1975 ★ 1989

The Post-Reform Committee

The congressional reforms of the 1970s resulted in an enlarged committee, one in which partisanship replaced the bipartisan consensus of the previous period. These developments made the committee more difficult to lead, a situation that was compounded by the open and permissive leadership style of Chairman Al Ullman (1975–1981). The chairman since 1981, Dan Rostenkowski, has adopted a more assertive leadership role. In the 1980s, the committee has continued to confront difficult and challenging tax, trade, Social Security, Medicare, and welfare issues, and it has been centrally involved in legislation to reduce the federal budget deficit.

"He likes a team player. This doesn't mean you have to march in lockstep. But once you've tried your best—and you lose or you win—you don't embarrass the committee, you don't undermine the committee's work." (Anonymous Ways and Means member describing Chairman Rostenkowski).[1]

The House reforms of the 1970s opened legislative procedure to greater participation by the rank-and-file. The autonomy and importance of standing committees were diminished somewhat as the Democratic Caucus exercised a greater role over the content and flow of legislation. The Committee on Ways and Means was particularly affected by these reforms. Wilbur Mills, its effective longtime chairman, had stepped aside, and limitations were placed upon his successor's exercise of leadership. Permanent autonomous subcommittees were mandated, the staff was enlarged and decentralized, and perhaps most importantly, the majority party caucus became the ultimate arbiter of the chairman's leadership. In addition, the committee lost its control over Democratic committee assignments, and its size was enlarged to accommodate more liberal freshman Democratic members.

Democrat Albert C. Ullman of Oregon assumed the chairmanship in 1975, at a time when the nation and the Congress were both in an antileadership mood. Committee member James R. Jones (D-OK), surveying the wreckage of Watergate and the Mills scandal, observed, "In the nation as well as the Congress the times are such that I'm afraid strong leadership is suspect."[2] The desire for openness, participation, and decentralization diminished as the 1970s progressed, and by the 1980s the majority of House members wanted stronger committee leadership. Since 1981, Chairman Dan Rostenkowski has adopted a more forceful leadership style, yet he has also encouraged participation in a manner and to a degree that Ullman could not achieve. The committee's prestige has correspondingly risen, to judge simply upon the basis of the respect accorded to it by the membership of the House of Representatives.

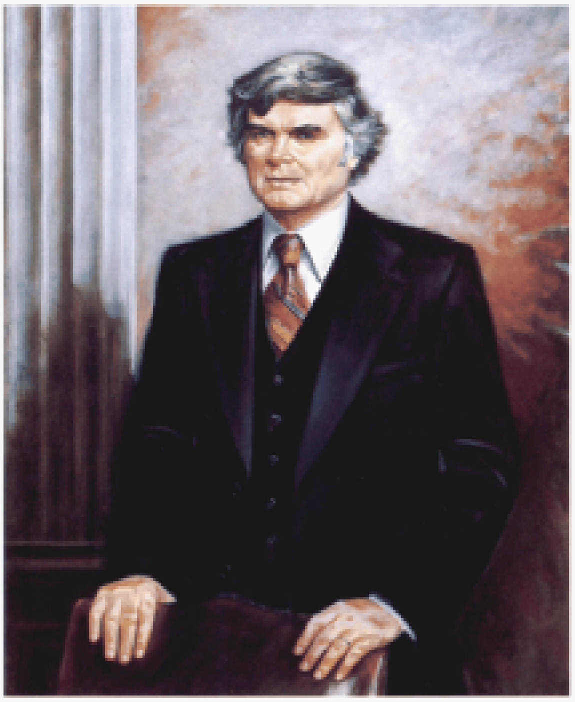
The Committee and the House Since 1975

The Committee on Ways and Means remained one of the most important congressional committees in the aftermath of the Committee Reform Amendments and the Democratic Caucus reforms of 1974, but its standing in the eyes of House members declined in the late 1970s. A political scientist who has computed statistical measures of the attractiveness of committee assignments has found that for the period 1963–1971, the Committee on Ways and Means was by far the most prestigious of House standing committees. By the period of 1973–1981, however, it had fallen measurably to a close second behind the Appropriations Committee.[3] (More recent figures have not been computed.)

The reasons for the committee's diminished status were intimately related to the impact of congressional reform. The loss of the Democratic committee assignment function removed what was a principal attraction to many members of that party. The enlargement of the membership from 25 to 37 (since reduced to 36) likewise lessened the distinction of serving on the committee, as did the fact that freshmen members were now being appointed, in stark contrast (with one exception) to the Mills era.

Committee membership nevertheless continued to be characterized by continuity and stability. All 44 members who left the committee between 1973 and 1986 were members who had either left the House or died in office. Additionally, there were few changes in the criteria for assignment to the committee even though the procedure for selecting members from the majority party had changed. Indeed, the only discernible difference from the Mills era was the increased numbers of freshman Democrats assigned to the committee.

The advent of Democratic freshman appointments was heralded two days before the end of the Ninety-third Congress when Richard F. Vander Veen, a first-term member from Michigan, was named to fill the vacancy created when Martha W. Griffiths (D-MI) retired from the House. To accommodate the freshman caucus' demand that at least two first-term members be appointed to Ways and Means, the Democratic Steering and Policy Committee named three freshmen to the committee for the Ninety-fourth Congress in 1975—Joseph L. Fisher (VA), Harold E. Ford (TN), and Martha Keys (KS). Four freshmen followed in 1977—Richard A. Gephardt (MO), Ed Jenkins (GA), Raymond F. Lederer (PA), and Jim Guy Tucker (AR)—and, in 1979 Frank J. Guarini (NJ) and James M. Shannon (MA). No first-term members have been assigned to the committee since the Ninety-sixth Congress, *"I don't believe in running a closed shop or too tight a ship," stated Al Ullman of Oregon. His permissive leadership style as Ways and Means chairman from 1975 to 1981 took its direction from a nation suspicious of powerful leaders. Encouraging openness and participation in committee dealings, he delegated authority to the chairmen of six permanent subcommittees. Such actions, and an expansion of the committee, intensified partisanship. During Ullman's tenure, Ways and Means passed America's most extensive tax reform measure up to that time. The Tax Reform Act of 1976 broadened the income tax base, simplified the tax code, and revised estate and gift tax laws for the first time in 35 years.*



suggesting that the assignment procedure has become more restrictive in the 1980s.[4]

The criteria for committee assignment of the previous era have continued to influence the composition of Ways and Means in the post-reform period. For both Democrats and Republicans, the support of the candidate's state delegation, the party leadership, and the ranking party member on the committee have been necessary for appointment. The support of Chairman Rostenkowski has been especially important to Democrats because of his membership on the party's Steering and Policy Committee since 1979. Beginning in 1981 the chairs of Ways and Means, Rules, Budget, and Appropriations have been ex officio members as well. Both parties have also followed a state or regional assignment procedure whereby vacancies have been filled by a member from the same state, or more rarely, the same region. Members have continued to be selected who have proven their ability to win reelection, and whose seats have been considered safe. Seniority was less a factor for Democratic assignments between 1975 and 1981, as indicated by the numbers of freshman appointments, but it has again become a consideration since 1981.

Although Democrats opened up the assignment process in the last half of the 1970s, committee members still tended to be responsible party regulars with safe seats. During the Mills era, these characteristics contributed to both partisanship and the need to restrain party conflict. Some of the members appointed in the early post-reform era, however, did not share the goals of the consensus-seeking

CHAIRMEN OF THE COMMITTEE ON WAYS AND MEANS 1975–1989	
Albert C. Ullman (D-OR)	Ninety-fourth–Ninety-sixth Congresses, 1975–1981
Daniel D. Rostenkowski (D-IL)	Ninety-seventh–One Hundred First Congresses, 1981–1989

Mills committee. A number of the younger, more liberal, Democrats were attracted to the committee's impact on policy. The purpose of enlarging the committee and altering its party ratio from 3–2 to 2–1 was to increase liberal representation, but the reform also enhanced the possibility of partisan conflict.

Some of the new members of the committee rejected the traditional consensus politics of the previous period. Some members even opposed their own committee's bills on the floor. One member observed in 1975 that if the committee bill did not reflect his philosophy, "the hell with it." [5] Even Chairman Ullman admitted in 1976, "I don't worry about being defeated on the floor," a statement Mills and members who sought to maintain the committee's winning reputation would have found heretical.[6] The result of the increased partisanship was a committee that found it both more difficult and less important to agree.

The difficulty in reaching a consensus was due in part to the diffusion of power within the committee resulting from the creation of permanent subcommittees and the greater access subcommittee chairmen were accorded to an increased committee staff. Near the end of the Ninety-third Congress, the committee established the six permanent subcommittees mandated by the Committee Reform Amendments: Social Security, Health and Medicare, Trade, Oversight, Welfare, and Unemployment Compensation. The Subcommittee on Welfare was renamed Public Assistance when the subcommittees were reappointed for the Ninety-fourth Congress. Public Assistance and Unemployment Compensation were merged into a single subcommittee for the Ninety-fifth Congress (1977–1979), and it was renamed the Subcommittee on Human Resources in the One Hundred First Congress. The committee also created a new Subcommittee on Miscellaneous Revenue Measures in the Ninety-fifth Congress, which has been titled Select Revenue Measures since 1979.

The existence of subcommittees decentralized decision-making and provided greater access to interest and pressure groups. The committee encountered serious scheduling problems in 1975 as the six subcommittees competed for members' time with the full committee's deliberations on tax matters.[7] More serious was the opportunity that these panels provided to members to pursue their own policy interests. Subcommittee chairmen additionally acquired power within their spheres of influence. For instance, subcommittee chairmen frequently served as floor managers of bills from their subcommittees, rather than the chairman of the committee. They also tended to take the lead in conference committees on those bills. During the Ullman years subcommittee chairmen also acquired access to the committee's vastly enlarged staff.

Chairman Mills had kept the staff small in order to place it under his control. After 1974, the staff increased three-fold from 32 in 1974 to 103 in 1987. The addition of more tax expertise diminished the committee's reliance upon the Treasury Department and the professional staff of the Joint Committee on Taxation. Moreover, the creation of the Congressional Budget Office (with a staff of over 200 in the 1970s) and the House Budget Committee (with a staff of over 80) further diffused information on revenue-related issues throughout the House membership.[8]

Autonomous subcommittees, the diffusion of tax expertise, and the increased partisan and ideological conflict within the committee due to changes in the appointment process all reflected the House's—or at least the Democratic Caucus'—desire to circumscribe the power and influence of the Committee on Ways and Means. The decline in the committee's status from 1973 to 1981 was no accident; it was the inevitable result of the 1974 reforms. The Democratic Caucus wanted a more open, liberal, and responsive committee, whose decisions, unlike those of the Mills committee, would not be sacrosanct but would be subject to change on the House floor. The first post-reform chairman, Al Ullman, shared these goals and assumptions. By relying upon openness, participation, and a decentralized committee structure, his leadership encouraged rancorous partisan confrontations and contributed to charges that he was a weak and ineffective chairman in comparison to Wilbur Mills.

Leadership in the Post-Reform Committee: Al Ullman

Openness and participation were the words that Chairman Al Ullman used to describe his leadership style. In a 1978 interview, he stated, "I don't believe in running a closed shop or too tight a ship." The specter of Wilbur Mills hung heavily over the new chairman as he tried to explain his own leadership role:

> I see my role as altogether different than chairmen used to see theirs. They were worried about image and not losing any bills and not bringing a bill to the floor unless they had

> all the votes in their pockets. You can't operate that way anymore. I see my role as one of leadership and trying to expand the thinking of Congress in new directions in order to meet the long-term needs of the country.[9]

The new chairman had served as the first chairman of the Budget Committee, resigning to become Ways and Means chairman when Mills stepped down. But Ullman could not lead the way Mills had because the Ways and Means Committee and the environment in which it operated had changed.

The open hearings and mark-up sessions encouraged by the reform movement were one example of the changed environment. In 1973, some 30 percent of committee meetings were closed to the public, but in 1975 only 2 percent were closed. Lobbyists and special interest representatives took advantage of open meetings to press their cases. As one member of the committee observed, "Open meetings put special interests into the process and gave them an active input." Another member commented disapprovingly that at one mark-up session, several members of the committee "went down and sat in the audience and talked with a specific interest and wrote an amendment, came back up and offered it." [10]

By 1978, 26 of the 37 members of the Committee on Ways and Means had not served on the Mills committee. By then, it was a new committee in both composition as well as tone, which Ullman had to lead under a new set of guidelines. The reforms in essence demanded a permissive chairman. Ullman allowed subcommittee chairmen to hire staff and to operate with little interference. The larger numbers of liberal Democrats meant that the chairman had to rely more heavily on caucuses of the majority members to formulate coalitions. Perhaps most important, the chairman had to constantly look over his shoulder to see if his actions and decisions would be overruled by the Democratic Caucus.

As Republican Barber Conable of New York put it, "[Ullman's] position depends on his party, not on us." [11] Consequently, the chairman pursued a more partisan role than his predecessor. Committee bills were much less likely to be considered by the House under closed rules, which meant that the majority party would be able to amend, alter, or rescind Ways and Means legislation. Ullman abandoned the previous practice of completing one section of a bill before moving on to the next in mark-up sessions. Rather, he allowed the entire bill to be subject to continuous refinement. This approach lengthened the mark-up process, increased the number of recorded roll call votes, and intensified partisanship.

There had been only 32 and 75 roll call votes in the last two Congresses of the Mills committee, but there were 235, 161, and 112 in the three Congresses of Ullman's tenure. Two political scientists

Agreeing on the need for tax reform but failing to see eye-to-eye on the fine print, Chairman Ullman and President Jimmy Carter discuss their differences in August 1977. That year, a new jobs tax credit backed by Ullman became law as part of the Tax Reduction and Simplification Act. Carter had called the income tax "an insult" because of its complexity, and Ullman came to believe the nation needed a value-added tax to make the revenue collection system fairer.

who have examined these votes have found a pattern of partisan and ideological conflict. The chairman followed a "middleman" leadership style to consolidate his heavy Democratic majority during the Ninety-fourth and Ninety-fifth Congresses, but subsequently he moved to an even more partisan stance, identifying with the liberal bloc in the party. Ullman's strategy proved to be successful in the committee—he was on the winning side on most committee roll call votes—but less successful on the House floor, where the success rate of committee bills fell from over 90 percent to 80 percent. A committee, which during the Mills era had been bipartisan and consensus-seeking, had become more partisan and less effective; or as member James Jones put it, "We have more democracy and less of a good work product." [12]

Committee Legislation, 1975–1980

The impact of congressional reform upon the substance of Ways and Means legislation was not precisely what reformers had hoped for. Committee member William J. Green (D-PA) observed after the first year of the Ullman committee that liberal expectations had proven to be "a lot of journalistic excess," even though the composition of the committee had been altered in a liberal direction.[13] While the ratings of both the liberal Americans for Democratic Action and the conservative Americans for Constitutional Action indicated that the Ways and Means membership was more liberal by 1981 than it had been ten years earlier, the nature of the legislation which it reported did not change dramatically. Opening up the committee procedure, paradox-

On July 26, President Carter signs the Trade Agreements Act of 1979, which liberalized trade. The bill culminated six years of trade talks, known as the Tokyo Round. These negotiations among ministers of more than 100 nations represented the most ambitious and far-reaching international trade talks ever held to that time. The bill, which was unanimously approved by Ways and Means, provided for improved discipline over unfair trade practices, sought to dismantle some existing trade barriers and stop the spread of others, and instituted a better system for settling trade disputes.

ically perhaps, opened tax legislation to demands for even greater tax reductions and benefits that were not always in the public interest.[14]

In the areas of legislation within the committee's jurisdiction, Chairman Ullman encountered serious problems with both Presidents Gerald Ford (in the Ninety-fourth Congress) and Jimmy Carter (in the Ninety-fifth and Ninety-sixth Congresses). He also differed with Speaker Thomas P. "Tip" O'Neill on procedural matters. Ullman preferred to draft his own committee version of tax bills, rather than accept presidential initiatives. Although Ford had extensive congressional experience, Carter's inexperience was painfully obvious. "My impression is that the President [Carter] pays little attention to anyone in Congress, including Al Ullman," ranking Republican Barber Conable observed in 1978.[15] The chairman differed with the President on substantive issues. For example, the committee rejected the President's recommendations to include provisions in the 1977 Social Security Amendments Act removing the ceiling on earnings subject to payroll taxation and providing for the "countercyclical" use of general revenues to finance the system. Because Speaker O'Neill tried to expedite passage of Carter's legislative proposals, he and Ullman did not always agree. The Speaker wanted to create ad hoc committees to consider Carter's energy and welfare reform recommendations, but the chairman favored the traditional committee procedure. Ullman also encountered trouble in conference committee, where Senate forces were led by Finance Committee Chairman Russell Long (D-LA), who was similar in style and temperament to Wilbur Mills, and who was an acknowledged master of the conference committee process.

Following the Tax Reduction Act of 1971, no major tax legislation was enacted until the Tax Reduction Act of 1975 and the more significant Tax Reform Act of 1976. To a certain extent, the personal difficulties of Chairman Mills after 1972 stymied tax reform, but in 1974 he was able to thwart members of his own committee who sought to phase out the oil depletion allowance. The following year, Ways and Means began another round of tax reduction with a new chairman, an enlarged committee, and a Congress eager to reassert itself in the wake of Watergate. President Ford suggested a tax rebate of 12 percent for all taxpayers and an increase in the investment tax credit from 7 to 12 percent. The Committee on Ways and Means significantly altered Ford's proposals by scaling the rebate down to 10 percent on incomes up to $20,000, with a decreasing sliding scale for higher incomes, and by recommending only a 10 percent investment credit. The committee also created a major tax innovation with a 5 percent earned income credit for the working poor. Chairman Ullman bowed to pressures within the committee to eliminate the oil depletion allowance. The Senate dropped the bill's oil provisions (which were restored in conference), but it also doubled the tax cuts. The conference committee produced a compromise closer to the House bill. The Tax Reduction Act of 1975 applied only to that fiscal year, for Congress was already at work on more substantive tax reform.[16]

The Tax Reform Act of 1976 was one of the most extensive tax reform measures in history. It broadened the income tax base by reducing tax expenditures by eight billion dollars and maintained a mildly progressive personal income tax. The new law mounted a concerted attack on tax shelters, tightened the minimum tax, revised certain foreign income provisions of the Internal Revenue Code, made substantial simplifications in some of the most widely used provisions of the tax law, repealed many obsolete provisions, and provided the first comprehensive revision of the estate and gift tax law in nearly 35 years.

The two additional pieces of major tax legislation of Ullman's chairmanship were enacted during Carter's Presidency, but, as scholars have pointed out, the Tax Reduction and Simplification Act of 1977 and the Revenue Act of 1978 bore little resemblance to the President's proposals. In 1977, the Committee on Ways and Means dropped Carter's recommendations for corporate tax reduction in favor of a new jobs tax credit favored by Ullman. The bill also contained provisions on the standard deduction and a tax rebate. The bill was debated under a modified closed rule permitting votes on these provisions. The committee bill survived all votes. The key provision for a new jobs tax credit was defended by the chairman as "a new and simple kind of exciting, dynamic tax concept."[17]

The only significant trade legislation considered by Ways and Means during this period was the Trade Agreements Act of 1979.

Debate concerning international trade in the mid- and late 1970s was dominated by the Tokyo Round (1973–1979), the most ambitious and far-reaching international trade negotiations ever held to that time. The Tokyo Round and the passage of the Trade Agreements Act of 1979 also represented the first major legislative test of the consultative procedure established under the 1974 Trade Agreements Act. Committee members were appointed as official advisers to the negotiations, attended negotiating sessions, met frequently with foreign delegations, and provided advice to the negotiators in periodic briefings.

The President notified Congress on January 4, 1979, of his intention to enter into the agreements. The "fast track" procedure mandated by the 1974 law expedited committee and floor consideration of the implementing bill, which could not be amended following its formal submission by the President. The Subcommittee on Trade held closed executive sessions with administration officials from March to May of 1979 in order to review the agreements and to develop recommendations for the content of the implementing bill. On May 21–23, the Subcommittee on Trade met in closed meetings with the Senate Committee on Finance, together with other committees of House and Senate jurisdiction, to resolve differences in the implementing recommendations. On May 24, Subcommittee Chairman Charles Vanik and Senate Finance Chairman Long announced the resolution of differences and completion of the consultation process. The implementing bill involved extensive changes in U.S. laws, including revisions of the antidumping and countervailing duty statutes. The bill extended the negotiating authority under the special procedures for an additional eight years. The legislation was formally submitted on July 3, 1979, and passed both Houses with only 11 opposing votes. The Trade Agreements Act of 1979 was signed into law by President Carter on July 26.

Although consideration of the trade bill had been characterized by harmony between the two branches, Congress almost completely ignored the Carter Administration's proposals for tax reform in 1978. Chairman Ullman told the President that reform was not possible, but ranking Republican Conable perhaps put it better, "The [administration's] proposals have a lot of appeal . . . provided we don't stick it in the ear of the middle class." In the context of a populist tax revolt, an agreement between Ullman and Conable led to a Ways and Means bill providing for 16.3 billion dollars in tax cuts, which the Senate raised to 29.1 billion dollars. The bill extended or increased tax benefits for broad categories—primarily middle and upper income groups—and for numerous special groups as diverse as the states of Maryland and North Carolina, New York City, the Gallo winery, and two Arkansas chicken farmers.[18]

The defeat of tax reform in 1978 indicated the waning influence of the reform effort that had swept through Congress earlier in the

Forceful and effective leader, Dan Rostenkowski of Illinois accepted the chair of Ways and Means in 1981 rather than seek appointment as party whip for the Democratic majority. He sought to reverse the committee's diffused structure of the 1970s and reinstated the chairman's historical function as power broker. By building consensus through consultation and negotiation, he has steered Ways and Means to viable solutions in the problem-laden fields of tax, trade, Social Security, Medicare, and welfare.

decade. Early in 1979, both Ullman and Senate Finance Chairman Long admitted that any further tax legislation was unlikely until after the 1980 presidential election. The political appeal of supply-side economics, evident in 1978 when Representative Bill Steiger (R-WI) successfully moved in committee to reduce the capital gains tax rate, was confirmed by the 1980 elections. President-elect Ronald Reagan advocated the theory that major tax reductions in individual and corporate tax rates would stimulate economic incentives and increase the revenue base in the long run. For the first time since 1954, the Republicans also won control of the Senate in 1980 (53–46). Although the Democrats retained control of the House 243–192, they lost 34 seats (27 incumbents were defeated), including that of Al Ullman who was defeated by a conservative Republican in Oregon.

The Leadership of Chairman Rostenkowski

The new chairman of the Committee on Ways and Means in the Ninety-seventh Congress (1981–1983) was Dan Rostenkowski (IL). The similarities between Rostenkowski's leadership style and that of Wilbur Mills are striking. When he assumed the chairmanship, Ros-

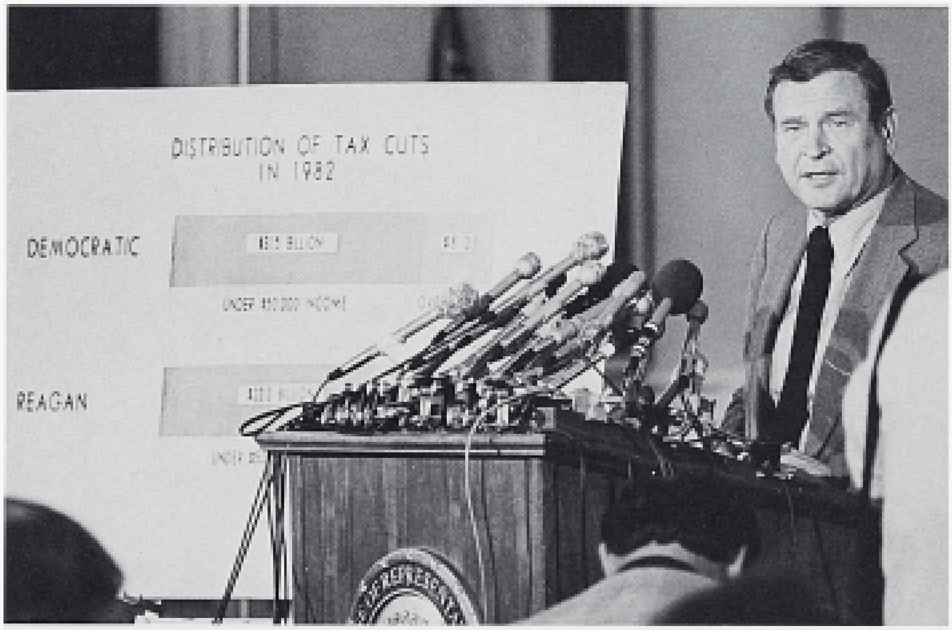
Opposition leaders to President Ronald Reagan's 1981 tax plan, House Speaker Thomas P. "Tip" O'Neill, Jr., left, House Majority Leader Jim Wright, and Dan Rostenkowski tell the press in June 1981 that Reagan's proposed three-year tax-cut package amounts to a "windfall to the rich." O'Neill predicted the House would defeat Reagan's "supply side economics." But the defection of conservative Democrats, a Republican Senate, and a personal television appeal to the public by Reagan clinched a resounding victory for the President's plan.

tenkowski recognized that, unlike Mills, he was not a tax expert, but like his Arkansas predecessor, his goal was to write substantively sound legislation that would receive bipartisan support. In a sharp departure from Ullman, who was less concerned with the success of committee bills than he was with their content, the current chairman has striven to draft sound legislation that would be approved by a majority of his colleagues on the House floor. After a particularly painful loss on his first tax bill in 1981—also a striking parallel to Mills—Rostenkowski has reasserted forceful and effective leadership.

When he assumed the chairmanship, Rostenkowski was a 22-year veteran of the House who was a protégé of Chicago Mayor Richard Daley. "I think that a lot of people assume that because I'm from the big city and from, quote unquote, a machine operation, that all I want to do is play politics," he has observed, but his political education has enabled Rostenkowski to serve as a broker among the competing interests on the committee.[19] The chairman is also committed to maintaining the prestige of the Committee on Ways and Means, which he is fond of referring to as "the Cadillac of committees." He accepted the chairmanship in 1981 because of the committee's importance, rather than taking the post of party whip, the third-ranking position in the House Democratic leadership.

Rostenkowski has acquired considerable influence over Democratic assignments to his committee, having served since 1979 on the

Charting the realities of the 1981 tax cuts, Chairman Rostenkowski shows reporters that people in the upper income brackets would profit the most under Reagan's tax-reduction plan. In contrast, the Democratic plan for 1982, which was drafted by Ways and Means members, would distribute the greatest amount of tax savings among middle-class workers.



party's Steering and Policy Committee. As a party loyalist himself, the chairman has favored the traditional prerequisites for committee membership of experience, safe seats, and party loyalty. In contrast to the nine freshmen Democrats appointed during the three Congresses of Ullman's chairmanship, none has been assigned during Rostenkowski's five-term tenure as chairman.

Committee resources had been decentralized under the previous chairman, but Rostenkowski has centralized control over staff and substantially diminished the autonomy of subcommittee chairs. Rather than allowing subcommittee chairmen to hire staff as Ullman did, the current chairman has permitted them only the one professional staff member and one clerical appointment required by the House rules. Subcommittee chairs typically coordinate with the chairman when planning hearings and other meetings. Although Rostenkowski rarely intervenes or interferes on the subcommittee level, he monitors their deliberations, fully expecting that they will report measures to the full committee that he can support.

In order to encourage consensus, since 1983 the chairman has held more closed committee meetings than his predecessor. Although open meetings during the "sunshine" era of the 1970s were meant to improve the committee's proceedings by exposing them to public scrutiny, the public that attended committee meetings was composed mainly of lobbyists. Committee members appreciate the opportunity closed meetings provide for candid discussion, and they believe that their legislative product is improved because of closed sessions. Bill Frenzel (R-MN), for instance, has reversed his opposition to closed meetings: "Since our meetings have been closed, our work has been

"YOU FIRST, SON"

Taxpayers feel the bite of interest spawned by a monstrous federal deficit in this Herblock cartoon. President Reagan's Economic Recovery Tax Act of 1981 provided the largest tax cut in history for individuals and corporations. Loss of tax revenue as a result contributed to the nation's frightening indebtedness.

"This bill demonstrates for all our Nation's ironclad commitment to Social Security," President Reagan says as he signs the Social Security Amendments Act of 1983. Witnesses at the ceremony on March 24 include J.J. Pickle of Texas, second from left. He chaired the Ways and Means Social Security subcommittee that first proposed remedies to the program's financing problems. Ranking Ways and Means minority member Barber Conable stands at right rear. The bill restored the system to solvency, insuring the continued payment of benefits. Among its financing provisions, the bill laid out a time frame for the gradual increase in retirement age.

less flawed . . . and our consensuses much stronger. I think it's the only way to fly." [20]

Although the chairman prefers to build a consensus through the extensive consultation and negotiation that closed meetings afford, he also knows how to exercise sanctions that were unthinkable in the individualistic and permissive Ullman era—and that are still unusual in the 1980s. Committee members understand and respect the chairman's selective use of power. As is often the case, the mere threat of retaliation has often been just as effective as its actual use, which is most likely what Rostenkowski meant when he once observed, "If you're against me, I might as well screw you up real good." [21] One incident has approached legendary proportions. When Democrat Kent Hance of Texas, a new member of the committee, defected from the committee's position to cosponsor the Reagan Administration's tax proposals in 1981, the chairman reportedly blocked Hance from accompanying a committee group on a trip to China and even had the wheels removed from his chair in the committee's hearing room.[22]

The committee's cohesiveness has increased noticeably during Rostenkowski's chairmanship. Although partisanship remains an active

ingredient in the committee's composition, the chairman has encouraged a feeling of group solidarity. He continually reminds members of their committee's traditions and history. A fraternity-like atmosphere—in the best sense of the term—pervades the committee. Indeed, the analogy to a university setting is doubly apt. Not only does the spirit of camaraderie in the pursuit of a shared interest characterize the committee, but the chairman has also instituted new procedures along lines similar to graduate school seminars.

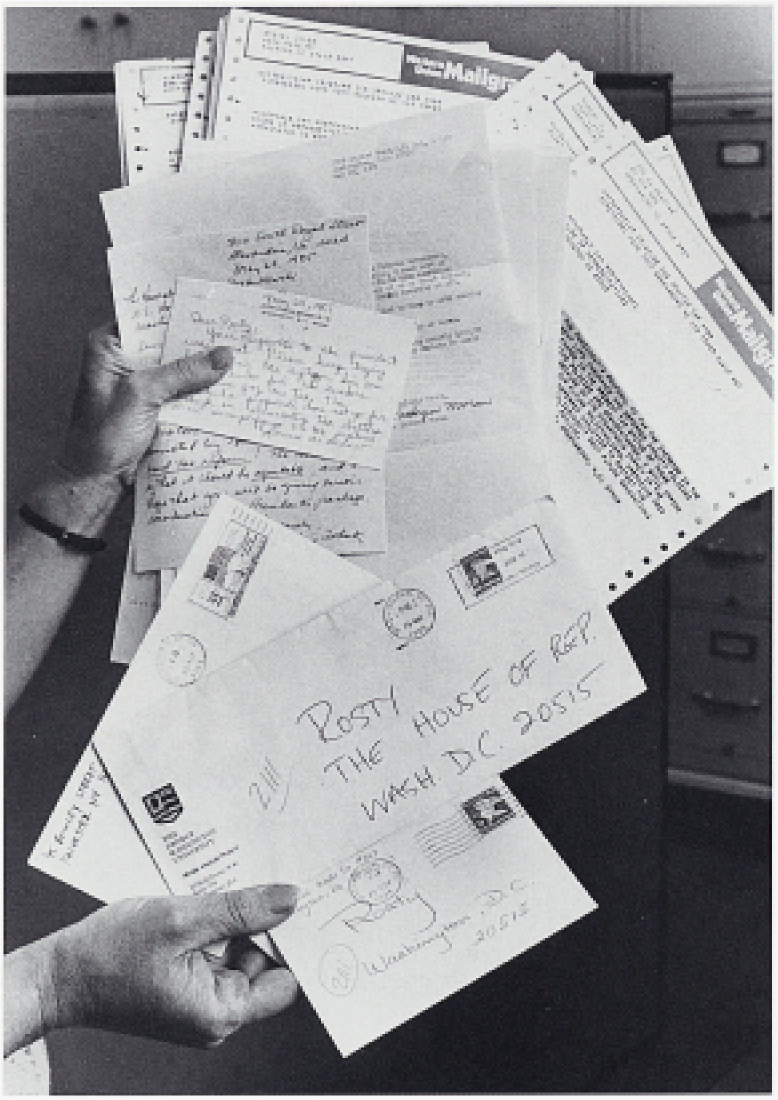
During the committee's tax reform deliberations in 1985, the chairman implemented two new procedures that continue to facilitate the committee's work.[23] The first was the initiation of a series of weekend issue-oriented seminars that have become an annual event for the Committee on Ways and Means. (The first was actually held in 1985 on Medicare issues.) At the direction of the chairman, the majority and minority staffs plan the subject of the seminar and select policy experts to serve as the seminar faculty. Faculty are drawn from "think tanks" and academia and are chosen to represent the widest range of views on the given subject of the seminar. The committee travels to a secluded retreat site where, isolated from family and other

In front of television cameras in May 1985, Chairman Rostenkowski follows President Reagan's television address to the nation and states that he welcomes the President's commitment to tax reform. Reagan earlier had laid out his plan for tax overhaul. Rostenkowski pledged to accept the President's initiative to reform the tax code and urged the public to let their congressmen know that it was time for a tax change. "Write Rosty," he said. In the following weeks, more than 70,000 letters poured in from taxpayers. The House postmaster said that he had never seen so many handwritten letters (right) on a single topic.

distractions, the members are able to interact with one another and the seminar faculty. The chairman encourages informality and frankness in discussions that are off-the-record and nonpartisan. The committee's staff believes that these weekend seminars have improved the personal relationships within the committee, and that they have familiarized members with issues and experts that they will encounter in committee hearings. Ways and Means is the only committee to have adopted this innovative technique on a regular basis.

The second new procedure also seeks to improve the information-gathering process. By their nature, public hearings have certain limitations. Witnesses have little time to present testimony, and members have only five minutes to question each witness. Because of these deficiencies, the committee instituted a series of informal, off-the-record, early morning discussions. Selected witnesses representing differing points of view scheduled to testify that day are invited to discuss the issue in an informal give-and-take session. Away from the public spotlight, members' questions are often more candid, and the information exchanged more useful.

These procedural innovations perhaps best illustrate Rostenkowski's mixture of old and new techniques of political leadership. His use of sanctions, the centralization of resources in the chairmanship, and the emphasis upon bargaining, consultation, and cooperation to achieve consensus are clearly derived from traditional congressional politics. Although such techniques might seem out of place in the



post-reform congress, they work for Rostenkowski, perhaps because he has also encouraged an atmosphere of open and cordial participation. The complicated and technical tax, trade, and Social Security problems that the committee has faced in the 1980s have tested both the committee's capacity to achieve viable solutions and the chairman's ability to lead.

Committee Legislation in the 1980s

After an initial defeat on its 1981 tax bill, the Committee on Ways and Means has rebounded to play a key role in some of the most significant congressional accomplishments of the decade—the 1983 effort to ensure the fiscal stability of Social Security, the 1986 Tax

PARTY RATIOS IN THE COMMITTEE AND THE HOUSE
1975–1989

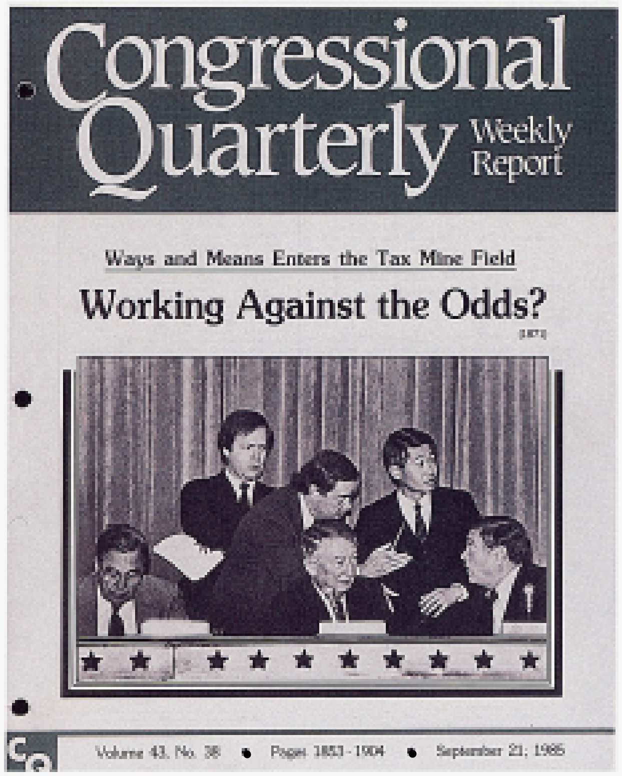
CONGRESS	COMMITTEE	HOUSE	PRESIDENTS
Ninety-fourth (1975–1977)	25 D–12 R	291 D–144 R	Ford (R)
Ninety-fifth (1977–1979)	25 D–12 R	292 D–143 R	Carter (D)
Ninety-sixth (1979–1981)	24 D–12 R	276 D–157 R	
Ninety-seventh (1981–1983)	23 D–12 R	243 D–192 R	Reagan (R)
Ninety-eighth (1983–1985)	23 D–12 R	268 D–166 R	
Ninety-ninth (1985–1987)	23 D–13 R	252 D–182 R	
One Hundredth (1987–1989)	23 D–13 R	258 D–177 R	
One Hundred First (1989–)	23 D–13 R	258 D–175 R	Bush (R)

Reform Act, the Omnibus Trade and Competitiveness Act of 1988, the Medicare Catastrophic Coverage Act of 1988, the Family Support Act of 1988, and several deficit reduction measures.

The committee has operated in the 1980s within the context of divided government and a federal deficit that has grown so large that it dominates public policy debates. Both of these phenomena have had an important impact on the legislative efforts of the committee. Divided government has made cooperation and compromise between the legislative and executive branches much more critical to the successful enactment of legislation. The deficit, in turn, has restricted the legislative options available to policy-makers, even when there is widespread bipartisan support to achieve a particular goal.

The Democratic Party has maintained its control over the House of Representatives, but since the inauguration of Ronald Reagan in 1981, the Republican Party has controlled the Presidency. During the Ninety-seventh through Ninety-ninth Congresses, moreover, the Republican Party also attained majorities in the Senate for the first time since the mid-1950s. During the Reagan years, therefore, the committee had to operate within the context of a potentially obstructionist executive and Senate.

In the case of the 1981 tax bill, the combined weight of the new administration, the Republican Senate, and the defection of conserva-



A two-month markup session on the tax reform bill begins after Labor Day 1985 in the Ways and Means Committee. Shown here are committee members Jake Pickle, Sam Gibbons, and Chairman Rostenkowski, seated left to right, and Bob Matsui, standing at right. An initial setback and slow deliberations raised fears that the bill was doomed. But deft leadership from Rostenkowski, compromises, and a personal visit to Capitol Hill by President Reagan pushed the bill past Republican opposition and through the House. The 1,379-page bill drafted by Ways and Means contained only four rates for individuals, ranging from 15 to 38 percent. In contrast, the old law had 14 such tax brackets, ranging from 11 to 50 percent. The committee's new proposal also lowered the top corporate tax rate from 46 to 36 percent.

tive Democrats defeated the committee's bill. The dramatic fight over the 1981 tax bill proved to be the exception to the rule, however, as the committee, in subsequent legislation, was more successful in reaching consensus among its members and with the White House.

The Economic Recovery Tax Act of 1981 provided the largest tax cut in history for individuals and corporations. With tax cuts spread out over a multiyear period, the law resulted from the Reagan Administration's commitment to supply-side economics. Arguing that the government's taxing power "must not be used to regulate the economy to bring about social change," President Reagan proposed a 30 percent proportionate tax cut in personal rates, increased depreciation allowances, and phase-out of the distinction between earned and unearned income. David Stockman, the Director of the Office of Management and Budget, later revealed that the primary motivation for the cut was to lower the top income tax bracket from 70 to 50 percent. "In order to make this palatable as a political matter," Stockman recalled, "you had to bring down all the brackets." [24]

The Committee on Ways and Means drafted an alternate single-year tax reform package that targeted cuts at the middle class (wage earners between $20,000 and $50,000). The committee's plan included a 10 percent deduction for two earner married couples to offset the "marriage penalty," and an increase in IRA limits. In announcing the committee's proposal, Chairman Rostenkowski declared: "This is

With the difficult task of arbitrating the tax reform bill successfully completed in committee, Rostenkowski celebrates with Ways and Means members Bill Gradison, left, and Marty Russo. Later, toasting the passage of the bill by the House on December 17, Rostenkowski realized that the tax package faced "a bumpy ride in the Senate."

not my package, this is not a Democratic package. This is a consensus package. Components came from all the Ways and Means Committee."[25]

The committee's consensus broke down before the bill came to a vote in the House. Because the Senate Finance Committee, chaired by Republican Robert Dole of Kansas, had been working independently on a tax bill, the bipartisan leadership of both committees met in May to reach agreement on the tax package. Differences between the two groups centered on the timing of the cuts and the targeted income groups. Agreement was reached on a two-year tax cut, but left unresolved was the question of which income group would benefit most. President Reagan rejected the two-year cut and announced that he would support a substitute bill to be introduced by the ranking Republican on Ways and Means, Barber Conable, and a newly appointed Democrat, Kent Hance of Texas, who was also a leader of the Conservative Democratic Forum.

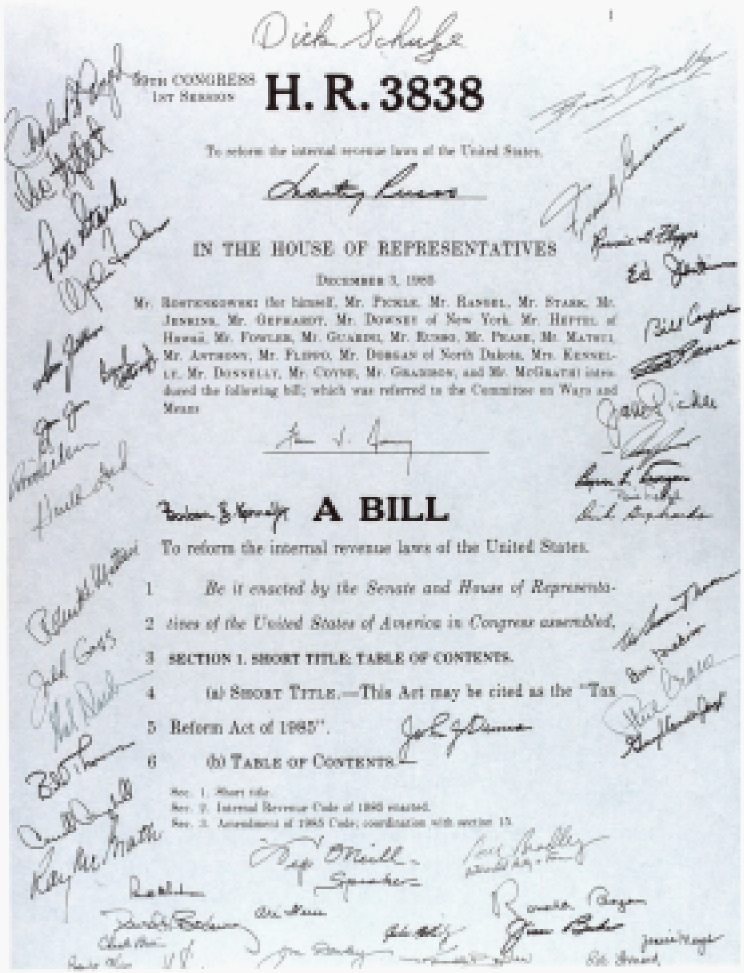
The Conable-Hance substitute package led to a climactic confrontation between the administration's supporters and Democratic forces led by Speaker O'Neill and Chairman Rostenkowski. The President delivered a personal appeal for public support for his version of the tax reduction during a prime time televised speech. The House was deluged with calls supporting the Conable-Hance substitute, which was adopted 238–195, with 48 Democrats in the affirmative. The final margin of victory of the bill was even greater, 323–107. The confer-

Opposition and indifference greets the House tax reform bill as it rolls up to the Senate in this illustration. Through the spring and into the summer of 1986, the Senate considered its own tax reform bill. By autumn, hard bargaining between Rostenkowski and Senate Finance Chairman Robert Packwood had hammered out a compromise. Key provisions were the reduction of tax rates and the removal of six million taxpayers from the rolls, financed by broadening the income tax base. On October 22, President Reagan signed the unprecedented Tax Reform Act of 1986 into law.

ence committee's deliberations were relatively uneventful because of the similarity between the House and Senate bills.

Refinancing the Social Security trust funds became the focus of the committee by 1983. Life spans had lengthened, the postwar baby boom had collapsed, and wage levels had not kept pace with inflation. All of these factors spelled both short-term and long-term trouble for the system. When President Reagan entered office in 1981, the chairman of the Subcommittee on Social Security, J.J. "Jake" Pickle (D-TX), pledged bipartisan support to reach a formula to provide long-term solutions. In February 1981, the Social Security Subcommittee of the Committee on Ways and Means began hearings on the system's financing problems. At the close of these hearings, the subcommittee commenced consideration of short-term and long-term financing legislation that would have provided for the partial financing of the system from general revenues, gradually increased the retirement age, and reduced benefits for persons with pensions from employment not covered by the Social Security system.

The Reagan Administration had formulated its policies on Social Security and announced its financing recommendations on May 12, 1981. The administration's recommendations, Secretary of Health and Human Services Richard Schweiker stated, would "keep the system from going broke, protect the basic benefit structure and reduce the tax burden of American workers." The administration's package included proposals to reduce benefits for early retirement and for workers who retire with a pension based on work that was not covered by Social Security. Benefit levels in general were to be reduced by restraining their growth for five years, and by delaying the automatic cost-of-living adjustment for three months for current retirees.


99TH CONGRESS
1ST SESSION

H. R. 3838

To reform the internal revenue laws of the United States.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 3, 1985

MR. ROSTENKOWSKI (for himself, MR. PICKLE, MR. RANGEL, MR. STARK, MR. JENKINS, MR. GEPHARDT, MR. DOWNEY of New York, MR. HEFTEL of Hawaii, MR. FOWLER, MR. GUARINI, MR. RUSSO, MR. PEASE, MR. MATSUI, MR. ANTHONY, MR. FLIPPO, MR. DORGAN of North Dakota, MRS. KENNELLY, MR. DONNELLY, MR. COYNE, MR. GRADISON, and MR. MCGRATH) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To reform the internal revenue laws of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Tax Reform Act of 1985".

(b) TABLE OF CONTENTS.—

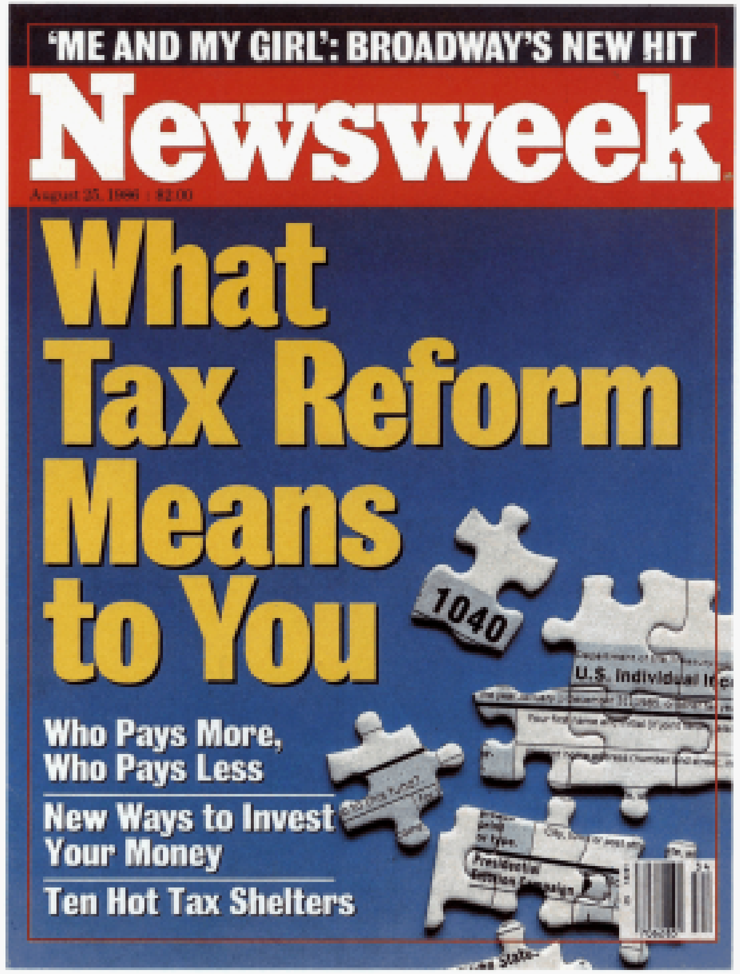
Sec. 1. Short title.
Sec. 2. Internal Revenue Code of 1985 enacted.
Sec. 3. Amendment of 1985 Code; coordination with section 15.

Signatures of Ways and Means members mark the final step of committee deliberations on tax reform bill H.R. 3838. During consideration of the conference report on tax reform, Ways and Means member Guy Vander Jagt commented on the bipartisan cooperation which made the bill possible: "Rosty would not have a bill without Dutch [President Reagan], but Dutch would not have had his bill without Rosty. When historians look back through the prism of decades, they will view the distinguished gentleman from the State of Illinois, Mr. Rostenkowski, as the legislative giant this bill proclaims him to be."

The President's proposals were seen by some critics as being motivated more by a desire to cut federal spending than to solve the Social Security financing crisis. As a result of the opposition to the administration's proposed reform, President Reagan withdrew the proposals on September 24, 1981, and requested that Congress refrain from further consideration of financing legislation during the remainder of the Ninety-seventh Congress. In addition, the President created a National Commission on Social Security Reform (NCSSR) in order to formulate a solution to the system's financing problems. The 15-member commission included two Ways and Means Republicans appointed by Speaker O'Neill—Conable and Bill Archer of Texas—but it did not include either Pickle or Chairman Rostenkowski. The latter two Ways and Means leaders preferred to wait and deal with the commission's report in committee.

On January 15, 1983, the NCSSR announced that it had reached an agreement concerning its recommendations to the President and the Congress. Its report contained a number of general policy state-

The exciting news of tax reform hits the front pages of national publications. This issue of Newsweek *addressed many of the questions of taxpayers about a reformed tax code, one with lower rates and fewer deductions and loopholes.*



ments that were endorsed unanimously by the commission members and a series of 11 recommendations dealing with the short-term financing situation that was characterized as a "bipartisan agreement" approved by 12 of the 15 commission members. However, the NCSSR could reach no decision as to how the long-term financing problem should be solved. Instead, they proposed a series of options for congressional determination. The commission's report was endorsed by President Reagan in his State of the Union speech on January 25, 1983.

A bill embodying these recommendations (H.R. 1900), and containing a provision to gradually increase the retirement age, was approved by the House of Representatives by a vote of 282–140 on March 9, 1983, and by the Senate on March 23, 1983, by a vote of 88–9. The conference committee appointed to resolve differences between the two versions completed its work on March 24. President Reagan signed the act into law on April 20, 1983, stating: "This bill demonstrates for all our Nation's ironclad commitment to Social Secu-

A builder of consensual bridges, Chairman Rostenkowski confers with ranking minority leader on Ways and Means, Republican William Archer. Like Wilbur Mills, Rostenkowski believes that the drafting of sound legislation requires give-and-take between majority and minority members. To encourage a candid exchange among his committee members, the chairman reinstituted closed sessions. Members praise this tactic, saying that it enhances the bond of consensus and strengthens the legislative product.

Collage of legislation: Major issues other than taxes that confronted Ways and Means in the One Hundredth Congress included the Family Support Act, the Omnibus Trade and Competitiveness Act, and the Medicare Catastrophic Coverage Act. A desire by the Reagan Administration to review welfare programs, reduce the trade deficit, and increase medical assistance for the elderly led to the passage of these bipartisan bills, although not always in the form recommended originally by the President.

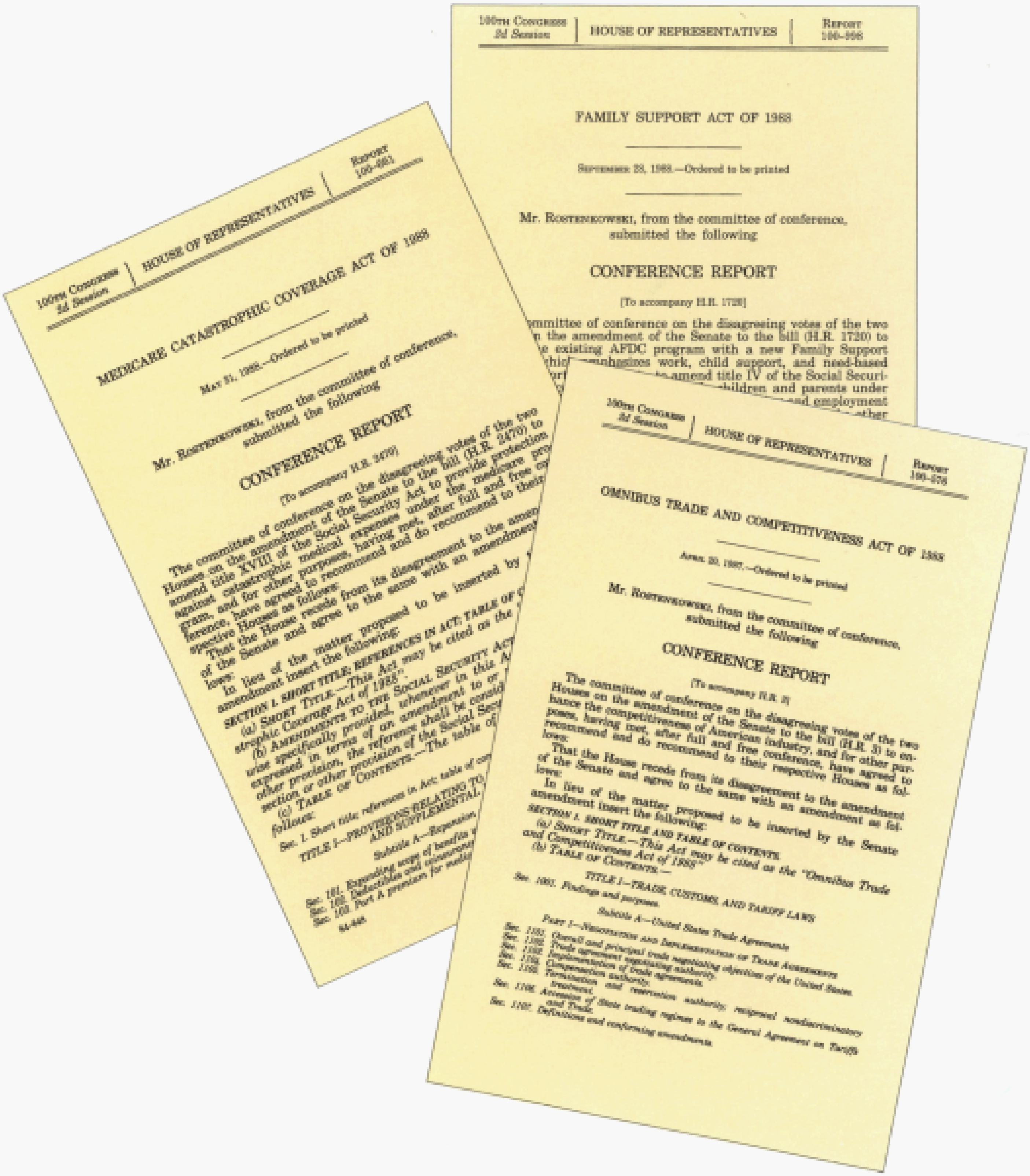
rity. It assures the elderly that America will always keep the promises made in troubled times a half a century ago." [26] Congressional leaders echoed President Reagan's statement.

Tax Reform in 1985–1986

The largest project undertaken by the Committee on Ways and Means during this period was the complete revision of the federal income tax laws, which commenced in 1985.[27] For decades, politicians and citizens had been criticizing the growing complexity of the tax laws. But, paradoxically, each effort to make the laws fairer resulted in new complications. In the early 1980s, Senator Bill Bradley (D-NJ) and Representative Richard Gephardt, a Ways and Means Committee member, came up with a plan that would simplify the tax code by reducing the number of tax rates, then more than a dozen, to a handful, and by paying for the lower rates by eliminating many special tax provisions. In their opinion, rates could be reduced by broadening the tax base.

The tax reform effort became bipartisan when it was endorsed by the Reagan White House. The President set the process in motion with a televised speech in late May 1985. Chairman Rostenkowski, in the televised response, welcomed the administration's commitment to tax reform and promised a bipartisan effort. He concluded by asking the public to "Write Rosty" to voice their support for tax reform. More than 70,000 letters were received in the following weeks.

The committee spent the summer of 1985 taking testimony on the President's plan. In marathon hearings more than 500 witnesses were heard in 28 days. Many hearings were preceded by informal breakfast sessions with witnesses, where there were frank discussions of the tradeoffs that change would require. After Labor Day, the com-


100TH CONGRESS 2d Session
HOUSE OF REPRESENTATIVES
REPORT 100-998
FAMILY SUPPORT ACT OF 1988
Mr. ROSTENKOWSKI, from the committee of conference, submitted the following
CONFERENCE REPORT
100TH CONGRESS 2d Session
HOUSE OF REPRESENTATIVES
MEDICARE CATASTROPHIC COVERAGE ACT OF 1988
Mr. ROSTENKOWSKI, from the committee of conference, submitted the following
CONFERENCE REPORT
100TH CONGRESS 2d Session
HOUSE OF REPRESENTATIVES
OMNIBUS TRADE AND COMPETITIVENESS ACT OF 1988
Mr. ROSTENKOWSKI, from the committee of conference, submitted the following
CONFERENCE REPORT

MILESTONES IN THE HISTORY OF THE COMMITTEE 1975–1989

1975	Tax Reduction Act of 1975
1976	Tax Reform Act of 1976
1977	Social Security Amendments of 1978
1978	Revenue Act of 1978
1979	Trade Agreements Act of 1979
1981	Economic Recovery Tax Act Omnibus Budget Reconciliation Act of 1981
1982	Tax Equity and Fiscal Responsibility Act of 1982
1983	Social Security Amendments Act of 1983
1984	Deficit Reduction Act of 1984
1985	Consolidated Omnibus Budget Reconciliation Act of 1985
1986	Tax Reform Act of 1986 Omnibus Budget Reconciliation Act of 1986
1987	Omnibus Budget Reconciliation Act of 1987
1988	Catastrophic Coverage Act of 1988 Family Support Act of 1988 Omnibus Trade and Competitiveness Act of 1988.

mittee began to work on a bill of its own, starting with a weekend retreat at Airlie House in nearby Virginia. Chairman Rostenkowski subsequently put before the committee a draft bill representing his understanding of the committee's consensus. The hearing room was reconfigured so that all members could see one another during the ensuing discussion, most of which was in closed session. Bargaining began slowly. Abandoning existing tax preferences did not come easily. Ultimately, two issues marked the turning points of the debate. The first problem was disagreement over the chairman's opposition to an existing tax provision under which banks set aside funds to protect themselves against potential bad debts. Chairman Rostenkowski temporarily halted the proceedings when the committee voted to actually expand rather than tighten the provision. The press was critical and began writing an obituary on tax reform. By the time the committee was recalled a week later, the members were ready to reverse themselves—and quickly did so.

Meanwhile, a bloc of committee members created a second stumbling point—over whether state and local income and property taxes should remain as federal tax deductions. Both President Reagan and Chairman Rostenkowski sought to end this deduction. But representatives of high-tax states, particularly New York, found this unpalatable. Ultimately, the deduction for state and local income taxes, but not

A Ways and Means member in the 1960s, President-elect George Bush discusses the upcoming One Hundred First Congress with Chairman Rostenkowski in December 1988. Both leaders have pledged bipartisan cooperation as the pressure of tax and trade laws and the federal deficit impose an ever increasing burden on the Ways and Means Committee.

sales taxes, was retained. With this compromise, and with the creation of ad hoc task forces to make recommendations on specific issues, the committee completed a 1,379-page bill that included only four rates for individuals, ranging from 15 to 38 percent. The old law had 14 such brackets, ranging from 11 to 50 percent. The top corporate tax rate was reduced from 46 to 36 percent.

As the committee proceeded with its bill, Chairman Rostenkowski scheduled a series of breakfasts and luncheons with groups of Democratic members. At each he presented a progress report, solicited questions, and asked members not to make a public decision until they had seen the entire bill. He had earlier elicited a similar promise from the President. But the chairman's efforts to expedite a floor vote were unable to overcome Republican opposition. The rule to bring the bill to the House floor was initially defeated, with most Republicans voting against it. President Reagan then made a quick trip to Capitol Hill and defended the committee's work as a starting point. Enough Republicans changed their vote on the rule to allow consideration of the bill. The bill itself was shouted through without a recorded vote. As Chairman Rostenkowski savored his committee's difficult but gratifying victory in the House, he realized that the House bill faced "a bumpy ride in the Senate." [28]

The bill drafted by the Senate Finance Committee, chaired by Robert Packwood (R-OR), differed from the House bill on most key provisions. The Senate bill included only two individual income tax brackets—15 and 27 percent. It also lowered the upper corporate tax rate from the 36 percent figure of the House bill to 33 percent. Among other changes in the 1,489-page Senate version was a limitation of the deductibility of sales taxes to 60 percent of the amount paid in excess of state and local income taxes. Rostenkowski chaired the ensuing conference and set the agenda by announcing that he would accept the lower Senate rates if the House could prevail on many issues of reform. "If [we] have one mission, it's to guarantee fairness for middle-income families," he said.[29]

The conference involved nearly a month of hard bargaining between Rostenkowski and Packwood. The two leaders finally agreed on a compromise that raised the top individual rate of the Senate version to 28 percent, the top corporate rate to 34 percent, eliminated the sales tax deduction, and removed six million taxpayers from the tax rolls through increases in the personal exemption and standard deduction. Although it is too soon to render historical judgments on the Tax Reform Act of 1986, tax scholars, students of congressional procedure, and members of Congress alike were astounded by its passage. "Overhaul of the tax code! My God, I didn't think I'd see that in my lifetime," observed one senior specialist in the Library of Congress' Congressional Research Service. Republican committee member Bill Frenzel admitted that even though he did not like everything about the bill, "you've got to consider it our biggest accomplishment."[30]

Although the committee's involvement in the tax legislation of 1981 and 1986 and the Social Security rescue plan of 1983 have been its most dramatic and well-publicized actions, the legislative record of the One Hundredth Congress provided other examples of the committee's varied and busy agenda.

The Omnibus Trade and Competitiveness Act of 1988 was the result of a three-year effort to address the nation's burgeoning trade deficit and to avoid protectionist measures. High unemployment and a worsening trade deficit created much interest in trade reform but little consensus about the proper approach. A trade bill had passed the House late in the Ninety-ninth Congress, but even its supporters did not expect it to become law. The administration's decision at the beginning of the One Hundredth Congress to support a trade bill made the crucial difference in the bill's passage.

Although the issue of Medicare coverage of the costs of catastrophic illness had been discussed for some time, it was not until President Reagan's Secretary of Health and Human Services, Dr. Otis R. Bowen, advocated such coverage that the idea had some realistic chance of becoming law. The endorsement of such a plan by a con-

With a firm grasp of the historical role of Ways and Means, Chairman Rostenkowski confidently presides over the committee as it begins its third century. His conviction that the role of a legislator is to make difficult decisions in the face of political pressure led him to comment during the debate on the Tax Reform Act of 1986, "Do we want to give back to middle-income taxpayers the fairness they don't believe will ever come, or do we want to preserve the status quo that goes hard on the poor and easy on the rich? What's more important, the special interest or the public interest?"

servative Republican President allowed the committee to move forward without being charged with budget busting. The committee, under Rostenkowski, expanded the administration's proposal, but not so much that the bill lost the support of the President. The financing of the program under the committee bill was made more progressive, but it retained an important feature of the President's proposal: The elderly themselves were to bear the cost of catastrophic health insurance.

Similarly, President Reagan's call for a review of the country's welfare system in his State of the Union address in 1986 provided the momentum for the passage of the Family Support Act of 1988. In the development of this legislation, liberal concerns about the erosion of welfare benefits and the need to improve the health and well-being of welfare recipients were balanced against the conservative theme of work requirements for welfare recipients.

The Committee on Ways and Means remains among the most important and active of all House standing committees, performing a large share of the legislative business of the House. From the Ninety-fifth through One Hundredth Congresses, for instance, the House referred nearly one-fourth of all public bills to the Committee on Ways and Means. The committee was referred 3,922 bills (22 percent of all public bills introduced in the House) in the Ninety-fifth Congress, 2,372 (22.8 percent) in the Ninety-sixth Congress, 2,414 (26.3 percent) in the Ninety-seventh Congress, 1,904 (23.5 percent) in the Ninety-eighth Congress, 1,568 (20.8 percent) in the Ninety-ninth Congress, and 1,419 (22.1 percent) in the One Hundredth Congress.[31]

The enormous growth of the federal deficit during the 1980s, moreover, has significantly increased the committee's role in determining domestic public policies. In January 1981, the public debt of the United States totaled 741 billion dollars. Eight years later, in January 1989, it stood at 2.1 trillion dollars. Legislative efforts to reduce the deficit have dominated much of Congress' legislative agenda during the 1980s. Omnibus deficit reduction bills, containing both spending reductions and tax increases, were enacted in 1981, 1982, 1984, 1985, 1986, and 1987. Tax and spending provisions within the committee's jurisdiction accounted for 70 percent of the total deficit reduction achieved in these acts, totaling approximately 300 billion dollars.

As the committee begins its third century, the deficit appears to be firmly established as the single most important issue facing the Congress. Budget deficits and divided government continue to form the framework for the committee in the One Hundred First Congress. Republican George Bush, a former member of Ways and Means, was elected President in 1988 on a platform that pledged declining deficits and no new taxes. Chairman Rostenkowski and the Democratic majority, accustomed to dealing with a Republican administration, expressed hope that compromises might be achieved to reduce the deficit. Speaking before a group of university students on February 27, 1989, the chairman stated: "There's got to be some compromises. Maybe, in the end, we'll swallow some tax enhancement of revenues. I quess I don't read lips too well. I think the deficit is serious and has to be faced." [32] With jurisdiction over both the tax laws and 40 percent of federal spending programs, it seems certain that the committee will continue to be called upon to bear a great deal of the legislative burden of addressing the deficit.

Conclusion

After two centuries, the Committee on Ways and Means continues to perform the function for which it was created: to raise revenue to support the federal government. The process has changed and the product has become ever more complex, but the purpose remains the same as that expressed in the 1794 resolution instructing the committee to "inquire whether any, or what further or other revenues are necessary . . . [and] to report the ways and means." [33] When the First Congress convened in 1789, the new nation faced an uncertain future with a heavy public debt. The federal deficit and foreign trade imbalance confronting the One Hundred First Congress continue to test the ability of the Committee on Ways and Means and the Congress to devise viable solutions to pressing national problems.