

## Congressional Closeup by Carl Osgood

### Milk price addressed by three new bills

On Feb. 4 and 5, three different pieces of legislation to deal with low milk prices were introduced in the Senate. Two of the bills, sponsored by Herb Kohl (D-Wisc.) and Russ Feingold (D-Wisc.), with companion bills in the House sponsored by David Obey (D-Wisc.), demand increased regulation of the National Cheese Exchange (NCE) and reduction of the effects of NCE actions on average milk prices paid to dairy farmers.

Both Kohl and Feingold, in remarks inserted into the *Congressional Record*, expressed concern that the NCE is too easily manipulated to be allowed an important role in the setting of milk prices. Kohl said the most important thing to do, is "to find a market that will be more reflective of supply and demand and to eliminate any potential for manipulation in price discovery."

Whether or not the recent price decline was "because the National Cheese Exchange is a poor indicator of market conditions or because traders intentionally drove the price down is irrelevant," Feingold said. What is important, he said, is the "perception" that it was manipulated, and that's enough to warrant its retirement. He said the two bills "will go far toward resolving some of the problems that have led to the recent milk price plunge that has cost this country's family farmers so dearly."

The third bill, introduced on Feb. 5 by Sen. Thad Cochran (R-Miss.), assumes that the reason for the milk price collapse is that farmers were overproducing out-of-season. What Cochran proposes is to reinstitute seasonal base plans for milk marketing orders. "This results in more stable production in the fall and winter, when there is an economic disincentive for dairy farmers

to produce milk, and thereby ensures stable milk prices to consumers," he said.

### Bumpers: What goes up must come down

Dale Bumpers (D-Ark.) took a swipe at the proponents of the capital gains tax cut, noting the loss of revenue that would result, and he raised the relationship of the tax cut to Wall Street, implying that those tax-cut giveaways would be swept away in a stock market crash. During a speech on the Senate floor on Feb. 4, Bumpers said that the Republican tax-cut proposal would cost \$33 billion over the next five years and \$111 billion over the next ten years in lost revenue, according to the Republicans' own estimates.

"Who do you think gets the majority of the benefit?" he asked. "It is the people who own stock in Microsoft and Intel and IBM. It is the people who are big investors in the stock market."

Bumpers attacked the notion that taxes could be cut and the budget still balanced. "It has never worked, and it never will. . . . If you are going to cut taxes, cut taxes for people who honestly need the money." He added, "If you cut capital gains, with 75% of the benefit going to people who make over \$100,000, where is it going to go? Probably into the stock market. The mutual funds are putting \$15 billion a month into the market right now. Who here believes that the stock market can absorb those kinds of investments? Everything that goes up has to come down at some point or another."

Unfortunately, Bumpers put his remarks in the context of an incorrect assumption that the economy is booming, claiming that the fourth quarter 1996 growth rate was 4.7%.

"You have an economy that is performing absolutely magnificently," he claimed, and, with the Federal deficit coming down the last four years, there is no need for what he called "pandering."

### Gephardt gives push to Families First Agenda

House Minority Leader Richard Gephardt (D-Mo.) said on Feb. 7 that the House Democrats "intend to make ourselves as big a nuisance to the Republicans as necessary to win passage" of the Families First Agenda. He said this tactic worked in the last Congress in getting the minimum wage increase and health insurance reform passed, and he expressed confidence that with "willingness to work together on both sides," the Families First agenda can reach President Clinton's desk.

Gephardt accused Republicans of having a "parliamentary view" during the 104th Congress. "They wanted to get all the votes for every measure on their side," he said. He warned that if the Republicans stick to this view in the 105th Congress, "then we'll kind of have a replay of the last two years."

Gephardt made his remarks at a press conference following a House Democratic Caucus retreat that took place the day before at Gallaudet University, to discuss the Democratic agenda for the 105th Congress.

Democratic Caucus Chairman Vic Fazio (D-Calif.) said that the discussions went on for 13 hours, and "we found, despite all the diversity that our caucus is renowned for, that there was a great deal of commonality." He added, "Democrats are increasingly finding it possible to come together on principles and on approaches and on

working with the administration to enact our goals." Fazio concluded that the Democrats "came out of this caucus stronger, more resolute to stand up with our very, very strong minority position to reach out to those moderate Republicans who we think really share our values and really ought to share our politics if they're interested in political survival."

### **Chafee bill would privatize infrastructure**

On Feb. 5, Sen. John Chafee (R-R.I.) introduced a bill to provide for the private financing of infrastructure projects. Chafee acknowledged the huge need for infrastructure investment throughout the United States, but said that the need "comes at a time when we in Congress are desperately looking for ways to reduce spending to balance the budget," hence, the need to bring in private capital to build infrastructure. "To help meet the nation's infrastructure needs, we must take advantage of private sector resources by opening up avenues for the private sector to take the lead in designing, constructing, financing, and operating highway facilities," he said. In order to increase private sector participation, the "tax code's bias against private sector participation must be addressed."

Chafee's bill would set up a pilot program for tax-exempt financing for highway privatization. The number of projects would be limited to 15, and the total amount of financing would be limited to \$25 billion. He said the projects selected must meet certain criteria: they must serve the general public, be on publicly owned rights-of-way, revert to public ownership, and come from a state's 20-year trans-

portation plan. These criteria will "ensure that the projects selected meet a state or locality's broad transportation goals."

What Chafee didn't address is how the bankruptcy of a private highway project, like that which has developed with the Dulles Greenway in northern Virginia, would be avoided.

### **Thompson investigation budget request attacked**

On Feb. 6, the Senate Rules Committee held a hearing on the request of Governmental Affairs Committee Chairman Fred Thompson (R-Tenn.) for \$6.5 million for the committee, to fund an investigation into campaign fundraising during the 1996 Presidential election. Thompson rejected Democrats' calls for a much smaller investigation with a narrowly defined scope, a \$1.8 million budget, and a one-year time limitation on the investigation. Thompson insisted that the full amount he requested is needed, to ensure a "thorough inquiry into issues raised by Democrats as well as Republicans."

The Rules Committee could not complete action on Thompson's request because of Democrats' objections. Senate Majority Leader Trent Lott (R-Miss.) reacted angrily after the hearing, accusing Democrats of having "ambushed" Thompson and of challenging his leadership of the committee.

The next day, Minority Leader Tom Daschle (D-S.D.) denied that Democrats were challenging Thompson's leadership. "We were trying to more clearly specify what he means by the vast scope that he was implying with his original scope proposal. He said anything that falls within the pur-

view of the Government Affairs Committee. Well, that's wide open."

Daschle added, "My concern is that this investigation not go on for years and years and years." Daschle pointed out that Thompson has already said he needs 80 investigators. "If he knows the number of investigators, you'd think he'd also have some sense of how much time it would take. . . . We're not trying to confront him. We have to be able to work it out."

### **Smith pushes NAFTA free trade on Argentina, Chile**

Bob Smith (R-Ore.), the new chairman of the House Agriculture Committee, said at a press conference on Feb. 10 that fast track negotiating authority "ought to be worked out" for both Chile and Argentina to be brought into the North American Free Trade Agreement (NAFTA).

Smith had just returned from a trip to both countries, and was full of praise for their "economic transformations." He said that Chile and Argentina are "both stable" and "growing rapidly," but that there are issues that need to be worked out with both of them before they are admitted to NAFTA. Smith complained that agricultural trade is primarily one way, from those two countries to the United States, to the tune of \$2 billion a year, because of non-tariff barriers erected by both countries against U.S. agricultural products. Smith said, "They ought to allow us into their markets," even though U.S. interest in the Chilean and Argentine markets is small compared to their interest in the U.S. market.

Smith added that the issue of non-tariff barriers should be raised with Chilean President Eduardo Frei when he visits Washington at the end of February.