1959 ★ 1975

The Mills Committee

The House Committee on Ways and Means maintained a position of power and prestige during the 16 years of Wilbur Mills' chairmanship (1958–1974). The Arkansas Democrat was one of the most influential leaders in congressional history. His committee's bills, most often considered under closed rules, had an enviable record of success in the House. Mills also had great success in dealing with the Senate in conference committee. A congressional reform movement in the early 1970s altered, if not weakened, the committee by 1) enlarging it from 25 to 37 members, 2) creating permanent subcommittees, and 3) removing its Democratic members' function as their party's Committee on Committees. Personal problems led to Mills' resignation from the chairmanship in 1974.

"I think a book on the Ways and Means Committee would have to be a book on Wilbur Mills." (Anonymous member of the Committee on Ways and Means, 1970)[1]

The congressional committee system developed its greatest structural stability in the period from the end of World War II through the 1960s. Only one standing committee was added in both the House and the Senate. With the exceptions of but two Congresses (the Eightieth, 1947–1949, and the Eighty-third, 1953–1955), the Democratic Party maintained control of both Houses. Moreover, membership was extremely stable, with more than 80 percent of members reelected from one Congress to the next. In the context of this overall structural stability, strong committee chairmen reemerged, including over 20 who served for more than a decade.

The Committee on Ways and Means from 1958 to 1974 was often described, with good reason, as Wilbur Mills' committee. From the time he assumed the chairmanship following the death of Jere Cooper, until he resigned near the end of the Ninety-third Congress, the Arkansas Democrat chaired the committee for the longest consecutive period in its history. (Robert L. Doughton served nearly a year longer than Mills, but his tenure was interrupted by the chairmanship of Harold Knutson in the Eightieth Congress.) During the final Congress in which he chaired the committee, Mills had been chairman longer than any other current member had served on the committee.

Mills compiled an admirable, almost legendary record of accomplishment. His chairmanship was the subject of intense scrutiny by political scientists as well as journalists. Most of what is known about the inner dynamics of the Mills committee and its relationship with the

Longest consecutive sitting chairman in the history of Ways and Means, Wilbur Mills of Arkansas compiled a legendary record of accomplishment between 1958 and 1974. He gave the committee structural stability by limiting membership to 25 carefully selected lawmakers. With this solid base of varying viewpoints, which reflected the leanings of the House, Mills developed legislation with a broad consensus. His bills cleared the House intact at an enviable rate. "Like all leaders, he also follows," a scholar noted in explaining the success of this chairman who emerged as one of the most influential personalities in congressional history.

Senate and the executive is largely based upon the penetrating analysis and insightful detail provided by political scientist John Manley in *The Politics of Finance* (1970).

The Committee and the House, 1958–1975

The standing committee system in both the House and the Senate increasingly reflected two behavioral norms: specialization and apprenticeship. Members were expected to specialize on the matters that directly concerned their committees. In some instances, this specialization was even more narrowly defined in terms of subcommittees. Moreover, new members were expected to develop expertise by serving an apprenticeship period of watchful waiting as they listened and learned from more experienced senior members. Both specialization and apprenticeship were predicated upon the belief that a system based upon experience and deference produced better legislation.[2]

The members of the Committee on Ways and Means during the Mills era tended to reinforce the dominant characteristics of specialization and apprenticeship. Assignment to the committee was highly desired. As one member said, "I wanted Ways and Means simply because it is the most important." [3] Both House parties continued to distinguish the panel (along with the Rules and the Appropriations committees) as an exclusive committee whose members were generally prohibited from serving on any other standing committee. Not one member transferred from the committee between 1949 and 1968—the only House standing committee with such an unblemished record—and 47 members transferred to the committee. Only one freshman member, George Herbert Walker Bush (R-TX), was appointed to the committee between 1959 and 1973, as were only six second-term members.

Both Democrats and Republicans tended to assign members to the Committee on Ways and Means on the basis of party loyalty and demonstrated ability, part of which was the ability to get reelected. Barber Conable (R-NY) put it succinctly: "There is a tradition in the Republican Party that someone doesn't get on Ways and Means unless he is from a safe district. I wouldn't have gone on unless I had moved my plurality from 53 percent to 68 percent." [4] Of the 23 members who ran for reelection in 1972, for example, seven ran unopposed, and the other 16 won by an average margin of over 65 percent. Membership on the committee was relatively stable as a result. The 25 members at the end of the Ninety-second Congress in 1973 had served an average of nearly eight terms, slightly over half of those terms on the Committee on Ways and Means. Democratic appointments were additionally governed by a commitment to balanced geographical representation. One-third of the 15 Democratic majority seats were reserved for Southern Democrats. The remaining ten seats were distributed among the border states zone (one or two seats), the West (two), the Midwest (three or four), and the Northeast (three).[5]

Democratic appointees were truly among the chosen few, since the Democratic members of the Committee on Ways and Means, as their party's Committee on Committees, made all of the party's committee assignments. Republican assignments were made by their Committee on Committees, chaired by the Republican floor leader and composed of one representative from each state with Republican congressmen (who possessed a vote proportionate to the strength of their state delegation). Members who sought appointment to the Committee on Ways and Means had to win acceptance at several levels. The appointment of Republican Barber Conable in 1967 provided a representative case study. Conable had wished to transfer from the Science and Astronautics Committee to the Appropriations Committee at the start of his second term, but both the senior member of the New York Republican delegation and Minority Leader Gerald Ford (R-MI) advised him to seek the Committee on Ways and Means. With the support of the party leadership secured, the New York delegation backed Conable's candidacy. Even then, he was questioned by committee members about his views on key issues such as tax-exempt bonds and the oil depletion allowance before his name was submitted by the Republican Committee on Committees.[6]

The importance of specialization and apprenticeship not only influenced the appointment process, but also stimulated the creation of new subcommittees, especially in the context of the reduction in the number of standing committees that resulted from the Legislative Reorganization Act of 1946. The number of House subcommittees initially dropped from 97 to just over 60 for the Eighty-first Congress (1949–1951), but then rose to over 100 by 1965. This growth took place in spite of the fact that the Committee on Ways and Means did not utilize subcommittees from the Eighty-seventh through the Ninety-second Congresses (1961–1973). When Wilbur Mills had become chairman in the Eighty-fifth Congress, the committee had three subcommittees—Internal Revenue Taxation, Excise Taxes, and Foreign Trade Policy. Three subcommittees were also appointed in the following Congress, though with slightly different titles—Administration of the Internal Revenue Laws, Administration of Foreign Trade Laws and Policy, and Administration of the Social Security Laws—but thereafter, Mills dispensed with the use of subcommittees.[7] This resulted in control being centralized in the hands of the chairman, or as one member put it, "in his back pockets." [8] Although a few members believed that subcommittees would have expedited the committee's business—not to mention that they would have diffused power among the membership—most other members agreed (at least in public) with the chairman's practice of dealing with all matters at the full committee level.

The staff of the Committee on Ways and Means did not keep pace with the growth of other standing committee staffs. Congressional committee staffs more than doubled between 1947 and 1964, from 167 to 539 in the House. By 1974, the combined standing committee staffs of the House exceeded 1,000 members. Yet, the staff of the Committee on Ways and Means only increased modestly, from 12 in 1947 to 21 in 1959 and to 32 in 1974. During Mills' chairmanship, the staff normally numbered in the low 20s, below the average of all standing committee staffs and well below the staffs of comparable committees such as Appropriations and Public Works. However, as discussed below, the committee could also call for assistance from the staff of the Joint Committee on Internal Revenue Taxation.[9]

House committee staffs are divided in two categories—statutory staff hired without regard to political affiliation to perform required duties in conjunction with the committee's functions, and investigative staff hired in accordance with annual "studies and investigations" resolutions. The Committee on Ways and Means did not employ any investigative staff between 1961 and 1972, years that corresponded to the absence of subcommittees. Committee staff worked under the control of the chairman, and this was the case with Mills' committee.

Freshman Congressman George Bush, center, of Texas enjoys a warm welcome from Chairman Mills and ranking Republican committeeman John Byrnes of Wisconsin. Bush joined Ways and Means in January 1967. An appointment of a first-term lawmaker to Ways and Means during this period was extremely rare. The committee's prestige flourished under Mills, and a position on the panel was coveted by most House members. Any member seeking an appointment had to win acceptance on several levels. For the 14 years preceding 1973, Bush was the only freshman legislator named to Ways and Means. With his election in 1988 as the 41st President, Bush became the eighth Ways and Means member in history to accede to the nation's top office.

Some members complained that the staff was too small to serve all interests, even though the chairman had instructed the majority staff to be nonpartisan. Mills and his supporters argued that the assistance provided by the Legislative Research Service (LRS) of the Library of Congress compensated for the disadvantages of a small staff. Yet, all committees could call upon the LRS, and that fact alone could not explain why the Appropriations Committee in 1969 had a staff of 75 compared to the 22 for the Committee on Ways and Means. The professional staff in 1972 numbered only 11, with eight serving the majority and three the minority. The committee staff tended to be policy experts who had experience with the programs within the committee's jurisdiction. For example, 8 of the 11 professional staff members had previously been employed in the executive branch, either in the Internal Revenue Service, the Department of Health, Education, and Welfare, the Social Security Administration, or even on a White House task force.[10]

With the chairman's control over a small centralized staff, and in the absence of decentralizing subcommittees, Mills' influence over the Committee on Ways and Means was substantial. Indeed, the powers of all standing committee chairs were great in this period, though those of Mills were even more so. Chairmen determined if bills were to be considered, arranged the committee's agenda, appointed subcommittees if there were any, called committee meetings, and decided if and

A glimpse inside the Ways and Means committee room in 1971 reveals Wilbur Mills hard at work as he calls for votes to support a bill. Always striving for a consensus, Mills bargained, compromised, coaxed, and cajoled as many members as he could to win backing for committee decisions. His renowned quest to achieve the greatest bipartisan unity possible came to be known as "the norm of restrained partisanship." His mastery of managing people fairly and remembering details perfectly (supposedly he had memorized most of the tax code) made him a powerful figure. Early in his tenure he shrugged off interest in a presidential bid, reportedly saying, "You don't need the title to run things in Washington."

when to hold hearings. They also directed the staff, presided at committee meetings, reported committee bills to the floor, testified at Rules Committee hearings, managed bills on the floor, and headed the House delegation to conference committee on their bills.[11] Because they had served an apprenticeship, and because they had worked their way up the seniority ladder, chairmen tended to be the most knowledgeable and involved members of their committee. Chairmen developed expertise through years of service; Mills had served on the Committee on Ways and Means from 1942 to 1958 before he

CHAIRMAN OF THE COMMITTEE ON WAYS AND MEANS 1959–1975	
Wilbur D. Mills (D-AR)[1]	Eighty-sixth–Ninety-third Congresses, 1959–1975

[1] Mills also chaired the committee in the Eighty-fifth Congress following the death of Jere Cooper (D-TN) in December 1957. Mills resigned the chairmanship in December 1974. He remained on the committee for the Ninety-fourth Congress.

became chairman. Although their power intimidated younger members, most chairmen were not rigid authoritarians, but rather led by creating effective coalitions. Personal skill and a pattern of consensus-building, for example, were the keys to Wilbur Mills' success for much of his 16-year tenure as chairman.

The Leadership of Wilbur Mills

The leadership of Wilbur Mills was not based on a simple exercise of power. While he centralized control over the committee, even to the point of abolishing the use of subcommittees shortly after he became chairman, he did not dictate policy. Mills strove to build a consensus within the committee—a consensus that would survive intact through floor debate in the House. Mills was able to lead, as John Manley put it, because "like all leaders, he also follows." [12] Although he was personally an inscrutable figure to his colleagues, Mills nonetheless understood his committee and its members, and he accommodated their views in the decision-making process.

In building a consensus within the committee, the chairman bargained, compromised, coaxed, and cajoled as many members as he could to support committee decisions. Mills particularly sought to achieve the most bipartisan support possible, what Manley referred to as "the norm of restrained partisanship." His relationship with ranking minority member John W. Byrnes (R-WI) was so close that many members felt that the two jointly led the committee. As one Republican member observed, "If we had a partisan chairman the Committee would become partisan overnight." Another Republican added: "[Mills] never pushes things to votes, we reach a compromise. Nothing bothers me more than to read as you do in the newspapers, that he's an authoritarian—'the little authoritarian from Kensett, Arkansas.' That's not it, he's no authoritarian." [13]

Chairman Mills maintained an open atmosphere by remaining flexible. He closely guarded his own opinion on most issues, prefer-

PARTY RATIOS IN THE COMMITTEE AND THE HOUSE
1959–1975

CONGRESS	COMMITTEE	HOUSE	PRESIDENT
Eighty-sixth (1959–1961)	15 D–10 R	283 D–153 R	Eisenhower (R)
Eighty-seventh (1961–1963)	15 D–10 R	263 D–174 R	Kennedy (D)
Eighty-eighth (1963–1965)	15 D–10 R	258 D–177 R	Kennedy/ Johnson, L. (D)
Eighty-ninth (1965–1967)	15 D–10 R	295 D–140 R	Johnson, L. (D)
Ninetieth (1967–1969)	15 D–10 R	247 D–187 R	
Ninety-first (1969–1971)	15 D–10 R	243 D–192 R	Nixon (R)
Ninety-second (1971–1973)	15 D–10 R	254 D–180 R	
Ninety-third (1973–1975)	15 D–10 R	239 D–192 R	Nixon/Ford (R)

R—Republican D—Democrat

ring to allow other members to articulate positions in closed sessions. Once a position had attained acceptance, usually as a result of Mills' guided questioning, the chairman would step in to legitimize the decision. Manley quoted one firsthand observer of committee discussions: "Mills is an eminently successful opportunist. He does not announce his position and force it through. He sits and listens to the members and knows what will go. I'd say 80 percent of it is consensus, 20 percent Mills, but certainly not 50 percent Mills." [14] An added advantage to the chairman's policy of consensus-building was that it allowed the committee to subject its decisions to a thorough analysis before submitting them to the House.

Mills regarded technically correct bills that could pass the House as the best means for maintaining his own personal reputation and the prestige of the committee. The chairman believed that his reputation and that of his committee were on the line with every House vote on a Committee on Ways and Means bill. To Mills, building a consensus within the committee was tantamount to House passage: "I think if I can get a vast majority of the membership of the Ways and Means Committee to agree on something, that I've got a vast majority of the House agreed upon the same thing. Because our committee is a cross section of the membership of the House." [15] The passage of most

Chairman Mills confers with Senator Russell Long, left, chairman of the Senate Finance Committee, and Dr. Laurence Woodworth, staff director of the Joint Committee on Taxation (JCT), prior to a conference committee meeting involving Ways and Means and Finance Committee members. The tenure of these two chairmen coincided for nine years. The chairmen of the Ways and Means and Senate Finance Committees alternate Congresses as the head of JCT. Created in 1926 to provide objective, bipartisan, and expert information and advice on tax issues to the tax-writing committees, JCT speeds the flow of information between the committee and the Senate and the executive branch.

Ways and Means bills also benefited from consideration under a closed rule. The technical nature of revenue and Social Security bills, as well as the chairman's reputation for reporting sound legislation, contributed to the grant of closed rules for most committee bills during this period.

The presentation of a Ways and Means bill to the Rules Committee served as a test run for subsequent House action. Mills used the Rules Committee as one last sounding board to judge the acceptability of the committee's consensus. Most often, Manley found, the Rules Committee granted Mills his closed rule, though occasionally a final compromise was needed. A closed rule prohibited a bill from being amended on the floor without committee approval. Of 96 committee bills debated between 1947 and 1966, 72 were considered under closed rules.[16]

The chairman's thorough mastery of the details of the subjects the committee considered—Mills reputedly had memorized most of the tax code—was a key component of his influence. Members were impressed by the chairman's knowledge and diligence. As one remarked, Mills was more like a tax scholar: "He knows the tax code inside and out," to which another colleague added, "He's so single minded, never goes out, no social life or cocktail parties. He's thoroughly absorbed, goes home and thinks about the legislation." [17] All of the members of the committee shared in the prestige of the committee's success under Mills. Furthermore, because the chairman and a few key colleagues performed most of the laborious detail work, most members were spared the effort, anxiety, and time spent in mas-

tering complex and esoteric issues. In other words, they shared in the rewards without bearing much of the costs. Most members, until the late 1960s, apparently appreciated Mills' leadership.

Mills' influence was further enhanced by his fairness in distributing rewards. One of the major rewards, as noted, was that Mills worked to maintain the committee's reputation. Other rewards included doing favors for members, including such things as making trips and speaking engagements in members' home districts. The chairman never explicitly asked for anything in return for such favors, but members implicitly understood that reciprocal obligations had been incurred. Mills' leadership, in sum, relied upon rewards, favors, expertise, persuasion, negotiation, and bargaining, not upon coercion.[18]

Mills' accommodationist, consensus-building leadership style was made possible, perhaps even made necessary, by the process by which members of the committee were selected. Both Democrats and Republicans assigned members of the Committee on Ways and Means in a fashion that both fostered party conflict and paradoxically restrained partisanship. Leaders of both parties took an active interest in assign-

President John F. Kennedy signs the Trade Expansion Act of 1962. Afterwards, the President acknowledged the outstanding leadership that Chairman Mills had executed in pulling together the trade agreement. Considered a key legislative victory for Kennedy, the act provided the President with a five-year authority to negotiate tariff reductions of up to 50 percent, especially with the European Common Market. Kennedy signed the bill on October 11, 1962, referring to the act as "the most important international piece of legislation . . . affecting economics since the passage of the Marshall plan." Standing at Chairman Mills' right shoulder is Ways and Means member Hale Boggs (D-LA), who, while Majority Leader in 1972, was lost in a plane crash in Alaska. Directly behind the President is John Byrnes. Committee member Cecil King (D-CA), Howard Baker (R-TN), and Eugene Keogh (D-NY) stand at right.

ing members to the committee because of its importance. Speaker Sam Rayburn (D-TX), for example, reportedly would veto the appointment of any member who did not suppport the oil depletion allowance. For Democrats, the role of its members on the Committee on Ways and Means as the party's Committee on Committees further enhanced the significance of the assignment procedure, since these 15 members would determine the appointment of Democratic members to all House standing committees.

Leaders of each party tended to select party regulars for the Committee on Ways and Means. This meant that Republicans selected conservatives and that Democrats appointed a disproportionate share of conservative Southern Democrats. These factors created the possibility—in effect the reality—of a bipartisan conservative coalition within the committee.

These partisan appointment considerations had the potential to stimulate overt partisanship on the committee. Several factors, on the other hand, hindered the development of partisanship: 1) the generally moderate, pragmatic style of members, 2) the apprenticeship period in which members had to prove themselves "good" party men with the requisite attributes for membership on the committee, 3) the safeness of most members' seats that allowed time to develop expertise in the committee's subject areas as well as informal techniques of conflict resolution, and 4) the veto power over appointments held by Chairman Mills and ranking minority member Byrnes that ensured obstructionist or difficult members were not appointed to the committee. The attractiveness of the committee—its importance, power, and prestige—also helped to restrain partisan conflict, because a committee that operated with accommodation and consensus enjoyed the respect of the House and maintained its standing. Political scientist John Manley has concluded that the recruitment process created a committee of members bound to disagree, but equally bound to manifest that disagreement within the confines of a pragmatic, compromising, consensus-seeking framework.[19]

The hard-won consensus achieved by the committee was undermined, many members believed, when the Senate bowed to pressures from interest groups and executive departments to alter House bills. Many members thought that the Senate acted irresponsibly in amending House bills. One member put it this way: "With all due respect to the Senate, they don't know what the hell they're doing over there. They're so damn irresponsible you can get unanimous consent to an amendment that costs a *billion* dollars. And the Senate is supposed to be a safety check on the House. We really act as the stabling influence, the balance." [20] For their part, senators obviously felt no reluctance to amend Ways and Means bills. Congressman Charles M. Teague (R-CA) satirically recounted the legislative history of H.R. 1839 in 1964, which had left the House as a bill for the free importation of wild birds and animals for exhibition, only to return after major Senate surgery as import quotas on meat and meat products:

> The operation was a great success by the standards which prevail in the Senate hospital. My little fellow was completely gutted. All that remained of him was the identification number on his poor little wrist. He no longer even bore my name. His little shell, however, had been stuffed with all sorts of things entirely foreign to [H.R.] 1839, his heritage and ancestry.[21]

Although few committee bills were so "gutted," once amended by the Senate, these bills then went to a conference committee. The conservative coalition controlled the conference committee because its members were among the most senior on both the Committee on Ways and Means and the Senate Committee on Finance during this period. Based on Manley's analysis of 17 major tax bills between 1947 and 1966, the Senate most often lowered the tax rates of House bills. Senate versions were closer to the final conference committee reports than the House bills, which was also the case with appropriations bills. The Senate succeeded, political scientists have suggested, because its decisions were more responsive to the wishes of interest groups, lobbyists, and constituents, and were therefore easier for the House and the Senate to accept. The House, on the other hand, was dominant in Social Security legislation. Trade legislation exhibited greater diversity, with the Senate being more protectionist—as it had historically been—but with no clear pattern of dominance.[22]

The Joint Committee on Internal Revenue Taxation

Both the Committee on Ways and Means and the Senate Committee on Finance could call upon the resources of the professional staff of the Joint Committee on Internal Revenue Taxation (JCIRT), founded in 1926. The committee was authorized to appoint, on the basis of merit, a Chief of Staff and a staff of tax experts. The committee was composed of five members each from the House and the Senate—three majority and two minority members each from, and chosen by, the House Committee on Ways and Means and the Senate Committee on Finance, usually the chairmen and ranking members. In 1976, the committee's title was changed to the Joint Committee on Taxation. Currently, the Ways and Means chairman chairs the committee every other Congress.

Created to provide objective, bipartisan, and neutral expert information and advice, the staff of the JCIRT provided linkage and continuity between the House and the Senate. The members of the Com-

As a pivotal force behind Kennedy's effort to reduce taxes across the board, Chairman Mills makes the cover of Time *magazine on January 11, 1963. Kennedy had proposed a quick-fix investment tax credit to stimulate business and a series of reforms designed to close tax loopholes. Chairman Mills opened committee debate on the tax issue by saying, "The purpose of this tax reduction and revision bill is to loosen the constraints which the present federal taxation imposes on the American economy." With this direction, Ways and Means drafted a bill that paid more attention to tax cuts than it did to the revenue-raising reforms that Kennedy had envisioned. With Mills' stamp of approval, the committee's bill easily passed the House and formed the core of the resulting Revenue Act of 1964.*

mittee on Ways and Means valued the advice of the staff above that of the executive branch. One member observed, "Between the Joint Committee staff and the House Legislative Counsel, Congress has developed a more competent staff for drafting tax legislation than has the Treasury." [23] The Chief of Staff of the JCIRT from 1938 to 1964, Colin P. Stam, was considered as important a player in tax legislation as the committee chairmen. Liberals thought that Stam biased the

Congress hands tax reductions to Kennedy but yanks back tax reforms, which would have raised money to help offset the 7.3 billion tax dollars lost in the first year of the Revenue Act of 1964. While the Kennedy Administration had wanted the act to cut individual income taxes, it had also wanted the act to increase levies in other areas. However, of 19 tax-raising proposals, Ways and Means dropped all but four. Thus the intended tax-cut and reform bill ended up mainly as a measure for tax reduction. At right, a string tied to the 1964 tax act by Ways and Means was bad news for Kennedy. The new law meant that the White House would have to consider a curb on spending in order to live within the means of lower federal revenues.

staff's input in a conservative direction. His successor, Laurence N. Woodworth, responded to these criticisms by making the staff more available to all members of the Senate Finance Committee and the House Committee on Ways and Means.[24]

In addition to providing expert advice, the JCIRT staff served as an important link between the committee, the Treasury Department, and key interest groups. The staff met informally with their counterparts from the Treasury Department and the Internal Revenue Service in what were called staff subcommittees to discuss Treasury's tax proposals. "We get together in our subcommittees and discuss these ideas as to feasibility and technical possibility," one JCIRT staffer recalled. "We represent the Ways and Means Committee and let them know what the committee may or may not accept." [25] The JCIRT was also a focal point for interest-group lobbying. Stam, the staff director, held meetings in which groups of lobbyists could present their views. According to an unsubstantiated story, one lobbyist bought a dog to walk around Chevy Chase Circle in hopes of meeting Stam on one of his nocturnal canine excursions.

The JCIRT was but one of a set of complex, informal ties linking the Committee on Ways and Means with the Senate and with the executive branch. The committee not only relied upon its own tax experts and those of JCIRT for guidance but also upon the officials and staff of the Treasury Department, who sat in on executive mark-up

sessions. The President, through the Treasury Department and the Department of Health, Education, and Welfare (HEW), took the initiative in proposing legislation, but the executive branch had to anticipate the response of the Committee on Ways and Means. Executive initiative did not mean automatic acceptance. The Committee on Ways and Means yielded to executive direction only in the area of trade legislation, where a broad bipartisan coalition existed since 1934 that viewed trade as a foreign policy matter primarily the business of the executive. In the area of taxation the Committee on Ways and Means tended to demonstrate its independence and was far less susceptible to executive persuasion. Less conflict was evident in Social Security, with the notable exception of Medicare.[26]

Mills Committee Trade Legislation

Two significant trade revisions were passed during Mills' chairmanship. The first, the Trade Expansion Act of 1962, was considered by many political observers to have been President John F. Kennedy's most important legislative victory of the Eighty-seventh Congress (1961–1963). The act provided the President with a five-year authority to negotiate tariff reductions of up to 50 percent, especially with the European Common Market. When he signed the bill on October 11,

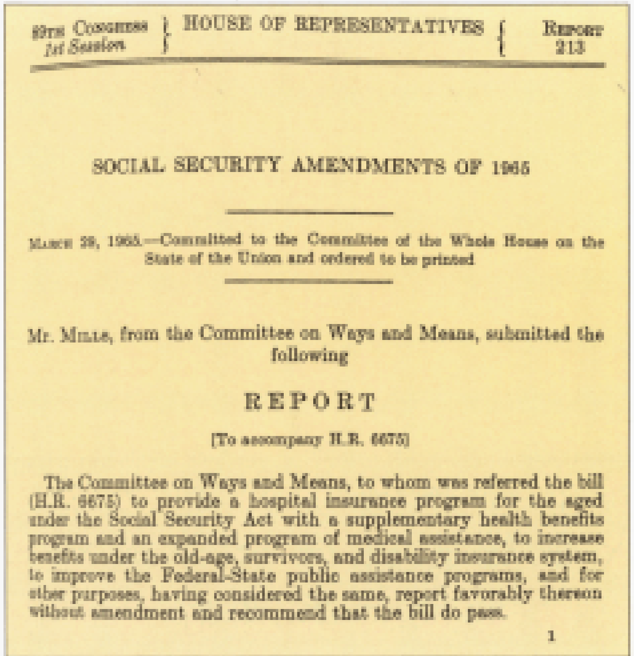
Former President Harry Truman and Vice President Hubert Humphrey help President Lyndon Johnson note the hour as he signs the Medicare Act on July 30, 1965. The signing took place in Independence, Missouri, the hometown of Truman, who was the first Chief Executive to endorse a health insurance plan to be financed by raising the Social Security tax. Loud objections to such a notion in 1949 softened over the years as medical costs soared. By 1965, the time was right and Johnson recommended Medicare. Previously opposed, Mills honored his committee's views and crafted the bill. It marked a major addition to the social insurance programs begun in the New Deal.

1962, President Kennedy referred to it as "the most important international piece of legislation . . . affecting economics since the passage of the Marshall plan [1948]." [27] It was appropriate that Kennedy conspicuously included Chairman Wilbur Mills among those responsible for passage of the law. The role of the committee in the consideration of the Trade Expansion Act represented a case study in the operation of the Committee on Ways and Means under Wilbur Mills.

The first step in the procedure was the formulation of an executive proposal on trade. On December 6, 1961, President Kennedy called for greater cooperation with the European Common Market in lowering tariffs in order to stimulate trade. The 1934 Reciprocal Trade Agreements Act, Kennedy argued, "must not simply be renewed, it must be replaced." The administration submitted a draft bill to Congress on January 25, 1962, along with a message supporting the measure. The two key elements the administration sought were: 1) "a general authority to reduce existing tariffs by 50 percent in reciprocal negotiations," and 2) a special authority "to reduce or eliminate all tariffs on those groups of products where the United States and the EEC (European Economic Community, also known as the Common Market) together account for 80 percent or more of world trade in a representative period." Wilbur Mills introduced the bill (H.R. 9900) on the same day, and it was promptly referred to his committee for consideration.[28]

The Committee on Ways and Means held four weeks of hearings on the bill and a series of closed executive mark-up sessions over a six-week period. Over 245 witnesses testified, and the printed record

A favorable report from Ways and Means on the proposed Medicare bill enumerates the scope and philosophy of the measure, which was written to amend the Social Security Act. The struggle to draft a Medicare bill involved several factions. The Johnson Administration insisted on compulsory national health care, a plan opposed by the American Medical Association. Also against it were Republicans and conservative Democrats; they wanted a voluntary health care system. Ways and Means accommodated both views with a compromise. Medicare Part A provided for insurance coverage of hospital expenses for persons age 65 and over, but excluded the services of physicians. Revenue for this plan would come from an increase in payroll taxes. Medicare Part B, a supplementary voluntary plan for those over 65, allowed for additional coverage that included the services of physicians. Money for this purpose would come from monthly premiums deducted from participants' benefits, matched by government payments from general revenues. An amendment also extended the Medical Assistance for the Aged to the medically needy under a disability program, known as Medicaid. The Medicare Act of 1965 brought some 36 million Americans under the protection of national health insurance.



89TH CONGRESS 1st Session } HOUSE OF REPRESENTATIVES { REPORT 213

SOCIAL SECURITY AMENDMENTS OF 1965

MARCH 29, 1965.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

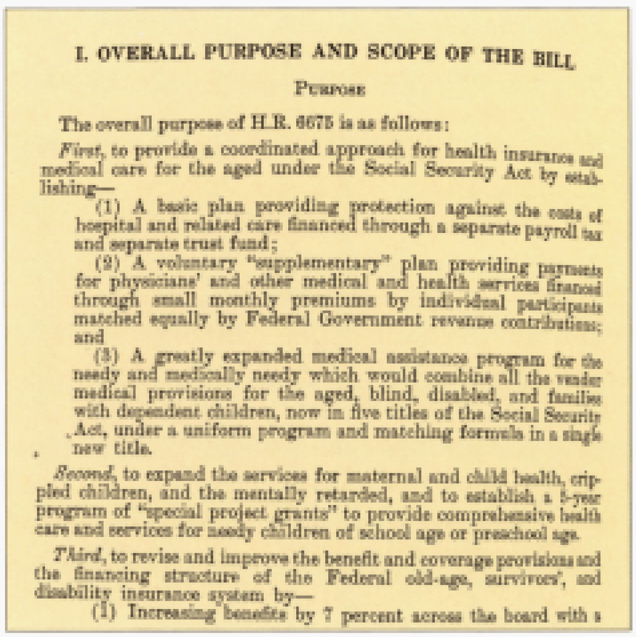
MR. MILLS, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 6675]

The Committee on Ways and Means, to whom was referred the bill (H.R. 6675) to provide a hospital insurance program for the aged under the Social Security Act with a supplementary health benefits program and an expanded program of medical assistance, to increase benefits under the old-age, survivors, and disability insurance system, to improve the Federal-State public assistance programs, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

1



I. OVERALL PURPOSE AND SCOPE OF THE BILL

PURPOSE

The overall purpose of H.R. 6675 is as follows:

First, to provide a coordinated approach for health insurance and medical care for the aged under the Social Security Act by establishing—

(1) A basic plan providing protection against the costs of hospital and related care financed through a separate payroll tax and separate trust fund;

(2) A voluntary "supplementary" plan providing payments for physicians' and other medical and health services financed through small monthly premiums by individual participants matched equally by Federal Government revenue contributions; and

(3) A greatly expanded medical assistance program for the needy and medically needy which would combine all the vendor medical provisions for the aged, blind, disabled, and families with dependent children, now in five titles of the Social Security Act, under a uniform program and matching formula in a single new title.

Second, to expand the services for maternal and child health, crippled children, and the mentally retarded, and to establish a 5-year program of "special project grants" to provide comprehensive health care and services for needy children of school age or preschool age.

Third, to revise and improve the benefit and coverage provisions and the financing structure of the Federal old-age, survivors', and disability insurance system by—

(1) Increasing benefits by 7 percent across the board with a

of the hearings filled six volumes, totaling 4,233 pages and weighing ten pounds. Nearly every major Kennedy Cabinet member testified on behalf of the bill, led by Commerce Secretary Luther H. Hodges and Under Secretary of State George W. Ball. Most of the testimony was of a general nature, such as Treasury Department Secretary Douglas Dillon's assertion that "trade legislation of this scope is essential if we are to achieve and maintain a reliable balance between our foreign payments and receipts in the years ahead." Most representatives of

In 1973, Mills pledges support for a trade measure requested by President Richard Nixon. "I would give the President whatever it takes . . . to promote the exportation of goods from this country into other countries. . . . That means, more or less, the reduction or elimination of nontariff barriers." The Trade Act of 1974 became a landmark legislative achievement under Mills. The authority that it gave the President to negotiate trade agreements influenced U.S. policy for the next 15 years. President Gerald Ford signed the bill after the Watergate scandal forced Nixon to resign.

industry, trade, or labor organizations supported the bill, although one witness argued against an "extreme concentration of power in the President," which would leave the control of Congress over tariffs "completely atrophied." [39] The last two days of questioning were devoted to a cross-examination of Hodges and Ball by committee Republicans.

The committee went into closed executive session on the trade bill on April 12, 1962. By May 23, the committee had given approval to an amended form of the administration's draft bill. An entirely new bill (H.R. 11970) was drafted to incorporate these changes, which Mills introduced on June 4. The new bill retained the basic purpose of the administration measure virtually intact, but it also considerably revised the procedures and safeguards that were either omitted or only vaguely stated in the original bill. The most conspicuous committee additions were: 1) the escape clause, a previous feature of trade acts that would permit the United States to withdraw from any commitment to reduce tariffs when required to do so by domestic considerations, 2) a provision that Congress could override the President if he rejected a Tariff Commission recommendation to invoke the escape clause, and 3) a suspension of the most-favored-nation status of Poland and Yugoslavia.

On June 4, the committee voted 20–5 to report H.R. 11970 to the House. Five Republicans joined all 15 Democrats to support the bill. The House Rules Committee voted 8–7 to grant a closed rule to the trade bill. Under closed rules, only amendments approved by the reporting committee could be considered during floor debate. The only opportunity to change the bill was a motion to recommit to the committee with instructions to make certain changes. Recommittal motions are the prerogative of the reporting committee's ranking minority member. In this case, Noah M. Mason (R-IL), then ranking Republican on the Committee on Ways and Means, moved to recommit H.R. 11970 with instructions to prepare a substitute bill extending existing trade agreements legislation for one year. Mason's motion was defeated by a vote of 171–253. Subsequently, H.R. 11970 was passed by the House on June 27 by a roll call vote of 298–125.

The trade bill passed the Senate in September by a wide margin. The conference committee easily compromised differences between the House and Senate versions in one meeting. The House's suspension of most-favored-nation status for Poland and Yugoslavia was retained, as were some of the Senate's provisions to authorize the President to retaliate against foreign import restrictions. The conference report was agreed to by the House and the Senate on October 4. The House expressed its gratitude to Mills for his committee's work on the bill when several members suggested that it should be known as the Mills Act.

The Trade Expansion Act of 1962 provided the legislative authorization for the Kennedy Round of tariff reduction negotiations under the General Agreement on Tariffs and Trade (GATT) of 1947. As a result of this round of negotiations, the United States agreed to lower import duties an average of 35 percent on nearly 6,000 items over a five-year period (1968–1973) in return for reduced tariffs on American goods.[30]

The second significant item of trade legislation during the Mills era was the Trade Act of 1974. On April 10, 1973, President Richard M. Nixon requested congressional authority for the upcoming Tokyo Round of GATT multilateral trade negotiations. The administration's request reflected both the increasingly complex nature of modern international trade relationships and the importance of trade issues to the American economy. The two key provisions of Nixon's request were authority to address the proliferation of nontariff trade barriers to U.S. access to overseas markets, and a special procedure for swift congressional consideration of legislation to implement nontariff trade agreements. The administration's plan also proposed: 1) measures to grant temporary relief to domestic industries and workers harmed by increased import competition, 2) the normalization of trade relations with Communist nations, and 3) a new program of preferential tariff treatment for imports from developing nations.

The committee held 24 days of public hearings, receiving testimony from 369 witnesses and hundreds of written communications, recorded in 14 volumes of 5,169 pages. The committee conducted 60 closed executive sessions during 39 days before reporting a revised bill on October 10, 1973. Among the major developments adopted by

"HOTHOUSE HARVEST"

Big business and consumers stand under the money tree awaiting a rich harvest from a cut in excise taxes during the administration of President Lyndon Johnson. The Excise Tax Reduction Act of 1965 eliminated the 10 percent luxury tax on such items as jewelry, furs, and cosmetics. It also rolled back manufacturers' taxes on appliances, sporting goods, business machines, auto parts, and similar products. By 1969, the repeal of excise taxes had saved businesses and consumers 4.7 billion dollars.

the committee was an amendment proposed by Congressman Charles A. Vanik (D-OH) to condition the extension of nondiscriminatory trade relations with the Soviet Union and other Communist countries on their emigration policies.

The House passed the bill after two days of debate, but it was another year before the Senate acted on the renewed request by President Gerald R. Ford to pass the legislation. The Committee on Ways and Means, under new Chairman Al Ullman, and the Senate Committee on Finance reached agreement on the conference report on December 19, 1974. The report passed both Houses the following day, the last day of the Ninety-third Congress. The bill was signed into law by President Ford on January 3, 1975. The Trade Act of 1974 established a new procedure for the negotiation and implementation of trade agreements that provided the statutory basis for U.S. trade policy over the next 15 years.

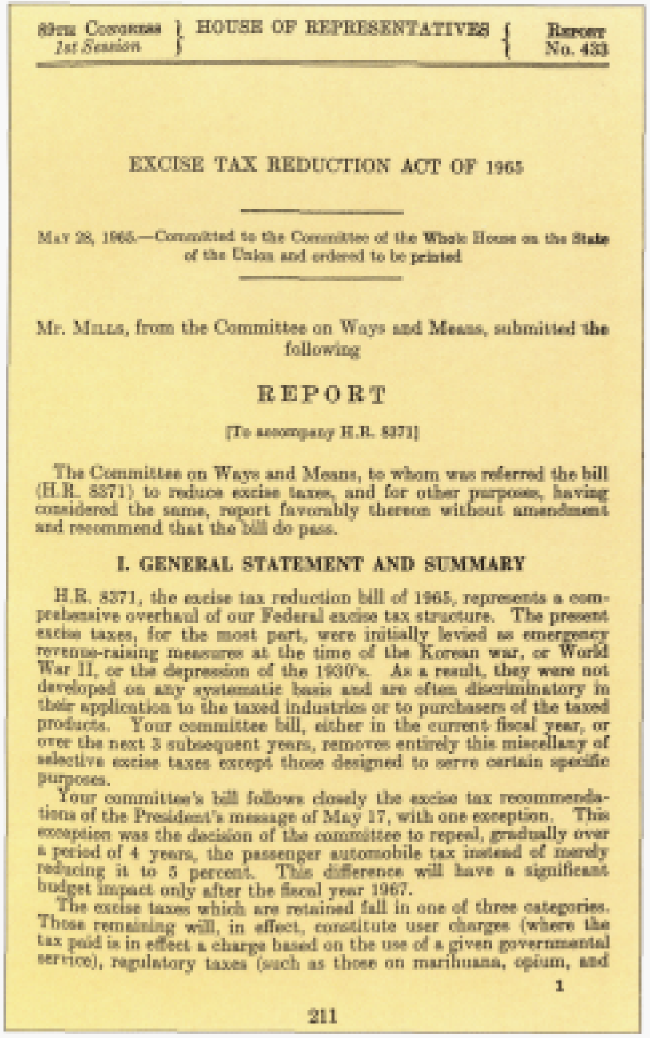
Social Security Legislation in the 1960s

Several increases in Social Security benefits were enacted in the 1960s, especially in the Social Security Amendments of 1960, 1961, and 1967. The major innovation in this field of legislation was the passage of the Medicare Act in 1965 to provide medical assistance to senior citizens. The principal congressional roadblock to this program for nearly a decade had been Mills' Committee on Ways and Means. The chairman reversed his opposition only after a set of circumstances had transformed the committee into a majority in favor of Medicare.

An attentive Chairman Wilbur Mills listens as President Johnson announces that he will ask Congress for cuts in federal excise taxes. Standing behind the President are Senate Finance Committee Chairman Russell B. Long, Mills, and Treasury Secretary Henry H. Fowler. Passage of the bill continued the trend toward lessening reliance on excise taxes to fund the cost of government.

The origins of Medicare dated back to the development of the Social Security Act in 1935. The Committee on Economic Security, appointed by President Roosevelt, endorsed the principle of compulsory national health insurance in its report, although the President declined to recommend it to Congress. No congressional action was taken until 1943 when Senators Robert F. Wagner (D-NY) and James E. Murray (D-MT) and Ways and Means member John D. Dingell (D-MI) proposed that the Social Security Act of 1935 be amended to include a compulsory national health insurance plan financed by a payroll tax. Although the bill failed, the phrase Wagner-Murray-Dingell was synonymous with what has become known as Medicare. President Truman endorsed the plan as early as 1945, and in his 1949 State of the Union Message, he proposed that prepaid health insurance for persons of all ages could be financed by raising the Social Security tax. No action was taken on Truman's proposal by Congress, but the controversy surrounding national health insurance focused public attention on the problem.[31]

The Eisenhower Administration (1953–1961) was opposed to compulsory national health insurance, but some Democrats in Congress continued to press the issue. Aime J. Forand (D-RI), a member of the Committee on Ways and Means, introduced a bill in 1957 to provide hospitalization, surgical, and other benefits to all retired persons covered by Social Security. The benefits were to be financed by an increase in payroll taxes. The Committee on Ways and Means held hearings on the Forand bill from July 13 to 17, 1959. HEW Secretary Arthur S. Flemming stated that although the administration was opposed to compulsory health insurance, "we are reviewing our position on the basic principles embodied in such legislation."[32]



89th Congress, 1st Session } HOUSE OF REPRESENTATIVES { Report No. 433

EXCISE TAX REDUCTION ACT OF 1965

May 28, 1965.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. Mills, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 8371]

The Committee on Ways and Means, to whom was referred the bill (H.R. 8371) to reduce excise taxes, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

I. GENERAL STATEMENT AND SUMMARY

H.R. 8371, the excise tax reduction bill of 1965, represents a comprehensive overhaul of our Federal excise tax structure. The present excise taxes, for the most part, were initially levied as emergency revenue-raising measures at the time of the Korean war, or World War II, or the depression of the 1930's. As a result, they were not developed on any systematic basis and are often discriminatory in their application to the taxed industries or to purchasers of the taxed products. Your committee bill, either in the current fiscal year, or over the next 3 subsequent years, removes entirely this miscellany of selective excise taxes except those designed to serve certain specific purposes.

Your committee's bill follows closely the excise tax recommendations of the President's message of May 17, with one exception. This exception was the decision of the committee to repeal, gradually over a period of 4 years, the passenger automobile tax instead of merely reducing it to 5 percent. This difference will have a significant budget impact only after the fiscal year 1967.

The excise taxes which are retained fall in one of three categories. Those remaining will, in effect, constitute user charges (where the tax paid is in effect a charge based on the use of a given governmental service), regulatory taxes (such as those on marihuana, opium, and

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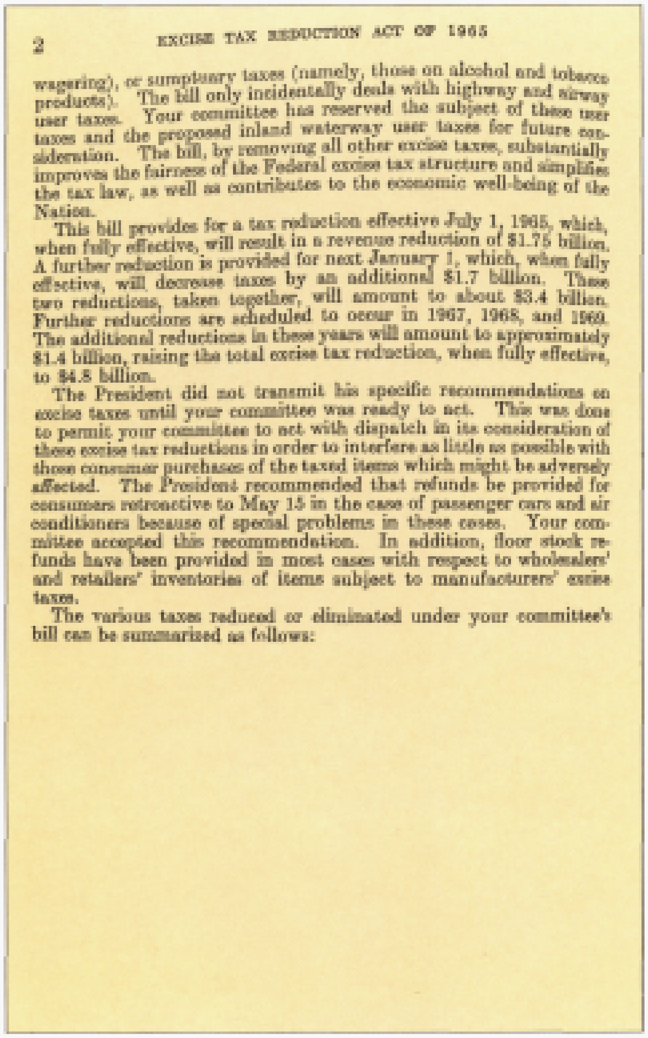


2 EXCISE TAX REDUCTION ACT OF 1965

wagering), or sumptuary taxes (namely, those on alcohol and tobacco products). The bill only incidentally deals with highway and airway user taxes. Your committee has reserved the subject of these user taxes and the proposed inland waterway user taxes for future consideration. The bill, by removing all other excise taxes, substantially improves the fairness of the Federal excise tax structure and simplifies the tax law, as well as contributes to the economic well-being of the Nation.

This bill provides for a tax reduction effective July 1, 1965, which, when fully effective, will result in a revenue reduction of $1.75 billion. A further reduction is provided for next January 1, which, when fully effective, will decrease taxes by an additional $1.7 billion. These two reductions, taken together, will amount to about $3.4 billion. Further reductions are scheduled to occur in 1967, 1968, and 1969. The additional reductions in these years will amount to approximately $1.4 billion, raising the total excise tax reduction, when fully effective, to $4.8 billion.

The President did not transmit his specific recommendations on excise taxes until your committee was ready to act. This was done to permit your committee to act with dispatch in its consideration of these excise tax reductions in order to interfere as little as possible with those consumer purchases of the taxed items which might be adversely affected. The President recommended that refunds be provided for consumers retroactive to May 15 in the case of passenger cars and air conditioners because of special problems in these cases. Your committee accepted this recommendation. In addition, floor stock refunds have been provided in most cases with respect to wholesalers' and retailers' inventories of items subject to manufacturers' excise taxes.

The various taxes reduced or eliminated under your committee's bill can be summarized as follows:

The committee held executive sessions to consider the Forand bill between March 14 and June 13, 1960. Flemming once more stated the administration's firm opposition, noting that they were considering a program of federal assistance to the states to promote health care for the aged. The American Medical Association also opposed what President Eisenhower had called "a very definite step in [the direction of] socialized medicine." [33] The bill (H.R. 12580) the committee reported to the House on June 13 replaced Forand's proposals with a plan authored by Chairman Mills that was closer to the administration's program. The chairman's bill authorized federal grants to the states for the purpose of medical care to persons over 65 whose incomes were deemed inadequate to meet their medical needs. The states were allowed to determine eligibility standards as well as levels of benefits. The plan was to be financed from Treasury funds rather than an increase in payroll taxes.

"The Committee on Ways and Means . . . recommend[s] that the bill do pass. . ." reads the panel's report submitted on the Excise Tax Reduction Act of 1965. The proposed cut that caused the most controversy involved the federal excise on automobiles. Martha Griffiths of Michigan, the first woman to serve on Ways and Means, pressed for the elimination of the tax. Treasury Department officials balked, saying that such action would slice federal revenues by another billion dollars. Chairman Mills engineered a compromise that gave the automobile industry and Treasury part of what each wanted. In this report the committee justifies its overhaul of the present excise taxes because they ". . . were initially levied as emergency . . . measures at the time of the Korean war, or World War II, or the depression of the 1930's. As a result, they were not developed on any systematic basis and are often discriminatory. . . ."

H.R. 12580 passed the House on June 23, 1960, by a vote of 381–23 under a closed rule. The Senate version of the bill with a slightly modified federal-state assistance plan authored by Senator Robert S. Kerr (D-OK) passed on August 23, and the conference committee report was adopted three days later in the House and six days later in the Senate. Now known as Kerr-Mills, the act was signed by President Eisenhower on September 13. Although Forand called it "a sham and a mirage . . . a watered-down version of a no-good bill that came from the White House," the size of the vote indicated that the majority agreed with Republican Victor A. Knox of Michigan that the act was "a step in the right direction." [34]

John F. Kennedy had sponsored a version of the Forand bill while serving in the Senate in 1960. As President in 1961, he recommended a similar program, arguing that it was "not a system of socialized medicine." [35] Congress took no action on health care in the Eighty-seventh Congress (1961–1963), but it did pass an increased Social Security benefits package in 1961.

Kennedy asked Congress to increase the minimum monthly benefit from $33 to $43 to keep up with the rising cost of living. He also requested broadening the disability provisions, increasing widows' benefits, and assigning 62 as the age at which workers could retire and receive benefits on a reduced basis. The package was to be financed by an increased payroll tax of .25 percent on employers and employees. The Committee on Ways and Means held only five days of executive sessions on the bill in March 1961. HEW Secretary Abraham A. Ribicoff testified on behalf of the administration. There was little evident opposition to the bill, which was approved by the committee 22–2 on March 29. The committee did make several alterations to the administration's proposals: 1) increasing the monthly minimum only to $40, 2) increasing the payroll tax only .125 percent, 3) rejecting the broadened disability protection, and 4) lowering the increase for widows' benefits. The House passed the bill on April 20 by an overwhelming 400–14 margin. The bill passed the Senate in late June, and President Kennedy signed the Social Security Amendments of 1961 on June 30.[36]

By the mid-1960s, the paradox of poverty amid plenty as well as the rising costs of medical care had focused public attention upon medical assistance for the aged. President Lyndon B. Johnson instructed Democratic congressional leaders to give top priority to passage of Medicare in 1965; accordingly, the bill was assigned H.R. 1 in the House and S. 1 in the Senate. The congressional elections in 1964 had much to do with the success of the bill in the Committee on Ways and Means.

The committee had rejected a similar health care program in 1960 by a vote of 17–8, with all ten Republicans and seven Democrats, including Chairman Mills and all six Southern Democrats, in the

Heavy spending burden of the Vietnam conflict, space program, urban renewal, Medicare, and other federal programs bends the back of the Johnson Administration, which grasps an empty tax cup in this 1967 cover of Newsweek. *The strain of the President's "guns and butter" programs in the wake of lost revenues led Johnson to request an extension of excises due to expire under the reduction act of 1965. The President also asked for a 10 percent income tax surcharge. Mills tried to bottle up the bill in committee, but when forced to report it, he attached a big condition to the measure. The Revenue and Expenditures Control Act of 1968 granted the 10 percent surcharge on personal and corporate income for 1969, but only if federal spending was cut by six billion dollars.*

opposition. Within five years the Democratic House leadership replaced every Democrat who left the committee, including three who were opposed to Medicare, with a Medicare supporter. With the Democratic landslide in the 1964 elections, in which two Republican members of the committee were defeated, the ratio of the committee was changed for the Eighty-ninth Congress from 15 Democrats and 10 Republicans to 17 Democrats and 8 Republicans. The ratio reverted to 15-10 in the succeeding Congresses until the committee was enlarged in 1974. What had been a 17-8 majority against Medicare was transformed by the election and the enlargement of the committee into a tenuous 13-12 majority in favor of the program.[37]

Confronted with a committee majority favorable to the administration's bill, Chairman Mills reversed his position on Medicare. No hearings were held on the bill because the majority considered them unnecessary. The Medicare Act passed in 1965 owed much to the consensus-building process within the Mills committee. H.R. 1, the administration bill, was replaced by a compromise bill, H.R. 6675, whose provisions reflected suggestions made by ranking minority member John W. Byrnes. The Wisconsin Republican proposed an optional rather than a mandatory program for those over 65 that included an expanded benefits package financed by federal contributions taken from general revenues and by small monthly payments from beneficiaries. Mills was impressed by his colleague's recommendations, although he was dubious about the wisdom of financing Medicare through general revenues rather than payroll taxes. The chairman designed a bill that incorporated aspects of the administration's proposals, Byrnes' alternative, and a plan submitted by the American Medical Association. Under the terms of the Mills bill, hospital insurance would be financed through payroll taxes, but added medical care benefits would be financed through general revenues and participant contributions.

H.R. 6675 provided two health insurance plans that became Title XVIII (Medicare) of the Social Security Act. The basic health insurance plan for persons over 65 (Medicare Part A) provided hospitalization coverage, except for the services of physicians. This plan was to be financed by an increase in payroll taxes. A supplementary voluntary plan for those over 65 (Medicare Part B) provided additional coverage that encompassed the services of physicians, including specialists such as radiologists, anesthesiologists, pathologists, and psychiatrists. This plan was to be financed through monthly premiums deducted from participants' benefits, matched by government payments from general revenues. The bill also amended the Kerr-Mills program of federal-state assistance by extending the Medical Assistance for the Aged program to the medically needy under the dependent children, blind, and permanently and totally disabled programs. This extension of Kerr-Mills became Title XIX (better known as Medicaid) of the Social Security Act.

The House considered H.R. 6675 under a closed rule on April 8, 1965, when it passed the bill by a 313–115 vote. "After all these years," Chairman Mills observed, the committee and the administration had been able to develop a bill "that I could wholeheartedly and conscientiously . . . support. . . . I believe we have finally worked out a satisfactory and reasonable solution of an entire problem, not just a partial solution." [38] President Lyndon Johnson signed Medicare into law on July 30, 1965, at Independence, Missouri, in the presence of the first President to propose a national health insurance program, Harry Truman. The law provided health care coverage to some 36 million persons. The estimated cost of the program for the first full year's operation was 6.5 billion dollars. Both in scope and philosophy, Medicare marked a major addition to the social welfare legislation begun in the New Deal.

"BETWEEN THE DEVIL
AND THE DEEP RED SEA"

'Feeling a little sluggish, eh? What you need is a good shot in the arm.'

In 1967, the President requested the Ninetieth Congress to enact a 15 percent across-the-board increase in monthly Social Security benefits, as well as the expansion of Medicare to cover 1.5 million disabled Americans under the age of 65. The Committee on Ways and Means under Mills' leadership refused to extend Medicare, arguing that the additional cost would have threatened the financial soundness of the program. The committee did agree to a 12 percent increase in Social Security benefits, which was later raised to 13 percent in the final conference committee report.

The most controversial committee action concerning the Social Security Amendments of 1967 was the provision relating to Aid to Families with Dependent Children (AFDC). The committee recommended mandatory work-training programs for all able-bodied AFDC recipients. Mothers with preschool children would have to place them in federally supported day-care centers while receiving job training in order to remain eligible for AFDC payments. This was the only provision to elicit debate during the four hours in which the House considered the committee bill under a closed rule on August 17. Chairman Mills argued that the provision was designed to make "taxpayers out of taxeaters." He strongly defended the work-training program: "What in the world is wrong with requiring these people to submit themselves, if they are to draw public funds, to a test of their ability to learn a job? Is it not the way we should go? Is that not the thing we should do?" Ranking minority member Byrnes likewise thought that the AFDC provision was the "right road." But several Democrats, re-

Caught between the devil of higher taxes and the deep red sea of the biggest federal deficit since World War II, a befuddled Congress in 1967 wonders how to deal with these unpopular issues. A companion cartoon from that year suggests the pain of giving the economy a shot in the arm with a big tax boost. The Tax Reform Act of 1969 tackled the dilemma. Ways and Means proposed the most extensive changes in the tax code's history up to that time. Important provisions included an increase in captial gains taxes, an about-face repeal of the 7 percent investment tax credit, and a surprising reduction in the previously untouchable oil depletion allowance.

flecting the administration's position, criticized the bill's welfare provision. According to Charles Vanik of Ohio for example, "we can endeavor to hold down the cost, we can endeavor to train adults capable of work and rehabilitate families, but we must not deny help to those who remain needy after our best thought-out plans." [39] When President Johnson signed the bill on January 2, 1968, he also appointed a commission to make recommendations for changes in the "outmoded" welfare system. In 1972, amendments to the Social Security Act introduced the concept of indexing, that is, linking benefit increases to rises in the cost of living.

Although each of the four major Social Security bills in the 1960s originated from administration proposals, the Mills committee revised them all in a conservative direction. The committee refused to act on a compulsory national health insurance proposal in 1960, substituting the Kerr-Mills plan for federal-state assistance. President Kennedy's request for increased benefits in 1961 were also substantially reduced by the committee. Even when political changes created a committee favorable to Medicare, Mills was able to tack on a supplementary voluntary insurance plan favored by the AMA. The committee had displayed its independence in Social Security legislation; in the area of revenue, the Mills committee played an even more important role.

Mills Committee Tax Legislation

Because administrations usually presented tax proposals in the form of general messages, and because the committee placed so great a reliance upon the technical tax-writing expertise of the JCIRT staff and the House Legislative Counsel, the Committee on Ways and Means played a creative role in drafting tax legislation. There were four major tax reforms during Mills' tenure: two during the Kennedy-Johnson years—the Revenue Act of 1964 and the Excise Tax Reduction Act of 1965—and two during Richard Nixon's Presidency—the Tax Reform Act of 1969 and the Tax Reduction Act of 1971. During the Eisenhower years, the tax code had been stabilized, and it had gone virtually unchanged since 1954. The tax reform acts of 1964 and 1969, however, consisted of dozens of major alterations, and as tax experts have pointed out, hundreds if not thousands of minor technical changes. The tax bills of the 1960s, and those of the 1970s as well, with one exception, all called for tax cuts, and all were touted as tax reforms; and yet, with each bill the tax code became increasingly more complex and difficult to administer.[40]

The Revenue Act of 1964 resulted from discussions held early in the Kennedy Administration involving Treasury Secretary Douglas Dillon. Because of the nation's faltering economy, the administration devised a two-stage approach: a quick-fix investment tax credit to

The cover of Dun's *magazine directs the attention of the business community to tax-cut deliberations underway in Ways and Means in 1971. Runaway inflation had spurred President Nixon to come up with a plan for economic recovery. Supply-side economics, he reasoned, would lead to business expansion which in turn would revitalize the economy. Thus he transmitted to Ways and Means tax-reform requests that included reductions weighted in favor of business. Leaders of industry, as well as the nation's business press, watched closely as the committee pondered the last major tax revision of the Mills era.*

stimulate business, and a thorough reform effort to close tax loopholes. The investment tax credit recommended by Kennedy on April 21, 1961, ran into opposition in the Committee on Ways and Means. In the committee's hearings, business was divided over the way the credit was formulated, and organized labor was adamantly opposed. Chairman Mills utilized all of his consensus-building skill in order to fashion legislation in 1962 that increased the investment tax credit, in effect broadening tax reduction in order to increase support for the bill.[41]

Believing that "tax reductions set off a process that can bring gains for everyone," and that "tax deterrents to private initiatives have too long held economic activity in check," President Kennedy recommended across-the-board tax reductions in January 1963. The administration's proposals called for cutting individual tax rates from the then current range of 20–91 percent to 14–65 percent and for lowering corporate rates from 52 to 49 percent. Tax reductions were also proposed in provisions on child care, moving expenses, charitable contributions, income averaging, and research and development. To somewhat offset losses in revenue, several revenue-raising changes were suggested concerning capital gains.

Secretary Dillon emphasized the coordinated nature of the tax reform package in his testimony before the Committee on Ways and

Means. Generally, the committee took the view that tax reduction was tied to economic growth. The committee chose to increase the provisions reducing taxes and to reduce the provisions increasing taxes. The committee's bill was considered under a closed rule, with Mills commencing debate by arguing that, "The purpose of this tax reduction and revision bill is to loosen the constraints which the present federal taxation imposes on the American economy." The bill passed the House and formed the basis for the version favored by the conference committee. The resulting Revenue Act of 1964 enacted across-the-board reductions of from 20 to 30 percent, slightly more favorable for lower income groups and more proportional for middle income groups. As estimated by the JCIRT, the total revenue impact of the act was a revenue loss of 7.3 billion dollars for 1964 and 11.3 billion dollars for 1965. What began as tax reform had ended as tax reduction.[42]

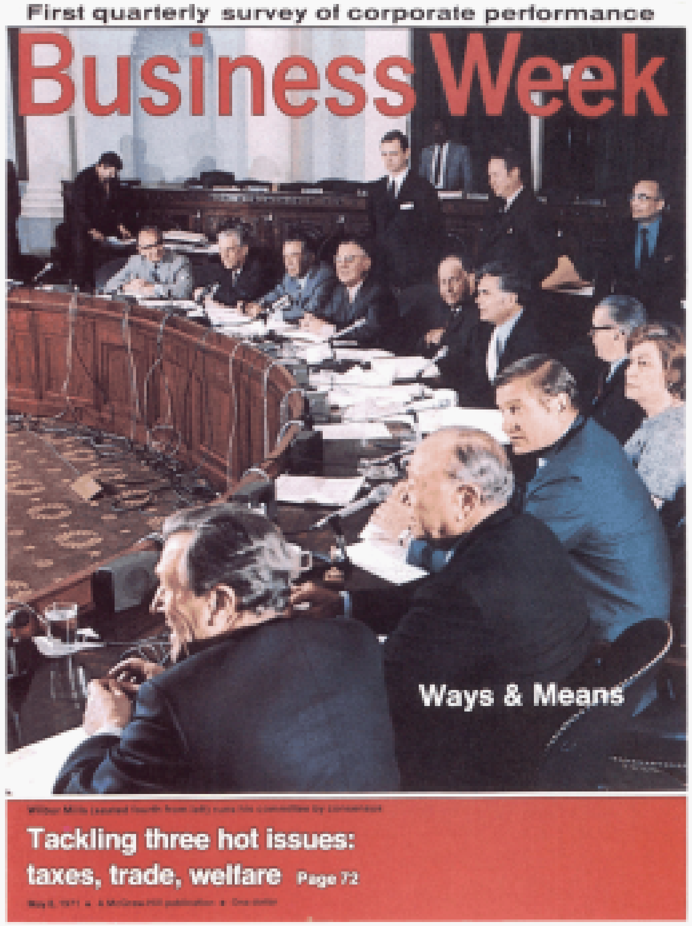
The political appeal of tax cuts proved irresistible. In 1965 the administration and Congress agreed to a large cut in excise taxes. These taxes had produced nearly one-eighth of federal revenue in the postwar period, as much as ten billion dollars a year. Excises on liquor and tobacco accounted for two-fifths of the total, with automobiles and fuels accounting for one-third. The Excise Tax Reduction Act of 1965 reduced excises by 4.7 billion dollars between June 22, 1965 and January 1, 1969. The 10 percent luxury tax on items such as jewelry and furs was eliminated, but the most controversial reduction, and the one that the Committee on Ways and Means most altered, was the phasing out of the federal excise on automobiles. The administration recommended reducing the 10 percent tax by stages to 5 percent in 1967. Representative Martha Griffiths (D-MI), the first woman to serve on the committee, urged that the entire tax should be eliminated, arguing that the savings would be passed on to consumers in lower car prices that would stimulate the economy. The Treasury projected that outright elimination of the tax would cost another one billion dollars in lost revenues. Ranking minority member John Byrnes suggested phasing out the tax over a three-year period to lessen the impact on federal revenues. Chairman Mills supported the principle of a phase-out, changing only the first year's rate from Byrnes' proposed 8 percent to 7 percent. Like most compromises, it did not satisfy everyone, but it succeeded in giving both the Treasury and the automobile industry part of what they wanted.[43]

The next major tax revisions did not come until the late 1960s. Although the conflict in Vietnam placed added strains on the budget, President Johnson had little evident interest in tax policy. In 1968, the size of the deficit led the President to request an extension of excises due to expire and a temporary 10 percent income tax surcharge. Mills kept the bill in committee until he was forced to release it when the Senate attached a tax increase to another House bill. The Committee on Ways and Means bill tied the tax increase to a six billion dollar spending cut. The resulting Revenue and Expenditures Control Act of 1968 imposed a 10 percent surcharge on personal and corporate income for 1969, provided spending was cut six billion dollars below projected levels.[44]

The Johnson Administration held its proposals for major tax reform until after the election of Richard Nixon in 1968. Before Nixon's inauguration in January 1969, the Treasury released its proposals. The Committee on Ways and Means held extensive hearings on these proposals beginning in February. The bill drafted by the committee provided the most extensive changes in the tax code's history up to that time. The bill called for a six-month extension of the 10 percent tax surcharge to partially offset general reductions in the rate schedules. Personal tax exemptions were also increased. New tax benefits were written for pollution control equipment, railroad improvements, and renovations on rental properties. But in the most striking departure from current tax policy, the committee greatly increased revenue-raising provisions by increasing taxes on capital gains and by repealing the 7 percent investment tax credit, a complete about-face from the committee's position in 1964. For the first time, the committee lowered the sacrosanct oil depletion allowance previously protected zealously by Chairman Mills and Speaker Rayburn. The committee also eliminated the tax-exempt status of interest on state and municipal bonds, but this reform was not included in the Senate and conference committee versions.[45]

The committee bill was hurriedly drawn in order that it might pass before the August recess. During the House Rules Committee's consideration of a rule for the bill, the Democratic Study Group (DSG) found that one lower income group benefited less from the reforms. Mills called his committee together and wrote additional tax breaks of 2.5 billion dollars during a lunch break in the Rules Committee's proceedings. After the bill was granted a closed rule, the House passed it by an overwhelming 395–30 vote. The Senate made major changes to the bill in the direction of even greater tax reductions. President Nixon threatened to veto the bill, but the conference committee compromised the House and Senate versions to create an act that the JCIRT estimated would result in overall revenue *gains* of 5.7 billion dollars in fiscal year 1970. The added expenses of the military conflict in Vietnam provided part of the reason for tax reform rather than tax reduction, but tax scholars have argued that a more likely reason was the liberal ideology of Johnson's Great Society. The Tax Reform Act of 1969 instituted highly progressive tax changes, lowering the comparable tax liabilities more for lower income groups than for higher income groups, and in fact increasing by 7.2 percent the liabilities on incomes above $100,000.[46]

The committee engaged in the last major tax revision of the Mills



Revenue issues under consideration by Ways and Means in 1971 turns a picture of the committee into front-page news for Business Week *magazine In addition to paring business taxes as a counter-inflation move, President Nixon had asked Ways and Means for reinstatement of the investment tax credit and added depreciation benefits. The final bill reported by the committee followed the spirit of the President's request but altered most of the details. In general, Ways and Means more than doubled tax reductions for individuals, while providing one of the largest business tax cuts in history. The committee's work cleared the Senate virtually unchanged. The Tax Reduction Act of 1971 reduced revenues some 26 billion dollars over a three-year period.*

era in 1971. With inflation seemingly out of control, President Nixon asked Congress for wage and price controls, a 10 percent import surcharge, and a 10 percent cut in foreign aid. Following supply-side economic reasoning, the President also requested a tax cut weighted in favor of business in order to stimulate economic recovery. The administration specifically requested the reinstatement of an investment tax credit, added depreciation benefits (known as Asset Depreciation Range, or ADR), and the creation of a new kind of tax-exempt overseas sales organization (known as a Domestic International Sales Corporation, or DISC). Chairman Mills opposed this "trickle down" economics and suggested raising the low-income allowance from $300 to $1,300. The Committee on Ways and Means bill, drafted in only three days of executive sessions, scaled down the administration's requested 10 percent investment tax credit to 7 percent, approved the ADR, but revised the DISC proposal. The committee's bill more than doubled reductions for individuals, while also providing one of the largest business tax cuts in history. The Senate once again made major changes, only to abandon them in conference. The final bill, almost identical to the Committee on Ways and Means bill, reduced revenue an estimated 25.9 billion dollars over a three-year period. After the 1969 aberration, congressional tax policy had returned to the normal political expediency of tax reduction.[47]

Two changes in the Internal Revenue Code recommended by the Mills committee sought to provide tax incentives for the establishment of private pension plans. From the late 1950s until its passage in 1962, committee member Eugene J. Keogh (D-NY) introduced in each Congress a plan to allow self-employed individuals to take a deduction from gross income for contributions to a retirement account. Such plans became commonly known as Keogh accounts. Further development of pension legislation peaked with the passage of the Employee Retirement Income Security Act of 1974 (ERISA). In addition to protecting the pension rights of employees, the act allowed workers not covered by an employer-provided plan to establish tax deductible individual retirement accounts to supplement their future retirement income. Unlike other social insurance legislation, ERISA depended almost exclusively on the private sector. In addition, the protections it afforded were established and enforced through the tax code rather than through direct federal spending. The code was clearly a more comfortable arena for the efforts of the Mills committee.

Congressional Reform, 1970–1975

By 1970, Wilbur Mills had chaired the committee for over a decade. His committee had drafted all of the major as well as routine trade, revenue, and Social Security legislation of the 1960s. Almost all committee bills had been considered by the House under closed rules that prevented amendments from the floor. The Mills committee in effect had dominated House policy within its jurisdiction. Some members of the House resented the committee's power, such as Morris Udall (D-AZ) who said, "I represent a half-million people, and I'm forbidden to have any say in the tax code." [48]

A study of the House Committee on Ways and Means in the early 1970s sponsored by a consumer rights group concluded that the committee was "secluded and secretive . . . indifferent to the public and uncooperative with the rest of Congress. This negligent privacy does not make for good government nor good laws," the authors insisted, "but it does make for powerful men." [49] The presumption, shared by some members of Congress as well, was that closed committee meetings and closed rules constituted a perversion of the democratic process. Open up congressional procedure to public scrutiny and input, the critics suggested, and the result would be legislation better attuned to the needs of the people. By implication, an important step in opening up the process was to remove perceived obstructions such as Chairman Mills.

Social insecurity: The elderly in the 1960s find themselves in a precarious seat as spiraling inflation undercuts their slow-rising federal benefits. Ways and Means under Mills generally maintained a leading role in Social Security legislation. Mills abhorred unbridled welfare. In 1967, he argued in vain for a mandatory work-training program that would make "taxpayers out of taxeaters." He did respond, however, to the plight of the elderly by overseeing a bill that became the Social Security Amendments Act of 1972. Its most notable contribution was the indexing of government benefits to the rise in the cost of living.

"SOCIAL INSECURITY"

Such criticism was not solely reserved for the Committee on Ways and Means; Congress as a whole received extremely low performance ratings in public opinion polls in the early 1970s. Several factors contributed to the negative public image of Congress and the Mills committee. The quagmire of the undeclared war in Vietnam and the assassinations of John F. Kennedy, Robert F. Kennedy, and Martin Luther King turned sour much of the idealism of the Kennedy-Johnson years. The "Imperial Presidency" seemingly indicated the powerlessness and ineptitude of Congress. A series of political scandals culminating with Watergate seemed to confirm the public's distrust of politicians. Finally, in spite of all the technical modifications to Social Security and the tax code, the plight of the elderly and the taxpayer seemed no better, only more complicated by layers of bureaucracy and red tape.

Younger and more liberal Democratic members of Congress in the early 1970s began to respond to both internal and external criticisms by launching a movement for major congressional reform, much of which was aimed at the Committee on Ways and Means under Wilbur Mills. Reformers chafed under what they perceived to be a repressive seniority system that thwarted liberal legislation. Conservative-minded Southern Democratic chairs, such as Mills, W. R. Poage (D-TX) of Agriculture, Wright Patman (D-TX) of Banking, and F. Edward Hébert (D-LA) of Armed Services, were considered autocrats who exercised a disproportionate share of power. Reformers sought to make the legislative process more responsive—at least more responsive to the changing majority within the Democratic Caucus. The decade's first effort at reform, the Legislative Reorganization Act of

1970, reflected this desire to open committee actions to public scrutiny.

The result of several years of study by two joint committees, the Legislative Reorganization Act did not contain any of the provisions the committees had recommended concerning seniority or lobbying. The act did require committees to make public all recorded committee votes. It also allowed a majority to call meetings, rather than just the chairman. Although the act encouraged but did not require committees to hold open meetings and hearings, it did represent a first step toward congressional committee reform.[50]

The major reform group in the House in the early 1970s was the Democratic Study Group, an informal organization of liberal reform-minded Democrats. The DSG in 1970 persuaded the party caucus to appoint an 11-member Committee on Organization, Study, and Review to examine the seniority system. Chaired by Julia Butler Hansen (D-WA), the committee reported two sets of recommendations, one in 1971, and another in 1973. The first set, adopted by the caucus on January 21, 1971, was designed to limit the power of committee chairs. Democratic chairmen were restricted to one legislative subcommittee chair. Subcommittee chairs were allowed to select one professional staff member for their subcommittee. Also, the caucus procedure for electing committee chairs and members was amended to allow the consideration of one committee at a time rather than the entire slate of committees.

In 1973, the Democratic Caucus ratified changes recommended by the Hansen committee that were designed to increase the power of the caucus, including the creation of a 23-member party Steering and Policy Committee, and the requirement of automatic votes on committee chairs to make them more responsive to the rank-and-file. Most importantly for the Committee on Ways and Means, the 1973 reforms expanded the Democratic Committee on Committees, previously composed solely of Ways and Means Democrats, to include the caucus chair, the majority leader, and the Speaker, who would now chair the committee. The purpose of this reform was to diminish the control of Ways and Means Democrats over committee assignments. The caucus also approved a procedure allowing the caucus to demand more open rules for floor consideration, especially of Ways and Means bills.[51]

To resolve a decade of debate and dispute among the various congressional panels and executive departments involved in the preparation of the annual budget, Congress created the Joint Study Committee on Budget Control in 1972. The committee's 32 members were drawn principally from the Committee on Ways and Means, the Senate Finance Committee, and the House and Senate Appropriations Committees. The Congressional Budget and Impoundment Control Act of 1974 that resulted from the study created separate House and Senate Budget Committees, the Congressional Budget Office for inde-

Major tax anglers, Mills and Uncle Sam examine the catch in 1969. Throughout his 16 years as chairman of Ways and Means, Mills could outfish almost any legislator in the legal waters of taxation, welfare, trade, and Social Security. Envious critics called his powerful skill "jurisdictional imperialism." By 1970, Mills was out of step with reform liberals. The chairman's publicized personal problems handed his detractors the final victory. Acknowledging his flaws, the workaholic Mills admitted himself to a hospital and in 1975 resigned the chairmanship.

" 'YEAH—BUT WHAT ABOUT THE ONES THAT GET AWAY?' "

pendent analysis, and a timetable for the preparation of the budget. The party caucus elected the Democratic members of the House Budget Committee, who were specified by rule to include three members of the Appropriations Committee, three members of the Committee on Ways and Means, and at least one member from the Rules Committee. The first chairman of the committee was Al Ullman of Oregon, the second-ranking Democrat on the Committee on Ways and Means. The Budget Committees were responsible for the preparation of two annual budget resolutions—one in May to provide guidelines, and a second binding resolution in September—with a reconciliation process to enforce these binding decisions.[52]

The congressional reform effort intensified with the creation of the House Select Committee on Committees in early 1973. Chaired by Richard Bolling (D-MO), an eloquent and erudite reform advocate, the committee held extensive hearings and recommended sweeping changes not only in procedure, but also in committee jurisdiction. The Mills committee was Bolling's principal target. The Missouri Democrat believed that the jurisdiction of the Committee on Ways and Means was "so vast that it can't possibly be handled by a committee that doesn't even have subcommittees." The Bolling committee therefore recommended shifting the responsibility for trade and most nontaxation aspects of health and welfare legislation to other standing committees:

MILESTONES IN THE HISTORY OF THE COMMITTEE 1959–1975	
1960	Social Security Amendments of 1960
1961	Social Security Amendments of 1961
1962	Trade Expansion Act Revenue Act of 1962
1964	Revenue Act of 1964
1965	Medicare Act Excise Tax Reduction Act
1967	Social Security Amendments of 1967
1969	Tax Reform Act
1971	Tax Reduction Act
1972	Social Security Amendments
1974	Democratic Caucus reforms and House Rules changes Trade Act of 1974

> The present jurisdiction of the Ways and Means Committee is entirely too broad to permit ongoing and thorough legislative and oversight review. The select committee therefore recommends that the Ways and Means Committee retain its historic jurisdiction over taxes, tariffs and Social Security and relinquish direct control of other jurisdiction not directly related to those matters.[53]

Specifically, the recommendations included transferring: 1) nontax aspects of health care to a proposed Committee on Commerce and Health, 2) nontax aspects of unemployment compensation to the Committee on Labor, 3) renegotiation of government contracts to the proposed Committee on Banking, Currency, and Housing, 4) general revenue sharing to the Committee on Government Operations, 5) work incentive (WIN) programs to the Committee on Labor, and 6) trade to the Committee on Foreign Affairs. In terms of the Committee on Ways and Means' historic jurisdiction, the last item—the transfer of trade to Foreign Affairs—marked the most significant recommended reduction.

The Bolling plan enountered strong opposition in the House when it was reported on March 19, 1974. The Democratic Caucus referred the plan to the Hansen committee, which drafted a substitute proposal. Under the terms of the resulting House Resolution 988 (the Committee Reform Amendments of 1974), the House Rules were amended to mandate that committees with more than 15 members, specifically the Committee on Ways and Means, establish at least four subcommittees. Committee staff members were also increased, and at least one-third of the staff was guaranteed to the minority. House Resolution 988 (more commonly known as the Bolling/Hansen reforms) lessened the impact of the jurisdictional changes proposed by the Select Committee on Committees. The Committee on Ways and Means retained its jurisdiction over trade, but ceded authority over export controls and international commodity agreements to the Committee on Foreign Affairs. Jurisdiction was also transferred on: 1) general revenue sharing to Government Operations, 2) health care and health facilities not supported by payroll taxes to Commerce, 3) renegotiation of government contracts to Banking, and 4) work incentive programs to Education and Labor.

The rules changes also authorized the procedure known as multiple referrals. The Speaker of the House was authorized to refer the same piece of legislation to more than one committee, in instances in which jurisdiction was shared by more than one committee. In subsequent years, this practice has had its greatest impact upon the Committee on Ways and Means in the area of health care policy, which is shared with the Committee on Energy and Commerce.

The Democratic Caucus subsequently instituted even more thorough reforms. In the fall elections of 1974, House Democrats gained 52 seats and added 75 new members. Most of this newer generation of members were anxious to exert influence in Congress. Most were also responsive to the movement for liberal congressional reform. At the party caucus' organizational meeting in December 1974, Ways and Means Democrats were shorn of their role as the party's Committee on Committees, and that function was transferred to the party's Steering and Policy Committee. Furthermore, the Committee on Ways and Means was expanded from 25 to 37 members, and the ratio of majority to minority was altered from 15–10 to 25–12, allowing for the appointment of more junior and liberal members.[54] These reforms, it was hoped, would liberalize the committee's actions. In a further assault upon seniority, three senior chairmen, Poage, Patman, and Hébert were deposed in January 1975. However, it was not necessary for the caucus to remove Mills. He had already done that himself.

The origin of Mills' ouster may well have begun in 1972, when he launched an unsuccessful bid for the Democratic presidential nomination, during which he unexpectedly and uncharacteristically pledged to support a huge increase in Social Security benefits. The chairman's actions raised doubts about his judgment and fears that he had abandoned a bipartisan consensus-seeking approach. As one member stated in 1974, "Since his run for the Presidency, Mills has acted more and more like a politician." [55]

Mills had been ill for over a year prior to the caucus meeting in early December of 1974. Drinking and medication for a chronic back problem weakened his previous workaholic constitution. With the chairman often absent from meetings due to back surgery, ranking majority member Al Ullman had conducted much of the committee's business. Mills' illness—which he later admitted included alcoholism—manifested itself in erratic behavior. Two well-publicized incidents were not only personally embarrassing, they also provided reformers with added ammunition. To his credit, Mills recognized his problems. He hospitalized himself, resigned from the committee chairmanship, and left Congress to overcome his illness and to establish a successful Washington legal practice.[56]

Conclusion

There was more than an element of irony—as well as more than a hint of tragedy—in Wilbur Mills' fall from power. Far more was involved than a bout with alcoholism and personal indiscretions—actions that violated the chairman's own stoic character. Other men in even higher positions have survived worse scandals. It was ironic—and inaccurate—for many observers to attribute his ouster to this single misstep.

It was also ironic that reformers would target Mills for removal as an authoritarian, obstructionist chairman. Throughout his chairmanship, Mills had led by accommodating differences and by building a consensus within the committee. He may have acquired the trappings of what some critics referred to as "jurisdictional imperialism," but Mills was no dictator. He wanted what all committee chairmen and most committee members wanted—success for his committee's bills and prestige for his committee.

Mills did not change, but the times, Congress, and his committee did. In the final analysis, the chairman found himself in a position that forced his resignation less because of his personal problems, but much more because he was out of step with the reform consensus emerging within his party. His methods were neither heavy-handed nor unrealistic, but the consensus he sought to build was both repressive and outmoded to the newer generation of Democratic congressmen anxious for access to power and confident in their ability to reform tax policy and welfare programs.

The reforms of the early 1970s did not fundamentally diminish the jurisdiction of the Committee on Ways and Means, but they did change its ground rules. Enlarging the size of the committee, changing the committee assignment procedure, and mandating the use of subcommittees collectively have made it more difficult to develop a Mills-like consensus. For a time, after 1975, the committee would have to confront the nation's revenue, trade, Social Security, and Medicare problems with lowered prestige and more fragmented resources.