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Congress\*: 104th

Inclusive Dates of Records\*: January 10, 1995

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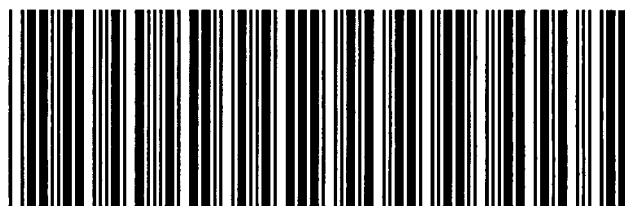
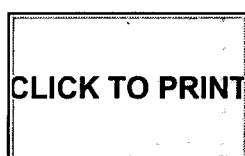
Hearing Title\*: Organizational Meeting

(select subject from controlled vocabulary, if your office has one)

Category (1)\*: Miscellaneous

Category (2)\*: none

\* "required information"



FINANCECMTE

1 EXECUTIVE COMMITTEE MEETING  
2 TUESDAY, JANUARY 10, 1995  
3 U.S. Senate,  
4 Committee on Finance,  
5 Washington, DC.

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Gilmour 6 The meeting was convened, pursuant to notice, at 9:30  
12 pp. 7 a.m., in room SD-215, Dirksen Senate Office Building, Hon.  
8 Bob Packwood (chairman of the committee) presiding.

9 Also present: Senators Dole, Chaffee, Hatch, Simpson,  
10 Pressler, D'Amato, Murkowski, Moynihan, Baucus, Bradley,  
11 Pryor, Rockefeller, Breaux, Conrad, Graham, and Moseley-  
12 Braun.

13 Also present: Lindy L. Paull, Staff Director and Chief  
14 Counsel; Joseph Gale, Minority, Chief Tax Counsel.

15 [The press release announcing the hearing follows:]  
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1           Senator Moynihan. Ladies and gentlemen, in the course  
2 of the past two years, as Senator Bradley will attest, I  
3 have had occasion to refer to Senator Packwood as the once  
4 and future chairman of this committee.

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5           I had no idea how near the future was at hand, but it  
6 has come as, indeed, in normal progression of democratic  
7 governments, it does. I, accordingly, have the high honor  
8 and distinct privilege, sir, of passing the gavel and all  
9 the rights and responsibilities thereof to you, Mr.  
10 Chairman.

11           Mr. Chairman. Mr. Chairman, thank you.

12           Senator Moynihan. Would you allow the room to applaud?

13           Mr. Chairman. Yes, the room may applaud. [Applause]  
14 If I can be as generous and kind to Senator Moynihan as  
15 Chairman as he has been to me as Chairman, I will do  
16 everything I can.

17           Pat, I have never served with anybody who is as decent  
18 and thoughtful as Pat has been at a time when he did not  
19 necessarily have to be. There was never a meeting  
20 scheduled he did not call me about, any kind of issues that  
21 were going to be a problem we talked over ahead of time.  
22 And, Pat, I cannot thank you enough for the generous way in  
23 which you treated me.

24           Senator Moynihan. Thank you, sir, Mr. Chairman.

25           Mr. Chairman. First, let me welcome our new members.

1 I see all of the Republicans are here. Senator Graham from  
2 Florida is here, and Carol Moseley-Braun, who will be the  
3 two new Democratic members, are here.

4 And, on the Republican side is Senators Simpson,  
5 Pressler, D'Amato, Murkowski, and Nickles. We will have  
6 two New Yorks on this committee. That is not the first  
7 time we have had two Senators from one State. As a matter  
8 of fact, Everett Dirksen served on this committee at the  
9 same time with Paul Douglas from Illinois on one occasion,  
10 so that is not new. But I am delighted to have the new  
11 members aboard.

12 We will follow the old early-bird rule in this  
13 committee, which will be slightly different, Mr. Former  
14 Chairman, than we had. The one we had before was first-  
15 come, first-served.

16 Senator Moseley-Braun, welcome. Glad to have you with  
17 us.

18 Senator Moseley-Braun. Thank you very much, Senator  
19 Packwood.

20 Mr. Chairman. The first person in will get to ask the  
21 first questions, with this exception. When I had this rule  
22 before I had one member who would consistently show up  
23 about 8:30, log in as the first on in, and then go back to  
24 his office and stay there till the committee started. You  
25 have to come and stay. But, if Senator Pressler or Senator

1 Graham gets here at 20 after and that is the first person  
2 here, they get to ask the questions first.

3 Second, I wonder if we might have a motion to adopt the  
4 committee budget. Senator Moynihan and I have talked about  
5 this. We are putting in--it is a funny way to put it--for  
6 a five percent reduction. The leadership has asked all  
7 committees to put in a 15 percent reduction and most  
8 committees are not doing so.

9 I have told the leadership I would hope that, when they  
10 do the committee budgets--this is a plea that this  
11 committee makes every year--that they would look at them if  
12 they were doing zero-based budgeting and say, what are the  
13 obligations of this committee and how much money does it  
14 need, not how much did it have last year, and we're going  
15 to raise everybody or lower everybody the same percent.

16 I am fully aware that this committee's budget is  
17 significantly less than a number of other committees, and  
18 I know why that is true.

19 Senator Moynihan. There is a history.

20 Mr. Chairman. There is a history to it. When Senator  
21 Harry Byrd, Sr. and Russell Long were Chairmen, when I  
22 first came on this committee in 1973 there was no Majority  
23 and Minority Staff. Tom Vale was the Chief Counsel and  
24 served both the Majority and the Minority, wrote the  
25 reports for the Majority and the Minority, advised them

1 both in arguments on the floor, and it was a very small  
2 staff, and we had no subcommittees. And that history of  
3 Senator Byrd, Sr. and Senator Long more or less established  
4 the staff base amount of the committee.

5 I will say this, if we pass the Balanced Budget  
6 Amendment, and I expect we are going to, and it is  
7 enforceable, a great portion of what will have to be done  
8 to meet that amendment is in this committee. Whether we  
9 are talking about taxes or whether we are talking about  
10 entitlements, the overwhelming bulk of them are in this  
11 committee. So, we have major responsibilities, major  
12 responsibilities in welfare reform, major responsibilities  
13 in trade, that will continue. So, while I have put in for  
14 a five percent reduction, I did not ask for a full 15  
15 percent reduction.

16 Senator Moynihan and I will go to the Rules Committee  
17 and attempt to ask them, on the basis of merit, if they  
18 want to cut all the committees a total of 15 percent, that  
19 is their business. But I would hope within that total cut  
20 they would then allocate to committees based upon  
21 responsibilities.

22 Is there a motion to accept the ----

23 Senator Moynihan. Mr. Chairman, with that clear  
24 understanding, I move that we adopt the proposal you have  
25 put before us.

1 Mr. Chairman. Second?

2 Senator Bradley. I second the motion.

3 Mr. Chairman. Without objection.

4 I might ask, could we adopt the Committee Rules also?

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5 They are the same rules that we used last session.

6 Senator Moynihan. Mr. Chairman, I so move.

7 Mr. Chairman. Is there objection? [No response] On  
8 appointment of the Joint Tax Committee Members and the  
9 Trade Advisers, we will follow the same process that we did  
10 in the past, and that is the three members of the Majority,  
11 Senator Dole, Senator Roth and myself, and Senator Moynihan  
12 and Senator Baucus, on both of those committees. Is there  
13 any objection to that?

14 Senator Bradley. Well, Mr. Chairman, I was considering  
15 objecting.

16 Mr. Chairman. But you will not.

17 On subcommittees, we have reduced--and, again, this is  
18 at the request of the leadership, and other committees are  
19 doing similarly--we have reduced our subcommittees from  
20 eight to six.

21 We have not, even on our side, quite arranged our  
22 membership yet and, therefore, Senator Moynihan has not had  
23 a chance to arrange the Democratic membership of the  
24 subcommittees. But I would hope we would have that done  
25 within a week or 10 days.

1           As many of you are aware, most of the hearings in this  
2 committee are held at full committee. The subcommittees  
3 have no staff, and so the members rely upon their own  
4 staff, if they are on the subcommittee. They get some help  
5 from the Majority and Minority Staff. But the bulk of the  
6 hearings are held at full committee.

7           As I indicated, when I came on this committee there  
8 were no subcommittees, all hearings were held at the full  
9 committee level. And, if you came to every hearing, it  
10 gave you a leg up on all the other members as to what was  
11 going on.

12           Lastly, on future meetings, people have asked the  
13 schedule. I have indicated that I would like to have,  
14 initially, some hearings on, simply, how do we score, what  
15 does dynamic versus behavioral versus static mean?

16           Obviously, pure static budgeting is not accurate.  
17 There are changes in behavior when you raise or lower  
18 somebody tax rates. On the other hand, if we get wildly  
19 ephemeral in terms of dynamic estimates, why, you can prove  
20 almost anything that you would care to prove with a dynamic  
21 estimate, and it is not just taxes.

22           And I doubt if there is any of us that has not had a  
23 group come into their office and say, Senator, if you would  
24 just give us \$10 billion more to treat juvenile delinquency  
25 now, we will save \$30 billion in prisons 20 years from now;



1 give us more money for education now, and people will go  
2 further in high school and college and make more money, and  
3 we will collect more. That is all a form of dynamic  
4 estiamtes, and we have seen it in taxes also. So, I would  
5 like to have some hearings on that.

6 Clearly, we are going to have to have some hearings on  
7 the Republicans' Contract With America, and we will. But  
8 I think I can assure this committee, very soon we will be  
9 doing hearings, starting usually at 9:30, and probably  
10 going two to three days a week pretty consistently through  
11 February, March, April, May, and so on.

12 Any questions?

13 Senator Baucus. Mr. Chairman, what is the order of  
14 questions?

15 Mr. Chairman. The order of questioning?

16 Senator Baucus. Questioning.

17 Mr. Chairman. The order of questioning will be first-  
18 come, first-served, even including Senator Moynihan and  
19 myself. If I get here third, I ask questions third, and if  
20 you get here first, you ask questions first.

21 The one caveat, I said, I did have when I was Chairman  
22 before, one person who would come and log into the  
23 committee at 8:30 in the morning and then go back to his  
24 office and say, I was here first. We are not goign to do  
25 that. .But if you get here at 9:20 and you are the first

1 one here, you can ask the questoins first and I will wait  
2 my turn, and other senior members will wait their turn.

3 Senator Baucus. Might I make, respectfully, a  
4 suggestion/modification?

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5 Mr. Chairman. Yes.

6 Senator Baucus. That first-come, first-serve, but on  
7 a basis of seniority when the meeting begins at 9:30?

8 Mr. Chairman. Let me take that under consideration.  
9 That is the way we have operated, and I frankly would just  
10 as soon not do that, although I will talk it over with the  
11 members. I would just as soon give our junior members a  
12 chance to ask questions first if they want to get here  
13 first. It has an advantage in getting people here to start  
14 the meeting.

15 Senator Baucus. I appreciate that. But I am trying to  
16 avoid the unseemly situation, and you addressed it  
17 primarily, of coming very, very early, way before 9:30. So  
18 is 9:20 the cut-off?

19 Mr. Chairman. I would be perfectly happy to say that  
20 9:20 is the cut-off. We ought to do that.

21 Senator Baucus. All right. Thank you.

22 Mr. Chairman. We will go on a seniority basis until  
23 9:20.

24 Senator Baucus. Right.

25 Mr. Chairman. That is fine. That means you have to be

1 here, though.

2 Senator Baucus. Exactly so.

3 Mr. Chairman. All right. Anything else? [No  
4 response] If not, then the purpose of this meeting this

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5 morning is to consider the nomination of Bob Rubin to be  
6 Secretary of the Treasury. Lindy, our Chief Counsel, will  
7 bring him in from down the hall.

8 I might add while we are waiting for him, we will  
9 follow the normal five-minute rule we have had, holding  
10 members to five minutes on questions on the first round.  
11 We will go on and on as necessary.

12 I thought Senator Moynihan handled this very well, very  
13 clearly, if some members, at the end of a question, have  
14 one more thought at five minutes, we go ahead and do that.  
15 But we try to hold pretty closely to it so the first people  
16 here do not monopolize things with long question periods.

17 Senator Moynihan. Mr. Chairman, may I take the  
18 occasion to say that, just inadvertantly, the Commission on  
19 Protecting or Reducing Government Secrecy, which was  
20 created in the last Congress, is to have its first meeting  
21 this morning at what was to have been 10:00, and we have  
22 made it 11:00. But I will have to leave before 11:00 for  
23 that reason.

24 Mr. Chairman. I am hoping that we will have no opening  
25 statements this morning and give all of our time to Mr.

1 Rubin if we can.

2 Senator Moynihan. If he shows up. Do you think he  
3 really wants the job?

4 Mr. Chairman. I can assure you, he wants the job. He  
5 is in the back room. He has his wife, one of his sons, and  
6 a daughter-in-law with him.

7 Senator Breaux?

8 Senator Breaux. I just wondered if we could discuss  
9 Senator Hatch's tie. [Laughter]

10 Senator Hatch. It is my NBA tie.

11 Mr. Chairman. Senator Bradley has mentioned, and he is  
12 right, this committee, although it has all the taxing power  
13 and responsibility for most of the major entitlements, has  
14 a much smaller budget and a much smaller staff than seven  
15 or eight other committees that are ahead of us. That is  
16 mostly history.

17 But this committee, through a series of Chairmen, has  
18 been very, very penurious in holding down requests for staff  
19 and requests for money, and that is why we are much more in  
20 the middle of the groupings than we are close to the top  
21 where we would be based upon responsibility.

22 [Whereupon, at 9:45 a.m., the meeting was concluded.]

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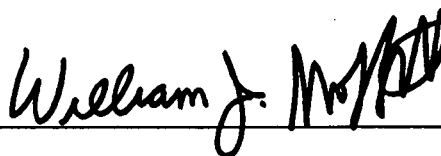
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This is to certify that the foregoing proceedings of an Executive Committee Meeting of the Committee on Finance, United States Senate, held on January 10, 1995, were transcribed as herein appears and that this is the original transcript thereof.



WILLIAM J. MOFFITT

Official Court Reporter

My Commission Expires April 14, 1998