committee on Corporate Stockholder Relationships and got a  
18 lot of satisfaction out of the legislative work that we did  
19 on that committee and decided to try doing this on a  
20 fulltime basis.

21 So I am very glad to be here.

22 The Chairman. If you want to cut him down, you will  
23 increase his income fourfold by telling him that you would  
24 rather get somebody else. I am telling you, this is a  
25 highly competent man. He is crazy to take the job but, as a

1 service to his country, he is willing to serve for a couple  
2 of years and I really think that we are fortunate to have  
3 him.

4 I do not know what his politics is. As far as I  
5 know, he is not politically active, but I think that no one  
6 will be able to predict what his position is going to be on  
7 any given issue before you bring the issue up.

8 My thought is that, both with regard to Mr. Hawkins  
9 and to Mr. Stern and I think the best we are able to have  
10 with our staff have been able to speak to both sides.

11 We used to have a completely bipartisan staff and we  
12 used to have a consultation who we would hire and add to it.  
13 I know that Tom, who was once head of our staff, at least he  
14 was considered for a position down at the Executive Branch  
15 and the Secretary, Pete Peterson, the Secretary of Commerce  
16 at that time, asked him what his politics was and he told  
17 Mr. Peterson that is the first time since he had been in  
18 government that he had been asked what his politics was when  
19 he was being considered for a job.

20 This rule does say that if the Minority wants it,  
21 they are entitled to one-third of the appointments. They  
22 are entitled to one-third of the budget. It implies that,  
23 in both ways.

24 I want to make the point clear that the staff that we  
25 have on the Committee as a whole is available to the

1 Minority as well as to the Majority and we offer amendments  
2 in the Committee, if you want to use the Minority staff, go  
3 right to it. That is fine.

4 But when you just offer an amendment ordinarily in  
5 the Committee and it is agreed to and we prepare the  
6 Committee report, more often than not, it will be the  
7 Majority staff writing it up for you.

8 I believe that if the Minority has one-third, we  
9 have really given them somewhat more than the Majority has.  
10 They are entitled to it; I am perfectly willing to go along  
11 with that part of it.

12 Bob, that is a major increase. I think right now  
13 that is about 25 percent Minority. Is that not right?

14 Mr. Stern. It is about 25 percent of the 1978  
15 budget. When you convert one of the clerical positions to a  
16 professional position, it is about 29 percent, within the  
17 present eight positions.

18 The Chairman. That being the case, I would suggest  
19 that we allocate one-third of this budget to the Minority.  
20 It is perfectly all right with me to leave it to your  
21 discretion as to how you want to use it.

22 In a way, I think that is a pretty fair compromise,  
23 splitting the difference between what you are suggesting and  
24 where we are now.

25 Senator Dole. Let me say first of all we certainly

1 welcome Mr. Hawkins. We will probably all be around to see  
2 him after hours on our own matters.

3 Secondly, I think in line with the Chairman's efforts  
4 to have excellence on the staff, we also, of course, every  
5 year -- I do not say we improve, but we hope that we are  
6 getting nearer that goal, and we do have an outstanding  
7 staff on this Committee. There is no question about it.

8 I do not care about your politics. I don't ask. I  
9 could guess on a few, but I don't take any litmus test. But  
10 we can also help the Majority, we believe, if we have an  
11 excellent staff. If not, we do not help anyone on that  
12 basis.

13 We have been in the process of trying to find outstanding  
14 young men, and also young women. We have an outstanding  
15 young lady on our staff, Sheila Burke, who will be  
16 addressing health matters and I would like to have Bob  
17 Lighthizer, who will be the Minority Staff Director who  
18 comes from Covington and Burling, and he is experienced in  
19 the general tax area; and we have Jack Nutter, with Senator  
20 Fannin and Senator Roth and with me and now on the  
21 Committee; and Rod, another refugee from Covington and  
22 Burling who is an expert in the tax area along with Dave  
23 Swope who you have spent a lot of time with. Rick Johnson  
24 has worked with Bill Roth in the trade area. We will also  
25 have Chip Rowe, who is now Assistant General Counsel in the



1 Secretary of State's office on trade matters, on the basis  
2 that trade will be one of the big ticket items before this  
3 Committee.

4 With eight members, we are going to need all the help  
5 we can muster on our side.

6 Bob, would you address the proposal made by the  
7 Chairman?

8 Mr. Lighthizer. Well, Senator, the proposal that  
9 Mike Stern put down --

10 Senator Dole. I might add as an aside, I just left  
11 the Judiciary Committee where they are organizing. They are  
12 talking a budget for the Judiciary Committee of \$5.8 million  
13 and I walked into this five-and-dime operation. I am not a  
14 bit embarrassed about asking for the little we have asked  
15 for.

16 Mr. Lighthizer. The proposal that we have made is  
17 for the Minority to have ten professional staff positions  
18 and six clerical staff positions. This is over one-third of  
19 the proposed budget, I believe, so Senator Long's proposal  
20 would cut back what we have asked for here.

21 We feel, basically, that we are going to need an  
22 expanded staff to serve an expanded number of Republican  
23 Senators and to increase the number of specialists in the  
24 trade area, because this is going to be an unusually heavy  
25 trade year.

1 I do not know what the numbers are on Senator Long's  
2 suggestions. I assume there are about eight or nine  
3 professional staff people.

4 Mr. Stern. Well, there are fourteen professional  
5 staff on the Committee -- professional staff, non-Minority  
6 staff, so I assume that would be seven, half the amount.

7 Mr. Lighthizer. Well, I suspect that it will be in  
8 dollars. We would probably be given the extra clerical  
9 people on the Majority side.

10 Mr. Stern. The dollars, the amount when you add in  
11 the annual budget on the permanent budget, the non-Minority  
12 non-administrative staff is now \$689,000. One-third of the  
13 total would be half of that, which would be \$345,000. The  
14 Minority now has \$98,000 under the permanent authority so  
15 that would cut back the budget from \$400,000 to \$200,000 --  
16 let me see, it would make a total of \$345,000, so \$247,000  
17 requested instead of \$400,000.

18 Mr. Lighthizer. Our proposal, Senator, was based on  
19 the representation of the Republicans' representation on the  
20 Committee being 40 percent. That is where we came up with  
21 the suggestion that we made.

22 It was slightly under 40 percent, I believe, the  
23 proposal that we have, but we thought that we could  
24 represent the Republicans adequately, at least, at the  
25 beginning with a ten and six breakdown, ten professionals

1 and six clerical people.

2 The Chairman. The point I am making here is that most  
3 of those we are hiring on the so-called Majority staff are  
4 going to represent both sides anyway and they have. As a  
5 matter of fact, when the Minority staff proposal was first  
6 suggested, for awhile the first couple of years, the Finance  
7 Committee chose to proceed on ahead as it had always done.

8 The staff that we have hired, the so-called Majority  
9 staff, that is going to be working for the Minority as well  
10 as for the Majority.

11 It seems to me that, under the circumstances,  
12 providing what the rules said -- one third -- I never argue  
13 about something the other guy is entitled to anyway. That is  
14 something that we are just wasting our time even discussing.

15 When we say, all right, you are entitled to one-third,  
16 up to this point, you have not had it for the simple point  
17 that you had not insisted on it. If you want it there, yes.

18 So you are entitled to that, but if that is not enough  
19 to suit, you, I guess we ought to suggest that we increase it  
20 on both ends.

21 That, then, runs us into a problem, number three, on  
22 what do we do about the space? We are going to have a real  
23 problem getting enough space to provide for our people, yours  
24 and ours.

25 Senator Dole. Using the Judiciary Committee may be a

1 bad example. As they are now discussing it in Judiciary,  
2 each member of that Committee will probably have as much  
3 staff as the whole minority will have on the Finance  
4 Committee.

5 It will take two of us, I guess, to reach that.  
6 You are allowed about \$200,000 each on the Judiciary  
7 Committee. Malcolm is on that Committee. Some of us could  
8 use all the money. I do not say that is a good example, but  
9 there are eight of us now on this side. Certainly I have  
10 never been one -- we are not empire building.

11 From that standpoint, we would like to have someone  
12 who is totally familiar with the budget on the Republican  
13 side and under the proposal that the Chairman suggests, we  
14 could not expand our staff at all. We have already got it;  
15 we have got seven.

16 There are a couple of other areas that we believe that  
17 need some additional attention. Almost every time we meet,  
18 we have some question with reference to budget and many  
19 times, of course, Mike Stern, does a good job, but it seems  
20 to me that we might avoid some confrontation with the Budget  
21 Committee from time to time if, at least, we had someone  
22 available to us who was totally familiar with the budget  
23 process and the Budget Committee and also with the Finance  
24 Committee.

25 We may not use the additional slots; I am not suggesting

1 that we would. But there may be a time when we may be able  
2 to reduce it after we have finished the trade bill.

3 So I am not here advocating just to load up the staff.  
4 I assume the Republican Minority staff would also be helpful  
5 to the Majority. Being interchangeable works both ways.

6 The Chairman. Could I ask now, Mike, you said how  
7 much additional money?

8 Mr. Stern. At the present level, the Minority staff  
9 has \$250,000, so to give one-third was \$345,000 so that would  
10 be an increase of \$95,000.

11 The Chairman. \$95,000?

12 Mr. Stern. That is roughly two professional and one  
13 clerical.

14 The Chairman. Do you think you need more than that,  
15 Bob?

16 Senator Dole. I think so. We have spent a lot of  
17 time trying to find outstanding staffers and I know of one  
18 right now whom we would like to have, but we could not have  
19 him under this arrangement on the budget, and I have been  
20 contacted by at least one of my colleagues in reference to  
21 another possibility. Under that arrangement, all we have  
22 added, then, are two to our staff, as I look at the numbers,  
23 one in tax and one in trade.

24 Certainly, in those two areas, we are going to need a  
25 lot of help, all of us.

1           The Chairman. It would seem to me that if you are  
2 going to increase your part of it, we should have part of it,  
3 too. If you add two on the Republican side, I think we ought  
4 to add at least two on the Democratic side. Where would that  
5 take us?

6           Mr. Stern. In round numbers, \$80,000.

7           The Chairman. All right. That is two professionals?

8           Mr. Stern. Right.

9           The Chairman. If you add two professionals, that  
10 would be at least one clerical for those two professionals.

11          Mr. Stern. Yes, sir. Roughly \$100,000, \$95,000.

12          The Chairman. Why do you not work out a figure then  
13 where they can hire two more and we can hire more and give  
14 them one clerical each.

15          Does that sound all right with you?

16          Senator Dole. We may not use that.

17          The Chairman. That means you could hire a total of four  
18 and two clericals and we would have two more professionals  
19 and one clerical.

20          Mr. Stern. That would give the Minority nine  
21 professional and five clerical, as opposed to ten and six.

22          The Chairman. Is that all right with the Committee?

23          Senator Dole. I assume, as long as we stay within the  
24 dollar confines, it could be ten-four, whatever?

25          Mr. Stern. Right.

1           Senator Dole. We do not consider all of the administra-  
2 tive, nonpartisan --

3           Mr. Stern. That does not count the receptionists, the  
4 printing clerks.

5           Senator Dole. Plus 65 on the Joint Tax Committee that we  
6 do not have any role in at all.

7           The Chairman. Well, we do. You do to the same extent that  
8 I do.

9           When Larry Woodworth had that job down there -- he was  
10 retiring, he was going to leave in any event -- they hired him  
11 down there at the Treasury to be Assistant Secretary. He  
12 recommended Bob Shapiro, who was his assistant, to succeed  
13 him and it is a good thing that he did in a hurry, because  
14 Bob would have been out into private industry in a hurry.

15           You had about as much right to question Larry Woodworth  
16 as I did. I think we got the best man that was available to  
17 us.

18           I do not think that I had anything more to do with the  
19 Joint Committee staff -- as Chairman, now, I have had no more  
20 to do with who is on that Joint Committee staff, to recommend  
21 that Bob interview some secretary and he interviewed her and  
22 she thought her talents were justified. She turned the job  
23 down and that's the end of it.

24           That is about how much influence I have had over that  
25 Joint Committee staff in the last four years, which I

1 appreciate. She was interviewed and she was offered a job  
2 and she turned it down, so that was the end of it.

3 I think Bob would show the same consideration to  
4 anybody.

5 Mr. Stern. Mr. Chairman, in round numbers that would  
6 come to probably a total resolution of \$900,000. I would  
7 have to work out the exact number. It would be roughly to  
8 allow for the conversion of one clerical to professional  
9 position, plus two professional and a clerical for a total  
10 Minority staff of nine and six and an additional two  
11 professionals and one clerical for the professional staff of  
12 the Committee.

13 I would recommend following your other suggestion that  
14 you and Senator Dole also accompany that request with a request  
15 for more space.

16 Senator Ribicoff. I have had a little experience with this  
17 field, Mr. Chairman. I think, to save a lot of problems, I  
18 think the Minority generally always should have one-third, and  
19 it should be in the amount and not in the number of people.

20 Everybody looks at it differently. I personally would  
21 like to have fewer people and they should be the best that  
22 you could get, and you would have to pay them a high salary.

23 So I do not think I would worry about numbers. Let  
24 the Minority determine who they want to hire and what they  
25 want to pay, like you do on the Majority. And I think it



1 makes life a lot easier.

2           The only thing I do not quite understand -- I have no  
3 question about Mr. Hawkins' ability and credentials. What  
4 happens in the relationship with this Committee now with the  
5 Joint Committee on Taxation under the leadership of Mr.  
6 Shapiro? How does the Committee work now with Mr. Hawkins or  
7 somebody on the Minority side who is a tax man against Mr.  
8 Shapiro, who I find -- and his predecessor before him, Mr.  
9 Woodworth -- who all the staff are available to every member  
10 on this Committee, irrespective if they are Republicans or  
11 Democrats.

12           I never did know the politics of anybody on the Joint  
13 Committee staff. I do not know the politics of anybody on  
14 this Committee staff.

15           What happens now? Do we have a wall between Mr. Shapiro  
16 and Mr. Hawkins? What happens?

17           The Chairman. No, I do not think so. We have tax lawyers  
18 working for the Committee now. As a matter of fact, Bob left  
19 and we have a vacancy on the staff. Most people on this  
20 Committee remember him very well. He was a good man.

21           We just tried to find the best person to help us on our  
22 staff.

23           Mr. Hawkins. Mr. Chairman, if I could just make a personal  
24 comment on that, it seems to me that an important aspect of  
25 that relationship is how the two individuals approach it.

1 It is already clear that we are trying to work -- Bob and I are  
2 trying to work together very closely -- and I would not have  
3 come here in the first place had I not thought that my efforts  
4 would complement his.

5 In other words, I think that he and I will strengthen each  
6 others' efforts. We do not feel it is rival empires or things  
7 of that type.

8 The Chairman. My suggestion to Ed Hawkins has been that  
9 he carefully look at everything that comes over from the Ways  
10 and Means Committee and what is suggested by the Joint Commit-  
11 tee staff and that he makes his suggestions to us based on how  
12 it looks to him, giving us his honest judgment.

13 Also, I suggested that before he suggests to us that some-  
14 thing they did is something that ought to be changed, that he  
15 discuss it with them. So if he has an idea about something  
16 that happened on the House side, or something that the Joint  
17 Committee is suggesting that he does not think is too good of  
18 an idea, that he talk to Bob Shapiro about it first, hoping  
19 that they can come into agreement rather than have us argue  
20 it out, because those two may have a problem that was not  
21 resolved up to that point. If they can come here, having  
22 discussed it and agreeing to what they think the answer to it  
23 is, and what the two facets of it are so you can hear both  
24 sides and decide for yourself who is best served by doing that,  
25 we have been doing that right along.

1 We have had an independent opinion contrary to the Joint  
2 Committee opinion offered by our lawyers.

3 Senator Ribicoff. This Committee does not have to apolo-  
4 gize for the budget, as Senator Dole suggested. I think the  
5 work required by this Committee is more important and needs  
6 more expert advice than probably all of the other committees  
7 in the Senate put together, practically. The degree of com-  
8 petency has always been exceptionally high on this Committee.

9 The only thing that worries me, we are the ultimate  
10 decision makers on this Committee, and the more people you  
11 put in between ourselves and those who are to help us, the  
12 harder our work is going to be and I was just trying to recall  
13 Larry and Bob before, and Bob now. I think most of us have  
14 had members of our personal staffs who call upon the Joint  
15 Committee, or Jay Constantine or Mike Stern or Bob Cassidy,  
16 and work very closely with them, and I think what would be most  
17 unfortunate if we now felt that we did not have the availabil-  
18 ity of the men who have to give the ultimate advice between  
19 ourselves and our own staffs, and coming up with some of these  
20 very, very complex technical decisions.

21 You know, this is one of the dangers. The bureaucracy  
22 is a bureaucracy and the Legislative Branch also is guilty  
23 of creating a bureaucracy as the Executive Branch. I am not  
24 raising any objections to what you and Senator Dole suggested.  
25 I am just commenting on working together, not making life

1 complicated for ourselves.

2 The Chairman. I would think, in terms of dollars,  
3 Senator Dole would like to add to that request. I think you  
4 say under the budget we have we would have two, and one  
5 additional clerk. Under the existing budget, you could have  
6 that.

7 Mr. Stern. Under the one-third rule.

8 The Chairman. So if he adds two and one, if you  
9 are going to maintain the ratio, I guess we should add enough  
10 money for four and two. I do not have a mind for filling all  
11 these positions, frankly. They may cut us down. I may be  
12 willing to share them.

13 But I guess we should add enough to where we could  
14 have four, to hire four if we wanted to, four professional  
15 and two clerical.

16 As I say, offhand I do not think we would be using  
17 them, but we could use them when we could use the help. What  
18 would the figure be arrived at if we asked for that?

19 Mr. Stern. If you look at the present level of  
20 staff that would allow \$345,000. That would allow the  
21 Minority probably two additional professional staff and one  
22 clerical staff.

23 If you add on top of that another \$100,000  
24 approximately that gives you the other two professional staff  
25 and the other clerical. That brings you to a total of nine

1 professional and five clerical, as compared with five and  
2 three in your 1978 budget, so there would be an increase of  
3 four professional and two clerical.

4 If you wanted to follow the rule of that being  
5 one-third of the total, then for the additional \$100,000,  
6 you would have to add \$200,000 for non-Minority, in other  
7 words, the four professionals.

8 The Chairman. What would the total be?

9 Mr. Stern. Well, that would be the total for the  
10 so-called Majority to roughly \$890,000 and the total for the  
11 Minority, then, would be roughly \$445,000. In real numbers,  
12 it would be roughly \$700,000/\$350,000: \$700,000 for the  
13 Majority, \$350,000 for the Minority -- I am sorry. \$900,000  
14 and \$450,000. \$900,000 for the Majority and \$450,000 for the  
15 Minority, including both the so-called permanent authority  
16 under the Legislative Reorganization Act, plus the annual  
17 budget. So when we prepare the actual resolution for  
18 submission, we would subtract out those people that are  
19 already covered by the permanent authority.

20 In terms of the Annual Budget Resolution, it would  
21 amount to about \$520,000 for the Majority and \$350,000 for  
22 the Minority, for a total of \$920,000 in salaries in the  
23 annual budget.

24 On top of that, you have these other costs. '

25 The Chairman. How much would that increase the

1 overall budget?

2 Mr. Stern. I would guess that would amount to an  
3 overall budget of about \$1,200,000, which would be an  
4 increase of about \$300,000 over 1978.

5 The Chairman. It sounds all right.

6 Senator Dole. Have you followed all that, Bob?

7 Mr. Lighthizer. Yes, sir. I think I did follow it,  
8 and we cut back from approaching 40 percent to about a  
9 third, which means one less professional and one less  
10 clerical staff, in round numbers.

11 The Chairman. Frankly, I would think if that is not  
12 enough to take care of what you want to do, we can talk to  
13 you about adding somebody from our staff just on a  
14 nonpartisan basis.

15 Senator Dole. We may not need the ninth. Eight, but  
16 the ninth -- we may need one more later on. I assume we  
17 could work it out. There would be a little flexibility.

18 Mr. Stern. We have been talking in terms of  
19 positions, but everything is translated into dollars.

20 The Chairman. All in favor, say aye.

21 (A chorus of ayes.)

22 The Chairman. Opposed, no.

23 (No response)

24 Mr. Stern. That would be a resolution of  
25 approximately \$1,200,000 with the exact amount to be worked

1 out on the basis that has been discussed here.

2 The Chairman. The ayes have it, and we will request  
3 that amount of increase in our budget.

4 I will ask Senator Dole to appear with me before the  
5 Rules Committee and make the request. I would think that  
6 when we do that on behalf of this Committee, we ought to  
7 stress the fact that we need space even more than we need  
8 personnel. Frankly, we do not have the space for our people  
9 to work.

10 That is something that has been a problem for a long,  
11 long time around here and people cannot do their best work  
12 if they are packed on top of one another. Where we are  
13 going to get it, I do not know. That is another problem,  
14 where some committees have been able to get all kinds of  
15 space and historically this Committee has not had to use  
16 much space and has not had much.

17 Those who ask receive, and they started asking a long  
18 time before we did.

19 That settles that.

20 Mr. Stern. The next item on the agenda relates to  
21 the appointment of members of the Joint Committee on  
22 Taxation. Under the Internal Revenue Code, it is the members  
23 of the Finance Committee who elect the five Senate members  
24 to the Joint Committee on Taxation. This has been done  
25 traditionally on the basis of the three senior Majority

1 members and the two senior Minority members.

2 The five members last session included the Chairman,  
3 Senator Talmadge and Senator Ribicoff. Both of the Minority  
4 members retired last year, so there are two Minority vacan-  
5 cies.

6 The Chairman. What does the Minority want to  
7 recommend for those two vacancies?

8 Senator Dole. As far as I am concerned, it will be  
9 myself and Senator Packwood. He has indicated an interest  
10 and I think the ranking Republican should be on that  
11 Committee.

12 Unless there is some objection, it would be myself  
13 and Bob Packwood.

14 The Chairman. If there is no objection, then, the  
15 Committee will be Long, Talmadge, Ribicoff, Dole and  
16 Packwood.

17 Now, let me introduce those who are on the Joint  
18 Committee staff. Bob Shapiro, could you stand up a minute  
19 and introduce those who you have with you?

20 Mr. Shapiro. We have Rich Tiger right here. Al  
21 right next to him and Sandy Allen. Leon is in the back  
22 there, too.

23 Our staff is comprised of attorneys, accountants,  
24 economists and a series of revenue estimators. During the  
25 course of a tax bill, you will see a good many of us over



1 here, assisting you in one capacity or another, and these  
2 are just those of us who decided to attend this particular  
3 session.

4 The Chairman. Let me say this to all members. The  
5 Joint Committee on Taxation is composed of members of the  
6 Finance Committee and the Ways and Means Committee, but that  
7 Committee staff is available to you at all times. Actually,  
8 the Joint Committee does not meet very often.

9 Principally, the advantage of the Joint Committee, as  
10 I see it, we have a staff that works for both the House and  
11 the Senate. When they are working on a big tax bill on the  
12 other side, as will be the case from time to time, or a big  
13 revenue bill, that staff is pretty well tied up over there,  
14 but they can let us have some of their people.

15 When the bill comes over here, they come over with  
16 it. They will be of tremendous help to us.

17 I personally think that the Joint Committee staff is  
18 the most competent staff on the Hill. They have tremendous  
19 competence and know what they are doing in the area of  
20 taxation. It is great. It is a completely nonpartisan staff  
21 and I would suggest to all Senators on this Committee that  
22 you ought to feel free, you and your office staff, to call  
23 on that Joint Committee staff at any time.

24 When I first came to the Senate, your office would  
25 call the Finance Committee and ask about anything, any bill

1 on the Finance Committee. The answer would be, we do not  
2 know anything about that; call the Joint Committee. There  
3 was only one professional person over here and two  
4 secretaries and they just did not have the competence on  
5 this Committee to do anything but refer you to the Joint  
6 Committee staff.

7 Since that time, we thought we ought to have an  
8 adequate staff so we could look at these various things that  
9 we had to deal with and we could have the competence to move  
10 legislation through your office.

11 Senator Dole. All the members would appreciate that.

12 Second, I want to commend whoever thought of the  
13 badges. I think it helps tell us who is on the staff and who  
14 is not on the staff.

15 Mr. Stern. They were done at your request, Senator  
16 Dole.

17 Senator Dole. The Judiciary Committee, the whole  
18 room is staff. There are some here who are not on the  
19 staff.

20 The Chairman. What is next?

21 Mr. Stern. The last item on the agenda, Mr.  
22 Chairman, relates to five nominations for the National  
23 Commission on Social Security. This was the Commission that  
24 was created in the 1977 Social Security amendments and that  
25 Commission has nine members, which five are appointed by the

1 President and it is a little unusual, but they are advise  
2 and consent positions that have to be confirmed by the  
3 Senate.

4 Usually, advisory commissions come and go, but in  
5 this particular case, the nominations have to be confirmed,  
6 and I asked Mr. Gwartzman who is the nominee for Chairman of  
7 the Commission to come in case the Committee has any  
8 questions.

9 You have Attachment D that gives the biographies.

10 The Chairman, if I might, I would like to hold that  
11 for a moment while I discuss a different matter.

12 Because we have more members on the Committee, I am  
13 going to suggest that we have a larger number of  
14 Subcommittees. Most of it would have the same title and the  
15 same jurisdiction, but we would do some expanding and a few  
16 changes in order to make a larger number.

17 Here is what I would suggest. The Subcommittee on  
18 Health, Senator Talmadge is the Chairman, and would like to  
19 continue as the Chairman.

20 The Subcommittee on International Trade. Senator  
21 Ribicoff is Chairman, and I believe he would like to  
22 continue.

23 The Subcommittee on Taxation and Debt Management,  
24 Harry Byrd is Chairman of that, and he would like to  
25 continue.



1 and he would be Chairman of that Subcommittee.

2 The Subcommittee on Revenue Sharing, Senator Bradley  
3 has indicated that he would be interested in chairing that  
4 Subcommittee.

5 I would then suggest that we would pass a list to  
6 each one of the members of the Committee and let him  
7 indicate what his choices would be. I assume that those who  
8 have served on these Subcommittees would like to continue,  
9 but if they would rather serve on something else, just give  
10 us your suggestion and if you want to shift around, you can.

11 Senator Dole. Do you have any numbers on these  
12 Subcommittees, how many members are going to be the ratio?  
13 Mr. Stern. In the past, that has depended on the  
14 degree of interest. Some Subcommittees are larger than  
15 others.

16 Senator Dole. If it is three/two, four/two?  
17 Mr. Stern. I think you will know within a few days.  
18 First we have to see what the requests are.

19 The Chairman. The Subcommittee on Trade generally  
20 has been a fairly large Subcommittee because there has been  
21 a lot of interest expressed in that. That will be a very  
22 hot subject again this year.

23 Senator Ribicoff. On that, if I may have an  
24 amendment, Mr. Chairman, we have several new members on the  
25 full Committee. Trade will be very important. It is very

1 complex.

2 Senator Roth, who is ranking Minority member, and I  
3 have had a number of conversations because procedurally we  
4 do this differently than any other piece of legislation and  
5 I would hope once the Subcommittee were chosen that you  
6 would give an opportunity for the entire Committee, not only  
7 the members of the Subcommittee, to meet with the staff for  
8 a rundown and explanation.

9 We have some basic decisions to make and I would like  
10 to get the feeling of the entire membership concerning  
11 hearings. Some of it is of a confidential nature and they  
12 should be in closed session, but yet the matter is so  
13 important, that Senator Roth and I have discussed the  
14 possibility of some public hearings before the decisions are  
15 made.

16 But I think that it would be worth everyone's while  
17 to have the staff of our Committee explain the procedural  
18 problems. Senator Roth and I work very closely. We are in  
19 harmony as to how to proceed. I would like to get the whole  
20 Committee into this area.

21 The Chairman. That is good.

22 I want to suggest to all members, especially new  
23 members, that you consider, if you can, to try to attend all  
24 of these Subcommittee hearings. It is very enlightening.  
25 Sometimes we might cover the same ground the second time,

1 but more often than that, we do not. So if you want to hear  
2 the witnesses on a particular subject -- if someone is  
3 conducting hearings on the private pension plans or the  
4 Sugar Act and you want to hear the witnesses, oftentimes you  
5 are better to be there. Otherwise, you will not have the  
6 opportunity to examine the witnesses and interrogate them  
7 and fully consider what they have to say.

8 I think all Subcommittee Chairman, and all  
9 Subcommittees, welcome the attendance of all Senators on the  
10 Committee, and even those not on the Committee. It helps to  
11 keep you advised of what you are going to be voting on.

12 Senator Matsunaga?

13 Senator Matsunaga. Will we still be limited to three  
14 Subcommittee memberships on three Subcommittees?

15 Mr. Stern. That is the rules of the Senate, Senator.

16 Senator Matsunaga. Whom did you say the Chairman of  
17 the Subcommittee on Energy and Foundations was?

18 The Chairman. Senator Gravel.

19 Yes, sir?

20 Mr. Heinz. Mr. Chairman, have you set the  
21 respective members yet?

22 Senator Dole. You have not done that?

23 Mr. Stern. No, sir. That depends on the extent of  
24 choices and in the past, the size of the Subcommittees has  
25 varied, depending on Senatorial interest rather than being

1 all the same mechanical size.

2 Senator Long has requested that the members indicate  
3 -- the Majority members -- indicate their choices to him, so  
4 hopefully within the next few days, the numbers will be  
5 known, and the ratios.

6 Senator Dole. As soon as we have that we will send  
7 around a list and everyone can make their first, second,  
8 third, fourth, fifth, sixth and seventh choices.

9 The Chairman. We try to think in terms of the  
10 intensity of interest in a certain matter. If there is a  
11 lot of interest in it, then will assign more members to that  
12 Subcommittee. If there is not a great deal of demand for  
13 them, we will assign less to that particular Subcommittee.

14 We will work it out that way.

15 Also, I think we have a rule to comply with, do we  
16 not, Mr. Stern, in regards to how many Subcommittees --

17 Mr. Stern. There are two rules that apply here. One  
18 is that no Senator can serve on more than three  
19 Subcommittees. That limits the number of slots on  
20 Subcommittees.

21 The second rule is the manner in which Senators are  
22 assigned. According to the Senate rules, you start with in  
23 order of seniority and give everybody their first choice and  
24 only after the last member has been given his first choice  
25 do you go back to the most senior member for the second



1 choice, and so forth.

2 As a result, you have to have a procedure where  
3 everyone submits what their top five choices are so that you  
4 can fill the Subcommittee slots on that basis.

5 Even so, some Subcommittees have been filled on the  
6 basis of assignment by the Chairman. Last year, as I  
7 recall, all the Majority members had their first and second  
8 choice; some also had their third choice.

9 The Chairman. We will proceed on the basis that  
10 everyone gets their first choice before anybody gets their  
11 second choice, and so forth.

12 All right.

13 Now, if you want to talk about the Social Security  
14 Commission?

15 Mr. Stern. You have before you an Attachment D --

16 The Chairman. Senator Dole wanted to bring up a  
17 matter.

18 Senator Dole. We distributed -- I think every member  
19 has a copy of this memorandum in his office and on the basis  
20 of that, I think Senator Byrd has raised the question, what  
21 we are suggesting is that we adopt some routine procedure  
22 whereby improvements to a specified part of the Code are  
23 considered during the designated year.

24 It seems to me that according to our staff and the  
25 information we have received, this would be welcome by

1 For example, under Section 6334(d), a person may  
2 retain only \$50 a week in salary after the IRS has levied on  
3 his property and there are other cases, I think, that are  
4 ripe for review and have not been reviewed for some time.

5 The '76 Reform Act initiated many new sections  
6 designed to control and regulate tax return preparers. We  
7 have had some improvements, some minor violations, and that  
8 is sort of the general area that might be a fruitful area for  
9 the Committee to get into.

10 I understand Bobby Shapiro is, of course, aware of it.  
11 I think Senator Byrd had a question of who might do this.  
12 Certainly his Subcommittee would be the appropriate place.

13 Senator Byrd. I thank the Senator from Kansas. I am  
14 in full sympathy with the objective of Senator Dole. I take  
15 it that it is not your proposal to create an additional  
16 Subcommittee?

17 Senator Dole. No.

18 Senator Byrd. The Subcommittee staff can correct me.  
19 We have held hearings on these various aspects of Sub-Chapter  
20 S. Senator Baucus's Subcommittee would have oversight over  
21 some of the Internal Revenue problems that you mentioned.

22 I think that by working with you and with the Chairman  
23 of the Committee something along this line could be informally  
24 worked out with the Subcommittee on Taxation.

25 I hate to see us create another Committee.

1           Senator Dole. I thought that maybe the staff could work  
2 out with the appropriate Subcommittee Chairmen and Ranking  
3 Members some schedule, and maybe look at the first year Sub-  
4 Chapter S, or whatever, Title F. We could do that, along  
5 with everything else we have to do.

6           I think it would be a good thing.

7           Mr. Shapiro. The Joint Committee staff had in  
8 progress for over a year a comprehensive review of the whole  
9 Sub- Chapter S area. Sub-Chapter S was enacted in 1958.  
10 Since then, there have been some modifications on a piecemeal  
11 basis.

12           Generally speaking, when you get into some of the areas  
13 they are done in connection with a comprehensive tax bill, a  
14 big tax reform bill, and therefore, you do not always have  
15 the opportunity to have a systematic review of some of the  
16 sections that I think Senator Dole has reference to.

17           What we have done on the staff level is the project  
18 of not trying to look for reform or equity, but from the  
19 standpoint of trying to make provisions much simpler in  
20 connection with some court cases, some problems of regulation  
21 of the IRS, trying to work with the Bar Association and make  
22 appropriate rules to make the tax system more comprehensible.

23           As I have indicated, we have a comprehensive project  
24 on Sub-Chapter S that we are doing with small businesses. We  
25 have one underway which is Sub-Chapter C and some other

1 areas, more special areas, such as the pension area.

2 But certain aspects of it, we have not started one on  
3 Sub-Title T. Sub-Title F deals with administrative provisions  
4 and is probably a good candidate for one.

5 But I think the views that Senator Dole is suggesting,  
6 and Senator Byrd, has used his Subcommittee to pursue this,  
7 is one that we think is appropriate. This year, rather than  
8 look at a comprehensive bill, do it in a form of a comprehen-  
9 sive manner, but in a way that can systematically be reviewed.

10 One of the aspects that Senator Byrd has discussed with  
11 the staff already is both in the House and Senate there have  
12 been considerable discussion on sunseting tax expenditures.  
13 Therefore, instead of indicating a concern about the problem  
14 of a tax system of having a day that all tax expenditures  
15 terminate, they have a systematic review in the Finance  
16 Committee and Senator Byrd has already expressed interest and  
17 has asked the staff to develop a list of items that would be  
18 appropriate to have a series of hearings, those that have  
19 termination dates, and others, and I think Senator Byrd has  
20 asked to do this.

21 We will be developing that list and working with him  
22 in the Subcommittee and the ranking and other members as  
23 well.

24 Senator Byrd. Bob and I discussed this, I think, two  
25 to three weeks ago. He came by the office one day. I think

1 it has a lot of merit, too, and that ties in with what you  
2 have have in mind.

3 Senator Dole. Right.

4 I do not believe there is any disagreement. We  
5 will just try to work out what we can start on.

6 The Chairman. Let me bring up one additional point  
7 and this is relevant to the matter that Mr. Hawkins called to  
8 my attention. It is also relevant to some fine work done by  
9 the Joint Committee on Taxation.

10 This Code very much needs overhauling to make some  
11 sections workable and to repeal sections that are not being  
12 used. Now, when we do that and we start putting legislation  
13 to do these things out there on the calendar, those holds  
14 will be placed on those bills, invariably all of them, by  
15 someone who wants to offer an amendment.

16 When we get a major revenue bill before us, people  
17 can offer all kinds of amendments and usually we will find an  
18 opportunity for them to offer their amendments on an  
19 appropriations bill.

20 But we have major bills that require a lot of  
21 cleaning up of the Internal Revenue Code. That does not  
22 happen for years because someone wants to argue about  
23 something about their pet idea, some of which are meritorious  
24 and some are not.

25 The so-called deadwood bill is a good example --

1 400 pages of Internal Revenue Code that should have been  
2 repealed. That thing must have been kicking around here for  
3 six years. How long was it?

4 Mr. Shapiro. Ten years. The project was begun in  
5 '67; it was ready two years later. So the whole project  
6 took ten years from the time it started until it was  
7 enacted.

8 But for eight years, it was ready for enactment for  
9 eight years.

10 The Chairman. It took us eight years to pass that  
11 bill. That was a good bill. Four hundred pages of  
12 meaningless language in the Internal Revenue Code that  
13 should have been repealed.

14 All right.

15 It took eight years to pass that. Nobody could find  
16 anything wrong with that, but everytime you get ready to get  
17 up, somebody wants to amend it. He has his pet thing, but  
18 there is some little thing that we ought to do that he  
19 thinks is important, so he wants to bring it in.

20 If we could limit the Senate to a germane rule, there  
21 would be all kinds of improvement we could do to the  
22 Internal Revenue Code on a piecemeal basis.

23 Take a section -- you might want to take a section  
24 and you talk about Sub-Chapter S. Bring in a lot of  
25 language about Sub-Chapter S. Reform that section; take

1 care of that.

2 Mr. Hawkins over there is an expert on corporate  
3 reorganization. We could bring in a lot of legislation on  
4 corporate reorganization highly approved by the tax bar and  
5 the practitioners and people who know what it is all about  
6 and improve that.

7 In the absence of a germaneness rule, those things  
8 will bog down and it will be years -- hopefully not the  
9 eight years that it took to pass the deadwood bill, because  
10 it does not get the priority that the real controversial  
11 items get.

12 We are going to be talking about a change in the  
13 rules. The Majority Leader is going to amend his proposal  
14 out there for a new procedure, but his new cloture procedure  
15 would not include a germaneness rule, because that is not in  
16 the part that the Majority Leader and the Minority Leader  
17 are talking about agreeing to.

18 Bob Byrd is for it. I do not know whether other  
19 people are opposed to it. I know on the provision that Mr.  
20 Byrd submitted to everyone and brought out, he had a  
21 proposal that when a bill is before the Senate that the  
22 manager of the bill could ask for a germaneness rule limited  
23 to what the bill read, plus the Committee amendments. With  
24 the bill on the Floor, you could offer amendments germane to  
25 the bill or germane to the Committee amendments, but you

1 could not offer amendments that would be nongermane to what  
2 the Committee reported out onto the Senate Floor.

3 I think that it is very important. That might have  
4 come before the Senate, that we rally behind this because at  
5 least existing cloture rule -- at least it gives you a  
6 germaneness rule, but what they are talking about, it might  
7 perhaps be a more useful cloture rule, but it would not  
8 include germaneness and just the part that is being  
9 discussed right now.

10 It is very important, it seems to me, if that be the  
11 case that we all insist that the germaneness part be kept in  
12 there.

13 The point is, as it stands now, you can get a  
14 germaneness rule by moving cloture. Under existing Rule 22,  
15 you can move cloture. We did that this last year, move  
16 cloture, got cloture, that cut off the nongermane  
17 amendments, about half of them. And also, it limited every  
18 Senator to one hour.

19 The germaneness part is more useful than the  
20 limitation on debate. This proposal would be -- if the  
21 Committee wants to have such a germaneness rule, and 60  
22 percent of the Senate wants to agree to it, that you could  
23 have a germaneness rule.

24 The way it is, you could invoke cloture with 60  
25 percent and you have a germaneness rule, but you also have

140080041



1 the one rule at all, in my judgment for processing tax  
2 legislation we would be at a much greater disadvantage than  
3 we are now. If we could not get some limitation to narrow  
4 the things down for our express purposes, we could have real  
5 problems in passing legislation.

6 Senator Matsunaga?

7 Senator Matsunaga. Mr. Chairman, I support the  
8 Chairman in his request for support of this matter. I think  
9 that it is highly essential, especially and even with the  
10 Revenue Code. Whenever you amend one section of the Code,  
11 there are so many other sections which are affected and  
12 unless the appropriate amendments to other sections of the  
13 Code are made, you just screw up the entire Code.

14 As you well know, those of us who served in the  
15 House, whenever we dealt with a Revenue Code matter of  
16 taxation, the Rules Committee provides a closed rule and  
17 very seldom they modify the close, where only those  
18 amendments considered in Committee are accepted or deemed in  
19 order on the Floor.

20 So the germaneness rule is a very mild form. It is a  
21 step towards keeping the members of the House from accusing  
22 the Senators for decorating a Christmas tree every time they  
23 sign a tax measure every year.

24 The Chairman. That term "Christmas tree" started by  
25 one of the bills we had out of this Committee when Lyndon

1 Johnson was President of the United States. He decided to  
2 bring a program up here and he got some of us down to the  
3 White House about once every week and talk about how things  
4 were going. So finally, he had a list of bills he wanted to  
5 consider. Finally he asked how were we doing in the Finance  
6 Committee?

7 I said, well, we had passed all the bills that we had  
8 planned to pass except one. We were saving one  
9 Administration bill that the Senators could offer their  
10 amendments on, because in order to pass all these other  
11 bills, I would persuade people not to offer their  
12 amendments, just wait now, do not offer your amendment now.  
13 I will afford you an opportunity to offer your amendment on  
14 some bill that the President is going to sign.

15 When the time came, we called up this equalization  
16 tax, which was an Administration bill. We had about 40  
17 Committee amendments on that, and the Washington Post  
18 reporter said it was a bill, when it hit the Floor, that lit  
19 up like a Christmas tree. It was about December when we  
20 brought that bill out.

21 Then everybody rushed in with their amendments. By  
22 the time they got through adding amendments to it, it was a  
23 voluminous bill.

24 I have nothing against a Christmas tree bill. They  
25 do not all have to be Christmas trees. It takes a long time

1 to pass a Christmas tree bill. Just everything comes in.

2 If you pinpoint what you want to do, you can achieve  
3 a great many things, especially where you are moving to  
4 overhaul one little section of the Code and straighten that  
5 one up the way it ought to be and take another one. You can  
6 do a great deal of work if you can keep from having  
7 everybody bring in everything from the stool in the corner  
8 and the kitchen sink and offer it on a bill that is not  
9 germane.

10 I hope, very much, that we can not lose any ground on  
11 germaneness, but maybe gain a little bit.

12 Senator Dole. I think on a nonrelated matter, while  
13 I see all the new members are present, are we following the  
14 early bird rule on the full Committee that those first to  
15 enter are first heard?

16 The Chairman. I would hope so. If there is no  
17 objection, we will do business that way. That is when a  
18 Committee meeting is called, let us say if there is a  
19 meeting at 10:00 and the Chairman is not there and the  
20 Subcommittee Chairman is not there, if it is a hearing, for  
21 example, whoever is there should bang the gavel and go ahead  
22 and start the hearing, and when we start asking questions  
23 after the witness has made his presentation in chief,  
24 Senators should be called on in the order that they appeared  
25 in the room.

1           If Senator Bradley is the first in the room, he would  
2           be called on first to interrogate the witness. That being  
3           the case, if you want to be the first to interrogate the  
4           witness, be clocked in and out of the back room here. Every  
5           time I walk in, some young lady there puts the time I arrive  
6           and when I walk down, she puts down the time I leave.

7           Is that necessary? We have had this discussion  
8           before.

9           The Chairman. I think that we destroyed all past  
10          records. We have kept a record of who attends the meetings.

11          Senator Dole. I think we need that, but we all have  
12          plenty of Committees and Subcommittees and it seems to me  
13          that it does an injustice to all of us to have somebody  
14          write down that we arrived at 10:30 and left at 10:31. I  
15          do not know what we gain from that kind of a record. I do  
16          not know what you do with that kind of record.

17          I could think of a few things that you might do with  
18          that kind of record.

19          The Chairman. It has not been used in an  
20          embarrassing way. If anyone wanted to present evidence that  
21          he has been a very ardent attender of Committee meetings, I  
22          think it might be to his advantage.

23          It is not my purpose to embarrass anybody because he  
24          does not show up very often. I accept when we cannot get a  
25          quorum we will have to call the roll and make a record of

1 who is present.

2 Senator Dole. I think we ought to have a record of  
3 who is here, but getting into how long we are here.

4 We all have to go to other Subcommittees. Not that  
5 we are working. We may be at some other Committee or  
6 Subcommittee. It is a minor thing, but somebody might  
7 conclude from a review of that record that we were not very  
8 diligent.

9 Senator Matsunaga. It may become handy in a  
10 Presidential election against an opponent.

11 The Chairman. Senator, I will try to work it so that  
12 no one is adversely affected. I do not want to embarrass  
13 anybody if you cannot attend.

14 I would hope that members can attend. The point of  
15 getting a quorum, to have a quorum present to do business --  
16 we have a very liberal proxy rule here. If the Senator is  
17 not present, he can be voted by proxy. Someone can get on a  
18 telephone and call him just to let us know where he is so we  
19 can vote him.

20 But we are, from time to time, confronted with the  
21 problem of not having a quorum.

22 Senator Dole. I have no quarrel with the quorum, but  
23 if you just phone and say I am there in spirit, but I really  
24 am at the Agriculture Committee, we would not have our pay  
25 docked by the lady outside?

1 The Chairman. You do not get your pay docked.

2 Shall we now talk about the Commission on Social  
3 Security?

4 Mr. Stern. Just to mention this again, the National  
5 Commission on Social Security is a statutory commission  
6 established by the 1967 Social Security amendments to look  
7 at the Social Security and Medicaid programs. It is nine  
8 members of whom five are appointed by the President with the  
9 advice and consent of the Senate.

10 Mr. Gwartzman, who is sitting on my left, has been  
11 nominated to be Chairman of the Commission. I do not ask  
12 that the Commission nominees be present, except for Mr.  
13 Gwartzman, to answer any questions that the Committee may  
14 have.

15 The background on the five members are in Attachment  
16 D that is before you: nominations to the National  
17 Commission on Social Security.

18 The Chairman. You have an impressive background, Mr.  
19 Gwartzman. Are there any questions, gentlemen?

20 Senator Wallop. If I may ask a question generally, I  
21 notice on here the law provides that the Commission shall  
22 consist of nine members selected on a bipartisan basis, and  
23 I wonder if there is any way in which we can determine how  
24 bipartisan that is? There is nothing on these biographies  
25 --

1 Mr. Gwartzman. At the present time there are eight  
2 members, four Republican and four Democrats.

3 Senator Wallop. Is that among these?

4 Mr. Gwartzman. You have five biographies of those  
5 five submitted by the President. Two are Republicans and  
6 three are Democrats. In addition, Mr. Robert Wyers and Mr.  
7 Wilbur Cohen were appointed by the Speaker of the House.  
8 Mr. Cohen is a Democrat and Mr. Myers a Republican. Mr.  
9 Russell Laxson of Minnesota was appointed by the President  
10 Pro Tem of the Senate on the recommendation of Senator  
11 Baker, Minority Leader. Mr. Laxson is a Republican.

12 Senator Wallop. I find no indication in these  
13 biographies of partisanship or bipartisanship.

14 Senator Dole. Does it bother anybody? It does not  
15 bother me, but I notice one of the nominees, Elizabeth  
16 Duskin, helped form a coalition to attack the President's  
17 proposed benefit revisions. That would not cause anybody  
18 any problem, would it?

19 Mr. Gwartzman. I do not think that we can limit the  
20 private activities of these members. This is an advisory  
21 commission. Our report is not due for two years.

22 Senator Dole. By that time, there will be a new  
23 President.

24 The Chairman. Is Bob Buller on that Commission now?

25 Mr. Gwartzman. He is on the advisory commission that

1 is appointed by the Social Security Administration.

2 Are there any further questions, gentlemen?

3 Senator Dole. We are approving the five, right?

4 The Chairman. We could interrogate them right now.

5 Senator Dole. I do not have any questions.

6 The Chairman. If there are no questions, then --

7 Senator Matsunaga. The President Pro Tem has one

8 more to nominate.

9 Mr. Stern. That is correct.

10 Senator Matsunaga. No members of Congress are  
11 allowed on this?

12 Mr. Gwartzman. There are no full-time employees of  
13 the Federal government. They are not allowed under the  
14 statute.

15 The Chairman. If there are no questions, Mr.  
16 Gwartzman, we will excuse you, sir.

17 Is James Dillman here?

18 Mr. Stern. Mr. Chairman, I had not asked the five  
19 members since they do not live in Washington and basically  
20 they just come in once a month, or every so often. But if  
21 the Committee would like, we could ask the others to come  
22 in, too.

23 The Chairman. That might not be necessary unless  
24 somebody wants to have them in.

25 Senator Dole. Are there any questions of any of the



1 others?

2 We have no questions of any of the others. I think  
3 Mr. Gwartzman has satisfied any questions.

4 The Chairman. We have a request here from Senator  
5 Sasser that we not act on the nomination of Mr. MacNaughton  
6 today. If it is all right with you, I would suggest that we  
7 respect that request, but I would think we can go ahead and  
8 act on the rest of them.

9 Senator Moynihan. Mr. Chairman, if there is such a  
10 suggestion, would it not be useful to find out what Senator  
11 Sasser has in mind. Then we could deal with the whole  
12 group.

13 The Chairman. As far as I am concerned.

14 Mr. Gwartzman. May I say that that would not affect  
15 our ability to operate? We are on recess appointments.

16 The Chairman. It would not affect it?

17 Mr. Gwartzman. Not at all.

18 The Chairman. If that is the case, Senator, we will  
19 just hold them. If there is no objection, we would agree  
20 with Senator Moynihan's suggestion and hold these nominees  
21 over and find out what Senator Sasser's problem is.

22 That is fine. That takes care of that, for the time  
23 being.

24 Now, do you have anything else on the agenda?

25 Mr. Stern. No, sir.

1 The Chairman. When is our next scheduled meeting?

2 Mr. Stern. The next scheduled meeting of the full  
3 Committee will be on February 27th to take up the Finance  
4 Committee recommendations to the Budget Committee. I should  
5 mention, Mr. Chairman, I recalculated this number for the  
6 Committee Resolution and it will be approximately \$1.5  
7 million. That is just a figure for the staff budget.

8 The next full Committee session will be February  
9 27th, 28th and March 1st on the Finance Committee.

10 Senator Danforth. Mr. Chairman, I do not know how  
11 you are going to go forward on the trade bill, but it is my  
12 understanding that the 90-day period commenced on January  
13 4th?

14 Mr. Stern. Yes sir.

15 Senator Danforth. I do not know when we are  
16 actually going to get what the Administration is proposing,  
17 but that would be April 4th when the time -- no. It can go  
18 over 90 days, right? That's the way it works.

19 Mr. Stern. A minimum of 90 days.

20 Senator Danforth. A minimum of 90 days we will have.  
21 This means it will be sometime after late February before we  
22 actually begin what we would call the mock mark-ups.

23 Mr. Stern. As of now there are four days scheduled  
24 for early March, March 6th, 7th, 8th and 15th. Those are  
25 the dates that have been set aside for those sessions before

1 the President sends out a proposal.

2 Senator Danforth. Is that going to be the full  
3 Committee?

4 Mr. Stern. Yes, sir.

5 Mr. Cassidy. I should point out that March 6th, 7th,  
6 8th and 15th are based on the assumption that the  
7 negotiations in Geneva will, in fact, have been completed.  
8 They are not yet. There is no point in the Committee  
9 proceeding until they are done over there, but we are  
10 assuming they will keep their target, which is the second  
11 week in February.

12 The Chairman. Any further business, gentlemen?

13 Hearing none, we will stand in recess until the call  
14 of the Chair.

15 (Thereupon, at 11:45 a.m., the Committee recessed, to  
16 reconvene at the call of the Chair.)

17 - - -

18

19

20

21

22

23

24

25