

UNITED STATES SENATOR • IOWA
CHUCK GRASSLEY

press@grassley.senate.gov

<http://grassley.senate.gov>

Floor Statement of Sen. Chuck Grassley, of Iowa
Latest Roadblock to Economic Stimulus Deal
Friday, December 7, 2001

Mr. President, I rise to address the status of the negotiations on an economic stimulus package. I report to the Senate as the lone Republican Senate negotiator.

Yesterday's Roll Call quotes numerous Democratic senators as saying Senate Democrats won't agree to any stimulus deal unless the package has the support of two-thirds of the Democratic caucus. I ask unanimous consent that a copy of the article be placed in The Record.

As a preliminary comment, I want everyone to know something loud and clear. I am here to do the peoples' business. My Republican Caucus is here to the peoples' business. We are in an extraordinary time, Mr. President. Our nation is at war. Our commander-in-chief, President Bush, is occupied with the war effort. Our responsibilities to the people the sent us here are always high, but they're extraordinarily high in this time of war. This is not a time to play political games with the people's business. In my view, we have a high duty to deliver a legislative product to the President on economic stimulus and aid to dislocated workers. I have committed all of my energy to get to the goal line on a package. I believe my Chairman, Senator Baucus, also sincerely wants a stimulus package that the President can sign. When you look at the record, however, I am doubtful the Senate Democratic Leadership really wants a package.

Let's take a look at how we got here. The President has asked us, the House and Senate, to send him a legislative product on economic stimulus. The President took the lead by proposing economic stimulus measures and a package of aid to dislocated workers. Chairman Greenspan gave us a green light on this effort about two months ago. The House passed a bill that the Senate Democrats, with some justification, viewed as partisan. The Senate Democratic Leadership then responded with its own partisan bill, shut out all Republicans, and rammed it through the Finance Committee on a party line vote. That partisan stimulus package dead-ended here on the Senate floor. We're were stuck on in a partisan rut for awhile.

After much negotiation, the House and Senate leadership on both sides agreed to an extraordinary procedure. It's what I'd call a "quasi conference." This agreement contemplates a conference agreement even though the Senate did not pass a bill on the subject matter. This agreement was a major concession by the House to Senator Daschle's insistence that Democrats have only one negotiation. Keep in mind Senator Daschle insisted on one negotiation with a partisan product that has not passed the Senate because it was designed to be partisan. Republicans accommodated the Senate Democratic Leadership. After that agreement was reached, I felt some optimism. It seemed that all sides realized it is our job to get this legislative product to the President. My optimism was a bit premature.

Now, there has been a lot of speculation about whether the Senate Democratic leadership really wants a stimulus deal. Some say that, inspired by Democratic interest groups and strategists, the Senate Democratic leadership has concluded that it is better to have an issue. The speculation is that armed with polling data, the Senate Democratic leadership has decided on a strategy of covertly killing a stimulus package while maintaining a public profile of support. If the economy doesn't recover, better to save the issue to use against the President and the other side for the fall 2002 elections. If the economy does recover, from a political standpoint, what's lost? Better to wait and see, the speculation runs, than to give any more tax relief at this time.

Mr. President, such a strategy, if it is the case, is particularly disappointing in wartime. It is a cynical strategy. If true, it short changes American workers and struggling businesses for an anticipated political shot. It makes economy recovery and aid to dislocated workers secondary to a partisan political objective. I'd ask is that how we ought to be operating in wartime? Though I've heard and read this speculation, I'd hoped, that it was not true.

So, Mr. President, let's say I was a bit shocked when I read the Roll Call article yesterday. After reading the article, I concluded Democratic leaders are traveling back in time. They're regressing, not progressing. They're regressing to earlier contentions that the stimulus package had to be a Democratic product or nothing at all. I thought we'd moved past that, and on to negotiations to build a bipartisan stimulus package.

Instead, it appears the Democratic leaders don't want any real compromise. First, they've engineered a nearly impossible threshold. Second, they're conducting what appear to be required consultations between the Democratic negotiators and the rest of the Democratic caucus. If they're trying to prevent a stimulus deal, this is the way to do it.

It's important to remember the Senate is split nearly down the middle. There are 50 Democrats, 49 Republicans and one independent, yet the litmus test set up by the Democratic leadership ignores the Senate's make-up. By its terms, this litmus test is designed to limit any agreement to a Democrats-only deal. Because it ignores the reality of an evenly split Senate, this litmus test guarantees failure. If the Democratic leaders really mean what they say, that they want a stimulus bill, I'd ask them to remove the partisan litmus test. Any litmus test ought to go to the substance of the package.

Mr. President, let's get back to the substance. We're not that far apart. Let's not hold the stimulus package and the aid to dislocated workers hostage to an arbitrary and destructive test like the two thirds rule. I have been flexible on Republican priorities. It's time for the Democratic leadership to show some flexibility on Democratic priorities. The first sign of flexibility will be to remove a barrier, the two-thirds rule, that guarantees failure. I yield the floor.

[For insertion in the record.]

Roll Call – December 6, 2001

Democrats Set Stimulus Hurdle; Senators Require Supermajority
By Paul Kane

Setting a high threshold for negotiating an economic-stimulus package, Senate Democrats have decided they will not accept any

deal unless roughly two-thirds of their caucus agrees to support the final product.

Before agreeing to begin bipartisan, bicameral negotiations on a final stimulus plan, Majority Leader Thomas Daschle (S.D.) told his caucus last week that Democratic Senators in the House-Senate conference would not agree to a stimulus deal if there was significant opposition from within Democratic ranks.

"They're not going to agree to anything unless a significant majority of the caucus agrees with it," said Sen. Kent Conrad (D-N.D.), chairman of the Budget Committee and a Finance Committee member. "It's got to be a significant majority, two-thirds of the caucus."

Other Democratic Senators confirmed that the high bar for a stimulus deal was set around a two-thirds majority, although some said Daschle left wiggle room in case he feels the deal is good and he doesn't have precisely that much support.

"I don't think it's a hard-and-fast number," said Sen. John Breaux (D-La.), a senior Finance member.

Breaux said he remained hopeful that a deal could be reached that would gain enough Democratic support for a final package, but added, "It's going to be tough."

Asked about the threshold for reaching a deal, Sen. Jim Jeffords (I-Vt.) said, "It's a high one."

Negotiations continued yesterday among six key lawmakers trying to hammer out a stimulus deal: Senate Finance Chairman Max Baucus (D-Mont.); Sens. Jay Rockefeller (D-W.Va.) and Chuck Grassley (R-Iowa), ranking member on Finance; House Ways and Means Chairman Bill Thomas (R-Calif.); House Majority Leader Dick Armey (R-Texas); and Rep. Charlie Rangel (D-N.Y.), ranking member on Ways and Means.

Although some progress was reported on those talks, Senate Republicans worried that the Democrats were setting an impossible bar for reaching a deal and openly questioned whether Baucus' caucus colleagues trust the Montana Senator, who helped Grassley write a \$1.3 trillion tax cut last spring.

"I would hope we would not put [in place] this artificial threshold that is almost impossible to achieve," said Sen. Olympia Snowe (R-Maine), a key moderate on Finance. "Why do that? To set up failure? I hope not."

Snowe said the narrow margin in the Senate gave neither side the right to predetermine how many votes would come from their caucus, but rather mandated that negotiators shoot for a deal that cobbles together 51 votes, or 60 if needed to break a filibuster. "That is the essential marker here," she said.

An aide to Senate Minority Leader Trent Lott (R-Miss.) indirectly suggested that Daschle and Democrats simply don't trust Baucus. "Senator Lott has said this before and he'll say it again: He has every confidence in Senator Grassley's ability to negotiate a real economic security package on behalf of Senate Republicans," said Ron Bonjean, Lott's spokesman.

Baucus drew the ire of many Democrats when he and Grassley co-wrote the Senate tax package, most of which became law. On final passage, the bill was supported by just 12 Democrats. In the process, Baucus received numerous tongue lashings from colleagues at Democratic caucus meetings, including one exchange in which Daschle told Baucus he did not have "the authority" to negotiate a deal with Grassley.

Conrad acknowledged that requiring a caucus supermajority for the stimulus deal was "unusual", but said the circumstances in this negotiation - not the party's faith in Baucus - necessitated setting the high threshold. Conrad recalled Senate Democrats setting similar bars for approval of year-end budget deals in the early 1990s, including the 1990 compromise struck with the first Bush administration.

"We've not had an ending to a session quite like this one," Conrad said, noting that the Sept. 11 attacks, anthrax letters and a worsening recession have contributed to leaving Congress months behind in finishing up its business. "It's important that the caucus be behind any deal. We're not going to sign up to anything unless a substantial majority agree."

Conrad noted that it was both Daschle and Baucus who made the pledge to the caucus that a two-thirds majority would be required for a deal - a promise made at a caucus meeting held last Thursday to discuss the stimulus negotiations.

Jeffords, who caucuses with Democrats, said the feeling was that the stimulus plan was so crucial that everyone agreed a wide consensus was needed, not that the Senators needed any check on Baucus. "Max is doing a good job. I haven't heard anybody complaining."

Aides to Baucus agreed that the caucus is unified in this

approach, noting that his plan to expand unemployment and health care benefits and reduce some business taxes had unanimous support in the body.

"We're hopeful that the package we negotiate is one that reflects the solid core principles we've been talking about since the beginning of this debate," said Michael Siegel, Baucus' spokesman.

Other Democrats contended that the bigger problem with negotiations is trying to forge a compromise with the House Republican plan, which is primarily tilted toward business taxes. Digging in for a fight, Senate Democrats from both wings of the caucus said they would rather kill the stimulus plan than give away too large a corporate tax break.

"The better alternative may be no bill at all," said Sen. Robert Torricelli (N.J.), one of the 12 Democrats to support the tax-cut bill in the spring. "I would rather see that money stay in the treasury."

"I would rather see no stimulus than that," said Sen. Dick Durbin (Ill.), an assistant floor leader to Daschle.

Durbin said it was increasingly doubtful that a stimulus plan would pass, considering there are just two weeks left before the Christmas break. He noted it took a week to lay the ground rules for the conference and determine who would take part.

"Do the math. We took a week to set the table and say who would sit where," he said.

Not a negotiator himself, Daschle has set up a system to monitor the talks, including Breaux, a key moderate, in postconference meetings in his office with Baucus, Rockefeller and possibly Rangel.

Before substantive talks began this week, Rockefeller signaled that he intended to take a very hard line on the package. "I'm not much of a compromiser," he said.

But Baucus believes that moves by Thomas this week to offer unemployment extensions were a sign of compromises to come, Siegel said. "It's clear that we're making progress."

The entire Democratic caucus, however, will be the final jury on that outcome. "It was a commitment people wanted to hear," Torricelli said of the two-thirds majority decision.