Congressional Closeup by Carl Osgood

Tide Begins To Turn Against Bush in Congress

Small numbers of Republicans, worried about getting re-elected next year, crossed to the other side of the aisle in votes on Sept. 9 and 10, to hand President Bush political defeats on domestic policy issues.

The turn began in the House on Sept. 9, when that body approved, by a vote of 381-39, a Transportation, Treasury, and General Government appropriations bill that include a 4.1% pay raise for Federal employees, as opposed to the 2% raise demanded by the Bush Administration.

The House also voted 220-198 against plans by the Office of Management and Budget to overhaul its rules for the outsourcing of Federal jobs. The vote came on an amendment by Rep. Chris Van Hollen (D-Md.) that would force the OMB to return to an earlier version of the rules, known as Circular A-76. The OMB has been seeking to reduce the amount of time it takes to run competitions to outsource government work, from the present two to four years down to 12-18 months. Van Hollen charged that the proposed revision of A-76 is "part of an ideologically-run agenda to contract out" more Federal government jobs. He said that under the present rules, Federal employees win about 60% of the competitions, but under the revision, that would drop to about 10%. "It rigs the process against Federal employees, and it is a bad deal for taxpayers," he said.

Then on Sept. 10, the Senate voted 54 to 45 to prohibit the enforcement of a new overtime rule, by the Department of Labor, that would make it easier for employers to reclassify employees such that they would no longer be eligible for overtime compensation. The Senate vote came on an amendment, sponsored by Tom Harkin (D-Ia.), to the appropriations bill funding the Departments of Labor, Health and Human Services, and Education. The Democrats, using figures supplied by organized labor, argued that the new rules would make some 8 million workers ineligible for overtime pay. Six Republicans voted with the Democrats on that measure.

Senate Overturns FCC Media Ownership Rules

On Sept. 16, the Senate passed, by a vote of 55 to 40, a resolution, co-sponsored by Byron Dorgan (D-N.D.) and Trent Lott (R-Miss.) to roll back the Federal Communications Commission's June 2 ruling relaxing media ownership rules. The new rules, which have been temporarily stayed by a Federal appeals court, would allow a media company to own enough television stations to reach 45% of the national audience, up from the previous 35% limitation, and they would also allow newspaper and TV outlets to be owned by the same company.

Dorgan charged, at the beginning of the debate on Sept. 11, that the FCC acted against the public interest and at the behest of the media monopolies, or, as he termed them, "large economic interests." The FCC, he said, "did exactly what the big economic interests and the broadcasting industry wanted, and they did it cleanly and quickly, with minimum nuisance of public participation." He warned that the new rule "opens the gates to massive additional concentration, mergers and acquisition to fewer and fewer companies owning more and more properties. . . ."

Leading the opposition to the resolution was Senate Commerce, Science, and Transportation Committee Chairman John McCain (R-Ariz.), who argued that Congress should provide additional guidance to the FCC rather than just rejecting its rules. He also complained that nullifying the package was "too sweeping." McCain expressed support for legislation passed out of his committee on Sept. 3, that would make the 35% ownership limitation statutory and would prohibit any cross ownership between print and broadcast media in the same market. McCain said the bill "would establish explicit, sustainable media ownership limits."

The resolution faces an uphill battle in the House, however, as both Energy and Commerce Committee Chairman Billy Tauzin (R-La.) and House Majority Leader Tom Delay (R-Tex.) are opposed to it.

Daschle, Pelosi Challenge Bush on Manufacturing

On Sept. 12, Senate Minority Leader Tom Daschle (D-S.D.) and House Minority Leader Nancy Pelosi (D-Calif.) sent a letter to President Bush calling on him to adopt a policy to stem the continuing loss of manufacturing jobs in the United States. "It is clear," they wrote, "that an economic policy based solely on tax cuts for the wealthiest people has failed to reverse the job losses in the manufacturing sector and throughout the economy." They propose that Bush support legislation cosponsored by Representatives Phil Crane (R-Ill.) and Charles Rangel (D-N.Y.) that would repeal the foreign sales corporation tax provisions and replace them with tax incentives designed to encourage manufacturers to expand their U.S.-based operations.

The approach the White House favors is that of House Ways and Means Committee Chairman Bill Thomas (R-Calif.) who is sponsoring a $128 billion tax cut bill that would, among other things, reduce the top corporate tax rate to 32%, rewrite the alternative minimum tax laws, speed up depreciation of equipment purchases, and encourage repatriation of overseas profits. Thomas claims that his bill will provide four times the tax relief to domestic manufacturers of the Crane-Rangel bill, and he also claims the support of more than 175 companies and trade associations.

Daschle and Pelosi complain that both Thomas and the White House are focused on overseas business activity. "While some of these proposals may have merit and warrant attention," they write, "we believe that policies focused on immediate creation of manufacturing jobs in the United States must be our top priority." Both of the proposals at issue, however, by focusing on tax measures, are overlooking the vast infrastructural needs inside the United States and the effect on manufacturing industry of addressing those needs.

Directionless Iraq Policy on Display

While Bush Administration officials patted themselves on the back for all they claim to have accomplished in Iraq, a number of unanswered questions on financial policy hung starkly in the air. The questions aired at a Sept. 16 hearing of the International Trade and Finance subcommittee of the Senate Banking Committee include, but are not limited to: When will Iraqi oil revenues become available to cover reconstruction costs; by what mechanism will those revenues be used; who will deal with the outstanding external debt of Iraq; how much will the United States ask for at the Madrid donors' conference near the end of October; and how much can realistically be expected to come out of that conference?

Philip Merrill, the president of the Export-Import Bank of the United States, warned that no foreign investors will make long-term investments in Iraq if "whatever they get is going to be seized by a plague of creditors in every country in the world." Iraq's external debt is variously estimated to be $70-120 billion, with another $116 billion in reparations claims on top of that, with France and Russia being the largest creditors.

On the donors' conference, Undersecretary of State for Economic Affairs Alan Larson explained that the reason the Bush Administration has not put out any numbers, yet, as to how much it will ask for from potential donor countries, is that it is waiting for the completion of needs assessments being conducted by the World Bank. He said the United States was going to be pushing donor countries "to make a very, very large and very, very maximum effort, but we have not at this stage set a bar for a specific amount or specific percentage." After further dialogue with Larson on financing reconstruction, Hagel commented that he had not heard an answer coming from the Administration as to how it is going to fill the gap between the $20 billion it is requesting for reconstruction, and the much higher estimates for reconstruction costs—"and you certainly haven't given one today."

Senate Rejects Limit On Nuclear Weapons

The Senate voted 53-41 on Sept. 16, against an amendment to the Fiscal 2003 Energy and Water Development appropriations bill that would have stripped out funding for research into so-called "mini-nukes" and "bunker-buster" nuclear weapons. Before the Senate vote, Diane Feinstein (D-Calif.) and Edward M. Kennedy (D-Mass.) appeared at a press conference to "raise a warning flag." Feinstein cited steps the Administration has taken to develop mini-nukes. "I deeply believe it will fuel a new arms race, but this time on tactical battlefield nuclear weapons," she said. "I also believe it's going to lower the threshold for the possible use of these weapons, and it's going to blur the distinction between nuclear and non-nuclear weapons. . . . By blurring these lines, we make it more likely that these weapons will be used, not less. Does anybody believe that if the United States goes down this path, other nations will not follow?"

"The Bush Administration is plunging headlong into a dangerous new nuclear arms race," Kennedy said. "The Bush Administration pushed us recklessly down the path to war with Iraq without considering the consequences. Now it is doing it again. It is recklessly pushing us down the path to the use of nuclear weapons and all the disastrous consequences that may follow. Does anyone really believe that igniting a new kind of nuclear arms race will make America safer? . . . President Bush is throwing half a century of progress out the window. The last thing the world needs is to have the United States start playing Lone Ranger with nuclear weapons. Congress should stop this ominous new policy now before it gets started."

"Now we are going to say we are going to produce small nuclear weapons that would be much more usable, easily concealable by terrorists around the world. It makes absolutely no sense with regard to our national security, and it makes absolutely no sense with regards to our battle against the war on terror," Kennedy added.