

ORIGINAL

1 EXECUTIVE COMMITTEE MEETING: TO ADOPT SUBCOMMITTEES AND
 2 ASSIGNMENTS; ADOPT COMMITTEE'S RULES OF PROCEDURES WITH
 3 ONE ADDITION RELATING TO NOMINATIONS; APPROVE FUNDING
 4 RESOLUTION FOR COMMITTEE BUDGET; DESIGNATION OF COMMITTEE
 5 MEMBERS TO SERVE ON THE JOINT COMMITTEE ON TAXATION; AND
 6 DESIGNATION OF COMMITTEE MEMBERS TO SERVE AS
 7 CONGRESSIONAL ADVISORS ON TRADE POLICY AND NEGOTIATIONS
 8 TUESDAY, JANUARY 28, 1997
 9 U.S. Senate,
 10 Committee on Finance,
 11 Washington, DC.

Gilmour

11 pp.

12 The meeting was convened, pursuant to notice, at
 13 10:10 a.m., in room SD-215, Dirksen Senate Office
 14 Building, Hon. William V. Roth, Jr. (chairman of the
 15 committee) presiding.

16 Also present: Senators Chafee, D'Amato, Nickles,
 17 Jeffords, Moynihan, Baucus, Rockefeller, Breaux, and
 18 Bryan.

19 Also present: Lindy L. Paull, Staff Director and
 20 Chief Counsel; Mark A. Patterson, Minority Staff Director
 21 and Chief Counsel.

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1 OPENING STATEMENT OF THE HON. WILLIAM V. ROTH, JR., A
2 U.S. SENATOR FROM DELAWARE, CHAIRMAN, COMMITTEE ON
3 FINANCE

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5 The Chairman. Good morning. I would like to
6 welcome the committee members we have here this morning.
7 I particularly want to welcome our four new members, Jim
8 Jeffords, Connie Mack, and Richard Bryan, who I know is
9 here, as well as Bob Kerrey.

10 Let me particularly thank our esteemed Ranking
11 Member, Pat Moynihan. Pat, I cannot tell you how much I
12 appreciate your cooperation, your assistance, and
13 particularly the invaluable advice you gave me last
14 Congress. I look forward very much to working closely
15 with you.

16 Senator Moynihan. Thank you, sir.

17 The Chairman. I have to tell you, I cannot help but
18 notice that the Finance Committee seems to be setting a
19 new trend. Not only do we have the most committee
20 chairmen serving on this committee, but we also, Pat,
21 have both Senators from two States, New York and Florida.
22 I think the rest of us are going to have to watch our
23 wallets, with two large States so well represented.

24 On a more serious vein, the committee is once again
25 facing, I think, a very challenging assignment of hard

1 work this Congress. We will continue to have a
2 significant role in balancing the budget, restoring
3 fiscal discipline to federal spending.

4 I believe we urgently need to rescue our Medicare
5 program from insolvency. We need to take further steps
6 to restrain the growth in entitlement spending. We owe
7 it to hard-working Americans to ease their tax burden by
8 lowering their taxes and simplifying them.

9 Pat, I personally would like the committee to exert
10 more oversight over the way the Internal Revenue Service
11 relates to our citizens.

12 Now, we will start this morning with a short
13 organizational meeting, followed by a presentation by our
14 very, very distinguished and hard-working Advisory
15 Commission on the Consumer Price Index.

16 But, first, let me call upon my good friend and
17 colleague, Senator Moynihan.

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1 OPENING STATEMENT OF THE HON. DANIEL PATRICK MOYNIHAN, A
2 U.S. SENATOR FROM NEW YORK

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4 Senator Moynihan. Mr. Chairman, I believe I can
5 speak for every member on this committee, and I do not
6 say on this side, because we have been under your
7 leadership so conspicuously bipartisan in so much of what
8 we did last year. Even when much of the rest of the
9 Congress was getting perilous, at a minimum, we stayed
10 together on the most important issues.

11 I would like to congratulate you on the beginning of
12 what will be your first full term as chairman of our
13 committee, which is, as you say, almost a committee of
14 committees, it has so many other chairmen in it, which
15 speaks to the importance of what we do.

16 Three-quarters, or 60 percent, of all federal
17 expenditure comes through this committee, and almost all
18 revenue comes through this committee. We are the place
19 where the large decisions of government are made.

20 You mentioned some of them. I would only add to
21 that, the substantive Social Security, we are going to
22 hear from our distinguished panel in reference to that
23 issue today.

24 Since we last met, a Quadrennial Council appointed by
25 the Secretary of Health and Human Services to advise on

1 Social Security, the most recent in a series that go back
2 to 1939, has met.

3 Their report came a year late, and when it came we
4 found that a majority of the members were essentially
5 calling for replacing the existing Social Security system
6 with an entirely different arrangement, wholly without
7 precedent in the history of these councils and indeed, I
8 do not think it has every properly been considered by
9 this committee. So we have something large to consider,
10 or at least that idea is abroad now, and it will be
11 resolved in this committee, if it ever is.

12 I would like to share your concern with the Internal
13 Revenue Service and the oversight role of our committee.
14 I would like to join you in welcoming our new members.
15 Senator Jeffords has joined us, along with Senator Bryan.
16 I wish you the finest of Congresses, sir.

17 I will end with the note the Democratic membership of
18 the United States Senate today is exactly where it was in
19 1928. Then you had this same position. The Republican
20 Majority proceeded to enact the Smoot-Hawley tariff,
21 against the advice of every economist in the land, such
22 as that distinguished group of people in front of you,
23 and such was the effect of the Smoot-Hawley tariff that,
24 within eight years, the Democrat party had 76 Senators.

25 Now, if you could just go ahead and pass that

1 Constitutional amendment to require a balanced budget, I
2 can see unemployment at about 22 percent and the GDP down
3 around 42 percent. We may see us in a majority yet
4 again. Think about that, whether that is the way you
5 want to proceed. I would just point to the precedent,
6 and again congratulate you, sir.

7 The Chairman. Well, thank you, Pat. As far as I am
8 concerned, in talking about trade, I think the most
9 exciting challenge we face as a Nation is to be
10 competitive in this emerging global economy. I think you
11 and I see very much eye to eye on that.

12 I would now like to go on into Executive Session for
13 a few minutes.

14 Senator Rockefeller. Thank you, Mr. Chairman.

15 Senator Moynihan. We now have a quorum.

16 The Chairman. We now have a quorum. So, first, as
17 I said, I would like to go into Executive Session. Then
18 I would like to ask that we approve the subcommittee
19 structure and assignments shown in the list that is
20 before each member of the committee.

21 Senator Moynihan. I so move, Mr. Chairman. I
22 believe this has been very carefully discussed and I
23 believe the Senators are well-satisfied with their
24 assignments.

25 The Chairman. Any further comment?

1 [No response]

2 The Chairman. If not, those in favor, say aye.

3 [Chorus of ayes]

4 The Chairman. Opposed, no.

5 [No response]

6 The Chairman. The ayes have it. So adopted.

7 Now, second, we would like to approve the committee
8 rules, with one addition relating to nominations. The
9 additional language is before you.

10 Let me give a brief explanation of the new language.
11 It is mainly designed to make clear that the new false
12 statement act, which became law last October, applies to
13 information provided to the committee during its review
14 of a nominee.

15 Under this new law, making false statements to
16 Congress is prohibited, but only in certain
17 circumstances, such as when we are conducting an
18 investigation or review. By making clear that our
19 confirmation process, Pat, is an investigation and
20 review, everyone is now on notice that the new law
21 applies.

22 The other purpose of the new rule is to make clear
23 that the committee has authority to receive information
24 on a confidential basis, if it so chooses.

25 Is there any comment?

1 [No response]

2 The Chairman. If not, I would ask those in favor to
3 say aye.

4 [Chorus of ayes]

5 The Chairman. Opposed, no.

6 [No response]

7 The Chairman. So adopted.

8 Senator Rockefeller. Mr. Chairman, that does not
9 include making inaccurate statements.

10 The Chairman. Only under oath.

11 Senator Moynihan. Only upon advice of counsel.

12 The Chairman. Third, I ask that we approve the
13 committee's budget resolution that is before you. I
14 would point out that in addition to the COLAs proposed to
15 the Senate Rules Committee, we are asking for an increase
16 to fund Majority and Minority IRS oversight staff
17 positions.

18 As I just mentioned, I would like the committee to
19 exert more oversight over the IRS. I have long been
20 concerned about recurring complaints that the IRS engages
21 in practices and procedures that have the effect of
22 harassing and intimidating Americans who are making a
23 bona fide effort to comply with our tax laws.

24 As most of you know, the Finance Committee is in a
25 unique position to investigate IRS practices and

1 procedures. But we do not, Pat, as you well know,
2 currently have the staffing capable to delve deeply and
3 comprehensively into serious allegations of taxpayer
4 abuse by the IRS.

5 Employing experienced staff who are familiar with
6 conducting oversight investigation and hearings will
7 enable the Finance Committee to expose specific problems
8 with the IRS and develop appropriate legislative
9 solutions.

10 So our budget resolution proposes that the committee
11 staff budget be increased by \$300,000 annually to allow
12 us to hire a small group of specialized Majority and
13 Minority staff dedicated to investigating complaints
14 about IRS practices and procedures.

15 Senator Moynihan. Mr. Chairman, this is a matter
16 which we should direct our energies to. It is a very
17 modest request. It is a very fair, typically bipartisan
18 proposal. You and I, I believe, will appear before the
19 Rules Committee, and if we could have the support of the
20 committee in this regard, I think we may just prevail.

21 The Chairman. I appreciate that. Yes.

22 Senator Baucus. Mr. Chairman, I very much agree. I
23 know that you and Senator Moynihan will be very vigorous
24 and persuasive in your appearance before the Rules
25 Committee, but I urge you to be particularly vigorous and

1 persuasive because I think it is a very good
2 recommendation and I think it is good for the country.

3 The Chairman. Thank you, Senator Baucus.

4 Any other comments? Senator Breaux.

5 Senator Breaux. I was just wondering if that
6 increase is more or less than the CPI. Just a thought.

7 The Chairman. We will ask our distinguished panel
8 of experts later.

9 Senator Breaux. It is zero, because we do not have
10 it now.

11 Senator Moynihan. I do move the adoption of the
12 resolution.

13 The Chairman. Thank you. Those in favor, please
14 signify by saying aye.

15 [Chorus of ayes]

16 The Chairman. Opposed, no.

17 [No response]

18 The Chairman. The ayes have it.

19 At last, I would ask that we approve the appointment
20 of the following Finance Committee members to serve on
21 the Joint Committee on Taxation and to serve as
22 Congressional advisors on trade policies and
23 negotiations. Those members including myself, Senator
24 Chafee, Senator Grassley, Senator Moynihan, and Senator
25 Baucus.

1 Those in favor would please signify it by saying aye.

2 [Chorus of ayes]

3 The Chairman. Opposed, no.

4 [No response]

5 The Chairman. The ayes have it.

6 This concludes our organizational meeting.

7 Senator Moynihan. Mr. Chairman, may I say, let us
8 hope this is an omen for the two years ahead, with
9 dispatch and unanimity.

10 The Chairman. We join you in that hope and are
11 confident that that will be the case, sometimes.

12 Well, this concludes our organizational meeting.

13 [Whereupon, at 10:24 a.m., the meeting was
14 concluded.]

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