THE HOUSE COMMITTEE
ON WAYS AND MEANS

DISSERTATION

Presented in Partial Fulfillment of the Requirements for the Degree Doctor of Philosophy in the Graduate School of The Ohio State University

By

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INTRODUCTION

Woodrow Wilson's characterization of American government as "government by the Standing Committees of Congress" is no longer accurate. His general description of Congress in committee as Congress at work, however, remains largely true. For that reason alone, one might expect knowledge about Congress to grow correspondingly with a growth in knowledge about Congressional committees.\(^1\)

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Approach to the study and its objectives. A number of approaches could be taken to the study of Congressional committees, with variations in style, judgment, use of data, and purpose. The approach of the present study of a single Congressional committee -- the House Committee on Ways and Means -- is functional: it seeks to determine the role of the committee within the Congressional system, and the consequences for that system of committee patterns of behavior.

Recent studies of Congressional committees have tended to analyze or describe a specific feature of a particular committee: role playing,^3 specifically with respect to styles of representation,^4 self-integration,^5 workload and job performance.^6 Each of these approaches constitutes a legitimate and valuable path of inquiry into the complexities of Congressional organization and procedures.

The committee system has always been the heart of legislative activity in the House of Representatives, although it was characteristic of the House to exercise greater control over committees in its early history than now. The precedent for the use of committees -- select, standing, and the Committee of the Whole -- came from the English House of Commons and the colonial assemblies, particularly those of Virginia

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^3Huit, op. cit.
^4Jones, op. cit.
^5Fenno, op. cit.
and Pennsylvania. At the outset, the House established a select committee for every bill or claim, and for its first quarter century relied largely on select committees. From the start, however, the House also established permanent standing committees. The Elections Committee was vested in 1789 as the first standing committee of the House and was followed by Claims in 1794, and by Interstate and Foreign Commerce and Revisal and Unfinished Business in 1795. Beginning in 1802 with Ways and Means, many of the select committees were converted into standing committees, and as the nineteenth century progressed, more standing committees were created and reliance on select committees dwindled. In its entire history, the House has created 68 standing committees.

At first, the practice was to refer legislative proposals initially to a Committee of the Whole House in which the main principles of legislation were developed. Only after the principles were determined would a legislative matter be referred to a committee, whose main role was to draft legislation according to the terms of the reference resolution of the Committee of the Whole. With the growth of Congressional business and the growth of standing committees, however, the roles of the Committee of the Whole and the standing committees came to be reversed, and by 1825, perhaps earlier, the practice of initiating legislative work in the standing committees and afterward sending bills to the floor of the House for final approval was well established. Thus, Woodrow Wilson's observation

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9 Ibid., pp. 68-70.
that "Congress in session is Congress on public exhibition, whilst Congress in its committee rooms is Congress at work," could have been made with accuracy 60 years before he wrote. From the outset, the House devised a means for division of labor and specialization, and very early in its history made its sub-structure and its specialists the heart of the system.

The importance of Congressional committees, then, is not something new; they have always been important, and students of Congress have found them unavoidable objects of great concern. To be knowledgeable about Congress, one must be knowledgeable about its committees. It is this realization that has been responsible for the studies on Congressional committees since Woodrow Wilson rediscovered Congress, and that seems especially to inform recent writing on Congressional committees.

The foci of committee studies listed above seem to be especially useful to understanding Congressional politics. Political scientists should be concerned with the roles played by Representatives, the degree and manner of representation of the public in the House, the degree to which the various subsystems of the House mesh to permit the machinery to function, and the effectiveness of the House. The vast structural differentiation of the House, however, makes it not only profitable but necessary to raise these points with regard to the committees themselves.

Inevitably, the House can only be as effective as its committees. If the committees do not perform the critical function of resolving conflict and building support for legislative items, the House is without

10 Wilson, op. cit., p. 70.
anything on which to pass judgment. Not everything that is reported by all the committees is passed, but with rare exceptions, the important policy decisions that are made in the House result from what its committees present it for judgment and vote. Thus, the ability of the House to act effectively and skillfully with respect to social security, tax and tariff legislation depends on the effectiveness and skill with which the Committee on Ways and Means debates, drafts, reports, and defends social security, tax and tariff bills. To inquire into the effectiveness of the House with respect to these policies is to inquire into the effectiveness of the House's principle agent in these matters, its Ways and Means Committee.

Similarly, the integration of the various subsystems of the House depends on the functional utility of each of these subgroups, which, in turn, cannot play a functional role unless their members agree basically on the nature of the role to be played, the rules or behavioral norms to which the members will subscribe, and the relationships between the subgroup and the larger system. The evidence suggests that the more integrated a committee is internally, the more integrated it will be in the total House system.¹¹ This study hopes to add supporting evidence to that hypothesis.

The classic concern of political scientists about legislatures has been representation. It is not possible to analyze representation in the

House without analyzing representation on its committees. The critical elements of the process of representation -- presentation of proposals, debate on the issues, communication between the interested parties and their representatives, the presentation of alternatives, voting, the activity of political parties as agents of responsible government -- all these elements are present together in greater degree and intensity at the committee stage than at any other stage of Congressional involvement in the policy process. Indeed, it is the only stage where all of them converge. Intended or not, committees have become the focal point of the process of representation in the House.

This study attempts to combine these foci -- role playing emphasizing styles of representation, self-integration, and job performance -- in an analysis of a Congressional committee that, for all its power and influence, has gone virtually ignored in the literature of political science.

Several good reasons exist for studying the Ways and Means Committee. It is one of the oldest committees in the House, and, over the years, has probably been its most prestigious committee. Four of its chairmen have risen to the Presidency of the United States, and some of the most prominent men in the history of the House have launched their careers on Ways and Means -- John Nance Garner and John McCormack, to name two of comparatively recent vintage. In addition, for the better part of the eighteenth century, the Chairman of Ways and Means was the majority leader in the House. Created in the 1790's as a select committee, Ways and Means was made a standing committee in 1802, the fifth such committee to be created. Of the full standing committees serving
the House today, Ways and Means is exceeded in age only by Interstate and Foreign Commerce.\textsuperscript{12} The first standing committee, Elections, is now a subcommittee of the Committee on House Administration, and Claims and Revisal and Unfinished Business no longer exist.

Ways and Means was originally created to prevent Alexander Hamilton from dominating Congress and to capture from the executive branch some of the initiative in financial matters.\textsuperscript{13} At first, it had jurisdiction over both revenue and appropriations, but was relieved of some of its appropriations duties by the creation of the Committee on Public Expenditures in 1814,\textsuperscript{14} and, finally, of all jurisdiction over appropriations with the creation of the Appropriations Committee in 1865.\textsuperscript{15} Its jurisdiction in revenue matters includes tax, tariff, and social security legislation, and proposals to change the statutory debt limit.

Historically, the House has considered revenue and appropriations matters its most important business. Indeed, general appropriations bills and revenue bills have been given privileged status for consideration by the House. The dates on which these measures are reported and placed on the calendar have no effect upon their preference. After the reading of the \textit{Journal}, Ways and Means or Appropriations could move that the House

\textsuperscript{12}See the chronological table of House standing committees in Galloway, \textit{op. cit.}, pp. 60-1.


\textsuperscript{14}Galloway, \textit{op. cit.}, p. 61.

resolve itself into the Committee of the Whole House to consider bills raising revenue, or general appropriations bills. In effect, this rule confers the right to report at any time.

In keeping with the traditional belief that raising revenue is one of the two most important functions performed by the House, Ways and Means has insisted that the actual business of drafting tax legislation be performed in executive sessions of the committee. Tax bills are not submitted to the committee. Rather the Administration draws proposals, which are presented by the Treasury Secretary to the committee. The actual legislative provisions are framed and drafted in executive sessions by Treasury experts, committee members, the small but skilled staff of the Ways and Means Committee, and the staff of the Joint Committee on Internal Revenue Taxation. In effect, the committee believes tax policy to be important enough to suspend even the form of separation of powers, making the creation of tax policy a joint undertaking from the outset between the Executive and Legislative branches. In this respect, Ways and Means has remained true to its original mission -- to prevent the Treasury Secretary from dominating Congress in fiscal matters, and, if not to seize the initiative from the Executive, then to place restraints on its exercise.

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Given the rich tradition, prestige, and power of the committee, it is surprising that Ways and Means has not been the subject of more systematic attention by students of Congress. This study hopes to help fill the gap.

This study, however, does not have the sole objective of examining an important committee heretofore neglected. Committees ought to be studied primarily to yield knowledge about Congress. Thus, it is a major objective of this analysis of the Ways and Means Committee to add to the literature on such important aspects of Congressional politics as: Congressional competence; the nature and operation of the Congressional party system; the effects of the seniority system on the ability and diligence of committee leadership; relationships between members of Congressional committees and constituency interest groups; Executive-Legislative relationships; and the relationships between Congressional committees and the parent chamber.

17 Studies exist dealing with Ways and Means in a secondary and incomplete sense. For example, the committee is discussed in Stephen K. Bailey and Howard D. Samuel, Congress At Work (New York, 1952), pp. 337-56. The observations on the committee are part of a chapter whose primary purpose is to describe the legislative trials of the excess profits tax of 1950. Ralph K. Huiitt, "Congressional Organization and Operations in the Field of Money and Credit," Commission on Money and Credit, Fiscal and Debt Management Policies (Englewood Cliffs, 1963), pp. 446-51, makes reference to the committee but only as part of the larger concern of coordination of fiscal matters in Congress. The function of Democrats on Ways and Means as their party's Committee on Committees is the subject of Nicholas Masters, "Committee Assignments in the House of Representatives," American Political Science Review, Vol. 55, June, 1961, pp. 345-57. A study outside the field of political science that makes necessary references to the committee is Roy Blough, The Federal Taxing Process (Englewood Cliffs, 1952). The committee is also dealt with in two studies on U.S. tariff policy: E. E. Schattschneider, Politics, Pressures and the Tariff (New York, 1935) and Raymond Bauer, Ithiel de Sola Pool, Lewis Anthony Dexter, American Business and Public Policy (New York, 1963).
To implement this goal, this study combines committee analysis with policy analysis. The primary purpose of Congress is to implement and legitimate policy, and to study Congressional structures and functions apart from this primary institutional purpose is to study Congress in a vacuum, which is both unrealistic and unnecessary. This study treats policy issues in two ways. References are made to policy issues throughout, where deemed necessary and useful. More importantly, there is an intensive analysis of a specific policy proposal -- the late President Kennedy's tax proposal of 1963, submitted to the first session of the 88th Congress. A special reason exists for an intensive policy analysis. Studies relying exclusively on the use of aggregate data, especially data compiled from roll-call votes, have been criticized on the ground that much of the important activity of Congress -- committee hearings, for example -- is not necessarily quantifiable. Analyses of roll-call votes, for example, cannot reveal the nature of the important stages of the Congressional process preceding roll-call votes. This study relies on aggregate data in good measure, on the assumption that such data are useful and necessary for building a science of politics. But there is also consciousness of the criticism. The value of the case study is that it can do the job where the compilation of aggregate data fails. Because of its specificity and detail, it can examine the stages of the legislative process that are not amenable to immediate quantification. This study employs aggregate data where useful, and elsewhere relies on the techniques of description and intensive analysis in the tradition of the case study.

Research. A note on research is in order. The bulk of the research for this study was undertaken while the author was a Congressional Fellow
of the American Political Science Association in 1962-63. Open-ended interviews were held with 18 of the 25 committee members, staff assistants of Ways and Means members, the majority and minority staffs of the Ways and Means committee, and other people knowledgeable and interested in the ways of Congress: members of the House and Senate, members of the press, federal employees, academics, and other participants in the Congressional Fellowship Program. Some committee members and staff assistants were interviewed more than once, and one member, Rep. Herman T. Schneebeli (R-Pa.), for whom the author worked for four months, met with a steady barrage of questions, and gave unselfishly of his time. Some follow-up interviews, mostly with staff assistants of committee members and the committee staff, and with Rep. Schneebeli, were held in September, 1964. In addition, the author attended daily the public hearings of the Ways and Means Committee on the tax proposal as a member of Rep. Schneebeli's staff. Other data are cited throughout from publications of the committee and the House, standard references on Congress and its members, and scholarly and journalistic accounts of Congress in general and the committee and the tax proposal in particular.
CHAPTER I

THE HOUSE COMMITTEE ON WAYS AND MEANS: STRUCTURAL PROPERTIES

Committee Organization

Committee size and ratio of party membership. The Legislative Reorganization Act of 1946 fixes the total membership of each House committee.\(^1\) Ratios of party membership on the committees ordinarily have been made according to the ratio in the House between the majority and minority parties. The total membership of Ways and Means has been set at 25, but an agreement between Rayburn and Joseph Martin that the membership be fixed at 15 majority party members and 10 minority party members, independent of the House party ratio, prevailed for about twenty years preceding the 89th Congress. This fixed ratio of 3:2 -- automatically giving the majority party 60 percent of the seats and the minority party the remaining 40 percent -- meant that in any given Congress the majority party was likely to be over-represented or under-represented on the committee. To achieve a 3:2 ratio in the House between the majority party and the minority party, the House must be divided 261-174. In the period of the 89th-88th Congresses, the House

\(^1\) Temporary or permanent changes can be made, however, by passage of a House resolution.
never divided exactly along those lines. Table 1 indicates that the fixedratio on Ways and Means favored the majority party in six of the nine Congresses covering that period.

TABLE 1

Percent of total seats in House held by majority party, 80th through 88th Congresses

<table>
<thead>
<tr>
<th>Congress and Party</th>
<th>Percent of House seats</th>
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<tbody>
<tr>
<td>80th (G.O.P.)</td>
<td>56.55</td>
</tr>
<tr>
<td>81st (Dem.)</td>
<td>60.46</td>
</tr>
<tr>
<td>82nd (Dem.)</td>
<td>53.79</td>
</tr>
<tr>
<td>83rd (G.O.P.)</td>
<td>50.80</td>
</tr>
<tr>
<td>84th (Dem.)</td>
<td>53.33</td>
</tr>
<tr>
<td>85th (Dem.)</td>
<td>53.79</td>
</tr>
<tr>
<td>86th (Dem.)</td>
<td>64.76</td>
</tr>
<tr>
<td>87th (Dem.)</td>
<td>60.18</td>
</tr>
<tr>
<td>88th (Dem.)</td>
<td>59.31</td>
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*a House membership temporarily at 437, permitting the new states of Hawaii and Alaska each to have one at-large representative.

In the 88th Congress, the period of immediate importance for this study, the ratio on Ways and Means was nearly identical to the ratio between the majority party and minority party in the House: the Democrats held a 258 to 176 advantage at the opening of the 88th Congress, a ratio of 1.46:1.²

²Clem Miller (D.-Calif.) died on Oct. 7, 1962 in a plane crash while campaigning for reelection. Under California law it was too late to substitute a name for his on the ballot. Miller was reelected posthumously, but in a special election on January 22, 1963, Republican Don H. Clausen was elected to the vacant seat. Clausen's election made the House division 258 Democrats, 177 Republicans.
With respect to the Congressional practice of appointing members of the minority party to Congressional committees -- whether in proportion to the minority's membership in the House or according to a fixed ratio -- the criticism has been made that the committees are thus rendered incapable of being regular instruments of support for the policies of the majority party.\(^3\) For example, until the 89th Congress a coalition of three Democratic votes and ten Republican votes on Ways and Means could have deprived the Democratic majority of working its will. Apart from the question of whether there will always be a majority within the majority ready to support the policies endorsed by its leadership, the fact remains that Congress, for the most of the twentieth century, has deliberately avoided giving the majority party sole responsibility for policy making. This has been the most lasting contribution of the revolt against Cannonism in 1911. Since that time, the Congressional conception of "responsibility" has differed from the one held by the devotees of responsible party government who seem to advocate a rigid division between a majority party responsible for making policy, and a minority party responsible for criticizing it.\(^4\) The Congressional conception has been


\(^4\)The idea has been examined by Austin Ranney, The Doctrine of Responsible Party Government (Urbana, 1954, 1962), and recommended for American politics by the American Political Science Association's Committee on Political Parties, Toward a More Responsible Two-Party System (New York, 1950).
put nicely by the scholar-politician, Robert Luce:

Our system does give the opportunity for many minds to help. Every member of Congress has the chance to contribute toward good legislation. If he belongs to the majority party, he is not necessarily a voting dummy as in Parliament; if he belongs to the minority, he is not restricted to mere fault-finding, as Mr. Wilson wanted him to be, but in the committee room may play a most useful part in constructive effort for the public good.\(^5\)

Thus, the modern twentieth century Congress has seen virtue in the conception of "collective" or "bi-partisan" legislation. No significant movement has been mounted to deprive the minority party of its working status on committees even though the majority could do so simply by passing a resolution to that effect.

This is not to say, however, that the majority has always stood idly by while committee coalitions have blocked legislation preferred by a majority of the House membership. The fear that a conservative coalition on the House Rules Committee would prevent much New Frontier legislation from ever seeing the light of day was largely responsible for the enlargement of that committee's membership in the 87th Congress. And, more pertinent to this study, the Rayburn-Martin agreement with respect to Ways and Means was abrogated by the 89th Congress to prevent a coalition of three Democrats (including the Committee Chairman) and ten Republicans from keeping the King-Anderson medical care to the aged proposal bottled-up in committee. The majority party's membership was enlarged to 17 seats, and the minority party's membership was reduced to eight seats.

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The three Democrats added to the committee, 6 Landrum of Georgia, Fulton of Tennessee, and Vanik of Ohio, were all supporters of the King-Anderson proposal, thus insuring its delivery to the floor of the House for a vote. 7

Subcommittees. Most House committees are divided into working levels of standing subcommittees. The only three House Committees that had no standing subcommittees in the 88th Congress were Rules, Un-American Activities, and Ways and Means. Un-American Activities, however, has frequently made use of ad hoc subcommittees for hearings. Rules employs subcommittees occasionally for study purposes, as does Ways and Means. But Ways and Means does not use subcommittees for substantive legislative purposes.

The use of subcommittees has significant effects for the parent committee. Presumably it maximizes efficiency by dividing labor among a number of working units whose members become highly expert in specific subject matter areas. It has other effects, however. For one thing, it may slant the process of representation by giving special interests considerable leverage in the decision-making process. The House Committee on Agriculture is a case in point. Members of the committee are almost exclusively farmers or representatives of agricultural constituencies. The committee is divided into numerous subcommittees; some of them are commodity subcommittees, the others are special subcommittees dealing

6 The Democrats had to fill an additional seat on the committee because Ross Bass, a member during the 88th Congress, was a successful candidate for election to the U.S. Senate from Tennessee.

7 This could develop into a tactical error. A sliding ratio on the committee to reflect changing ratios in House membership could deprive the majority party of the advantage it usually enjoyed during the period of the Rayburn-Martin agreement.
with broad agricultural problems. Members are assigned to the commodity subcommittees on the basis of the crop interests of their constituents, and the chairman of each commodity subcommittee usually has a deep and abiding interest in the particular subcommittee crop.

A recent study of the Agriculture Committee indicates that at the working level, subcommittee members shrewdly perceive their constituencies' commodity interests and work to resolve favorably commodity problems in their districts. According to the study the structural arrangements of the committee "allow a maximum of constituency -- oriented representation."

The use of subcommittees has another effect: it further decentralizes and diffuses decision-making power and responsibility. In the first session of the 88th Congress, there were 123 subcommittees in the House. George Goodwin has called the proliferation of subcommittees a manifestation of a "drive for authority" among younger members chaffing under the bit of autocratic committee chairmen. What this drive creates is greater specialization in a body already fond of specialization and willing to accept the verdicts of its own internal specialists. Richard Fenno

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6 In the 88th Congress, there were 15 subcommittees; eight commodity, and seven special.


11 Ibid., p. 367.

has found, for example, that each of the House Appropriations subcommittees works in relative isolation from the others with the expectation that intervention by the chairman and ranking minority members of the full committee will be minimal.\textsuperscript{13} Quoting one subcommittee chairman on the subject of communication between Appropriations subcommittees, Fenno wrote,\textsuperscript{14}

Why you'd be branded an imposter if you went into one of those other subcommittee meetings. The only time I go is by appointment, by arrangement with the chairman at a special time. I'm as much a stranger in another subcommittee as I would be in the Legislative Committee on Post Office and Civil Service. Each one does its work apart from all others.

Moreover, Fenno found that the full committee was usually prepared to accept without alteration or modification the appropriations recommendations of its subcommittees in a spirit of "You respect my work and I'll respect yours."\textsuperscript{15} Subcommittee recommendations, Fenno was told were "very rarely changed," "almost always approved," "changed one time in fifty," "very seldom changed."\textsuperscript{16} Fenno's data support Goodwin's contention that no detailed control is maintained over subcommittees, some of whose recommendations get enacted into law relatively unimpaired.\textsuperscript{17}


\textsuperscript{14}Ibid., p. 316.

\textsuperscript{15}Ibid.

\textsuperscript{16}Ibid.

\textsuperscript{17}Goodwin, \textit{op. cit.}, p. 606.
Apparently the tradition of committee autonomy has been passed to subcommittees.

Those committees which transact a considerable amount of business in specific subject matter subcommittees with power to recommend legislation assume the dual character of inverted funnels through which assignments and work loads are channeled, and collection agencies to send subcommittee recommendations to the floor of the House in orderly fashion. These committees are likely to be highly decentralized and loosely controlled, especially if the subcommittees have their own permanent staff, and are perhaps highly sensitized to special interests both inside and outside government.

On these grounds, Ways and Means would be classified as one of the most centralized committees in the House, and perhaps better protected from the various pressure points than some of the other committees. Ways and Means has no permanent standing subcommittees. From time to time it has made use of ad hoc subcommittees, but it has not given them power to recommend legislation to the full committee.\(^{18}\) Hearings are ordinarily held before the full committee; and, most importantly, it is the full committee in executive session that drafts legislation working closely with the full committee staff, treasury staff, and the staff of the Joint Committee on Internal Revenue Taxation. Thus, Ways and Means has not developed what Morton Grodzins called "multiple cracks"\(^{19}\) in the committee edifice by scattering decision-making among a number of subsystems.

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units and providing regular points of contact for outside groups. To reach the committee, a group must try to forge a majority out of the entire committee; and this may be an entirely different task than influencing a majority of, say, eight members of a subcommittee created and weighted specifically to give a group privileged access. This is not to say that Ways and Means is completely free from the group process and pressure tactics; it is to say that the committee shows a decided inclination to insulate itself structurally. The degree to which it has been successful will be a matter for later consideration.

A number of other reasons might be advanced for the lack of subcommittee development on Ways and Means. Unlike the Agriculture Committee, for example, which deals largely in various commodity problems as they arise, Ways and Means has a fixed jurisdiction and handles broad policy matters -- tax, tariff, and social security legislation -- that might not lend themselves as easily to subcommittee organization. An element of truth might inhere in this proposition. Even so, it would appear that a good case could be made for having organized subcommittees for study purposes (the House Foreign Relations Committee has found them useful), or for having three general subcommittees, one each for tax, tariff, and social security.\(^{20}\) The reasons for a tripartite division might be

\(^{20}\) In the 86th Congress the committee organized three such subcommittees; one each for the administration of the internal revenue laws, foreign trade laws, and social security laws. But no consistent pattern seems to emerge. In the 87th and 88th Congresses, which considered two major tax proposals, a comprehensive tariff adjustment proposal, and a major proposal for financing medical care to the aged under social security, the committee did not organize subcommittee working units. If there is any pattern, it would seem to be away from subcommittee organization when major proposals are introduced into the committee.
especially strong since a considerable amount of time and effort is required for considering each type of legislation (on the tax proposal of 1963 it took the committee eight months to conduct hearings, write a bill, vote on its provisions, vote it out, and write a committee report), and the committee might be called upon for major work in each area during the course of a year (from 1961-63, two major tax bills, a major tariff bill, and a proposal to finance medical care for the aged through social security came before the committee, the latter in each of the three years).

Other reasons, apparently, are behind the reluctance to employ subcommittees regularly. It has been suggested that because the committee handles major policy issues that cut deep and have broad effects, senior members are reluctant to establish subcommittees because it would put them in the compromising position of trading favors in the "you respect my work and I'll respect yours" atmosphere; and the entire range of work the committee does may simply be too important for each member to permit a reciprocity that has the effect of putting certain decisions beyond his control.\textsuperscript{21} If this reason holds for the committee rank-and-file, then it would be an even more important factor for the leadership level -- the committee chairman and the shadow chairman, the ranking minority member. By maintaining a high degree of committee centralization, the chairman may consolidate his power and maximize his influence because he does not have to share power and influence with subcommittee chairmen. The chairman who presides over a decentralized committee may be expected to adhere

\textsuperscript{21}Goodwin, op. cit., p. 598. This reason is advanced by some staff people, some members of Congress, and by some committee members themselves, although in the latter instance it is not restricted to senior members alone.
to a routine of minimal intervention in the work of subcommittees, even if he is an ex officio voting member of each subcommittee, and may draw his greatest power and influence from his ability to designate subcommittees and appoint subcommittee rosters. This is a considerable power, but once permanent subcommittees have been created and appointments made, other power centers have been created, and the chairman may have to learn to live with them in a universe of shared power. Ways and Means Committee chairmen have not had to worry about alternative leadership centers; they simply have not created any. This is not to say, however, that Ways and Means chairmen are necessarily and notoriously autocratic. The current chairman, Wilbur Mills, and the current ranking minority member, John Byrnes, have worked out an accommodation that permits Byrnes to play fully the role of the opposition leader without breaking down committee harmony. In the language of the House, they can "disagree without being disagreeable."

One bit of evidence that suggests that Mills is not an autocrat has to do with another possible reason why there are no permanent Ways and Means subcommittees: there appears to have been very little pressure for them. Goodwin has suggested that subcommittee proliferation might be explained, in part, as the upshot of committee restiveness against authoritarian chairmen. Members who are dissatisfied with the views of the Chairman, deprived of staff help, or unhappy with the narrow roles permitted them, may force an accommodation by indicating substantial

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23Goodwin, op. cit., p. 598.
dissatisfaction, threatening a grab for power, or rarely, by mutiny.\textsuperscript{24} As far as one can tell, members of Ways and Means are generally satisfied with their treatment by the chairman; junior members need not serve apprenticeships of silence and obsequiousness to senior colleagues; all members are apparently given full opportunity to partake in committee deliberations; and members of both sides say that there is no problem in getting ample assistance from the committee staff, which is small but skilled.

Recruitment of Committee Members

The method of recruiting committee members is tied closely to two structural characteristics of the group which have an important bearing on the complexion of the committee. First, because Ways and Means is a revenue-raising committee, it has traditionally based membership on geographic considerations. All areas of the country are represented, and the big tax-paying states are represented, some of them on both sides of the committee. In the 88th Congress, for example, the large, revenue-rich states of California, Illinois, New York, Pennsylvania, Texas, and Michigan had a Democrat and a Republican on the committee. In addition, Massachusetts and Ohio were represented (the former by a Democrat, the latter by a Republican), and Missouri and Tennessee, although not heavily populated nor especially wealthy, had one Democrat and one Republican on the committee.

\textsuperscript{24} Ibid., p. 603-4.
Whatever else the committee was during the 88th Congress, it was not an exact microcosm of the House. The ten states mentioned above had more than 70 percent of the committee membership in the 88th Congress. The percentage of the total House membership contributed by these states was less than 53 percent. All the states represented on the committee contributed less than 65 percent of the total House membership.

Demographic characteristics offer another index of similarity and difference, a better one than aggregate figures. On the basis of demographic characteristics, there were two striking similarities between committee membership and House membership, and two significant differences, as illustrated by Table 2:

**TABLE 2**

House Membership and Committee Membership, Demographic Characteristics, 88th Congress

<table>
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<tr>
<th>Demographic Characteristics</th>
<th>House Membership</th>
<th>Committee Membership</th>
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<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
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<td>Rural</td>
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<td>Mixed</td>
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<td>18</td>
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<tr>
<td>Totals</td>
<td>435</td>
<td>100</td>
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</table>

The percentage of urban representation in the House and the percentage of urban representation on the committee were identical, and the percentage of rural representation on the committee was practically identical with the percentage of rural representation in the House. The differences existed between the suburban and mixed groups, suburban representation being almost twice as much on the committee as in the House, and the representation from mixed districts being more than twice as much in the House as on the committee. In any event, rural areas received a disproportionate share of the representation on the committee just as they did in the House. The nation is about 30 percent rural, but the committee and the House were respectively 48 percent and 47 percent rural.

From 1947 to 1964 (the 80th through the 88th Congresses), there was a remarkably consistent pattern of recruitment. Members who left the committee tended to be replaced by House members from the same states or geographic areas. And although both parties placed members on the committee from the heavily urbanized, revenue-rich states, they sometimes placed members from those states who represented thinly populated and thinly industrialized regions whose contributions to the Treasury would be relatively small. Tables 3 and 4 trace committee membership changes for the period covered by the 80th through the 88th Congresses.
<table>
<thead>
<tr>
<th></th>
<th>80th Congress&lt;sup&gt;a&lt;/sup&gt;</th>
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<sup>a</sup> 80th Congress: 1st Sess. ('47) and 2nd Sess. ('48); 82nd Congress: 1st Sess. ('51) and 2nd Sess. ('52).

<sup>b</sup> 81st Congress: 1st Sess. ('49) and 2nd Sess. ('50).
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**TABLE 3 (Continued)**
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TABLE 3 (Continued)
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1/ -- Died, 1947.
2/ -- Unsuccessful candidate for re-election in 1948.
3/ -- Unsuccessful candidate for re-election in 1948.
4/ -- Unsuccessful candidate for re-election in 1948.
5/ -- Unsuccessful candidate for re-election in 1948.
6/ -- Lost position due to the change in control of the 81st Congress to the Democrats.
7/ -- Was not a candidate for renomination in 1952.
8/ -- Was not a candidate for renomination in 1954.
9/ -- Was not a candidate for renomination in 1954.
10/ -- Unsuccessful candidate for re-election in 1954.
11/ & 12/ Lost positions due to change in control of the 84th Congress to the Democratic Party. Two members were not candidates for renomination, and there was one defeat, accounting for only two lost positions.
13/ -- Died, 1959.
14/ -- Was not a candidate for renomination in 1958.
15/ -- Was not a candidate for renomination in 1958.
16/ -- Was not a candidate for renomination in 1958.
17/ -- Unsuccessful candidate for re-election in 1958.
18/ -- Died, 1960.
19/ -- Resigned, 1960.
20/ -- Unsuccessful candidate for renomination in 1960.
21/ -- Not a candidate for renomination in 1962.

a Republican controlled Congress.
b Democratic controlled Congress.
<table>
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<sup>a</sup> 83rd Congress
<sup>b</sup> 84th and 85th Congress
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<th>87th Congress&lt;sup&gt;b&lt;/sup&gt;</th>
<th>2nd Sess. (’61)</th>
<th>88th Congress&lt;sup&gt;b&lt;/sup&gt;</th>
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<td>Metcalf (Mont.)</td>
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<td>Ulman (Oregon)</td>
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<td>Griffiths (Mich.)</td>
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<td>Thompson (Texas)</td>
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<td>Rhodes (Pa.)</td>
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</tr>
</tbody>
</table>
REFERENCES FOR TABLE 4

1/  --  Was not a candidate for renomination in 1948.
2/  --  Renominated to 82nd Congress but withdrew and was unsuccessful candidate for Governor of State of N.Y.
3/  --  Was not a candidate for renomination in 1950.
4/  --  Unsuccessful candidate for re-election to 82nd Congress.
5/  --  Was not a candidate for renomination in 1952.
6/  --  Was not a candidate for renomination in 1952.
7/ &  8/  Lost positions due to change in control of the 83rd Congress to the Republican Party. Three members were not candidates for renomination, accounting for only two lost positions.
8/  --  Was not a candidate for renomination in 1952.
10/ --  Died, 1954.
12/ --  Died, 1957.
13/ --  Unsuccessful candidate for renomination in 1958.
14/ --  Died, 1958 -- had been renominated in 1958.
15/ --  Was not a candidate for renomination in 1958.
16/ --  Was not a candidate for renomination in 1960.
17/ --  Was not a candidate for renomination in 1960.
20/ --  Was not a candidate for renomination in 1962.
21/ --  Defeated in primary election.

\textsuperscript{a} Republican controlled Congress.
\textsuperscript{b} Democratic controlled Congress.
The pattern is unmistakeable. On the level of state representation the following Republican changes took place: Michigan, Knox for Woodruff; California, Utt for Gearhart; New York, Bosch for Reed, and Derounian for Bosch; Ohio, Betts for Jenkins; Pennsylvania, LaFore for Simpson, and Schneebeli for LaFore; Illinois, Collier for Mason. The following Democratic changes on the state level took place: Texas, Combs for West, Ikard for Combs, and Thompson for Ikard; New York, Keogh for Lynch; Michigan, Machrowicz for Dingell, and Griffiths for Machrowicz; Tennessee, Frazier for Cooper, and Bass for Frazier; Pennsylvania, Green for Eberharter, and Rhodes for Green; Kentucky, Watts for Gregory; Virginia, Jennings for Harrison.25

The data suggest that the single most important factor in assignment to Ways and Means is geography. Although most members assigned to the committee have had fairly long service in the House (for the period 1913-1958, Nicholas Masters computed the average length of Congressional service of members prior to appointment to Ways and Means to have been close to five terms, basing computations on prior rather than continuous service),26 geography has been known to take precedence over seniority. The case of Pennsylvania representation on the Republican side of the committee is instructive in this regard. When the committee's ranking Republican, Richard M. Simpson of Pennsylvania, died on January 7, 1960, the Pennsylvania Republican delegation exercised its prerogative to have

25This one apparently rested on a variety of considerations.

one of its own assigned in Simpson's place. The Republican Committee-on-Committees selected John A. LaFore, Jr., who was serving only his first full term in the House. LaFore had been elected to the 85th Congress in 1957 to fill a vacancy caused by the resignation of his predecessor and was re-elected to the 86th Congress in November, 1958. In 1960, LaFore was defeated in the Republican primary, vacating the seat at the beginning of the 87th Congress. Once again the Republican state delegation exercised its prerogative, and once again the Republican Committee-on-Committees approved a first-termser for the position -- Herman T. Schneebeli. Schneebeli had been elected to the 86th Congress in a special election on April 26, 1960, to fill the vacancy caused by the death of his predecessor, and re-elected to the 87th Congress in November, 1960. In January, 1961, he was shifted from the Committees on Banking and Currency and Public Works to the Ways and Means Committee.

The importance of geographic considerations in recruitment does not rest alone on the tradition of representing the large tax-paying states on the committee. A second organizational characteristic is at least equally as important: the Democratic members of the committee serve as their party's Committee-on-Committees. House Democrats divide the electoral map into geographic zones; Ways and Means Democrats go on the committee according to the zonal pattern: usually one Democrat per zone. If a member dies, resigns, or is defeated for re-election, his place is taken by another Democrat whose district lies within the zone. Thus, continuity of Democratic membership goes along both state and regional lines; Tables 5 and 6 show this development.
<table>
<thead>
<tr>
<th>Committee Member</th>
<th>Zone</th>
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</thead>
<tbody>
<tr>
<td>Mills (Ark.)</td>
<td>Ark.</td>
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<td>Del.</td>
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<td></td>
<td>Kans.</td>
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<td></td>
<td>Okla.</td>
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<td>Conn.</td>
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<tr>
<td></td>
<td>Me.</td>
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<td></td>
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<td>Ariz.</td>
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<td>Nev.</td>
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<td>Utah</td>
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<td></td>
<td>Ala.</td>
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<td>Miss.</td>
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<td>Keogh (N.Y.)</td>
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<td>Harrison (Va.)</td>
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<td>S.C.</td>
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<td>Karsten (Mo.)</td>
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<td>Herlong (Fla.)</td>
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<tr>
<td>Ikard (Tex.)</td>
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<td></td>
<td>N. Mex.</td>
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\(^{27}\text{Masters, op. cit., p. 347.}\)
<table>
<thead>
<tr>
<th>Committee Member</th>
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<tr>
<td>Frazier (Tenn.)</td>
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<tr>
<td>Machrowicz (Mich.)</td>
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<tr>
<td></td>
<td>Ind.</td>
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<td></td>
<td>Ohio</td>
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<tr>
<td>Metcalf (Mont.)</td>
<td>Mont.</td>
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<td></td>
<td>Colo.</td>
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<td>Idaho</td>
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<td>Nebr.</td>
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<td>N. Dak.</td>
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<td>Ore.</td>
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<td>S. Dak.</td>
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<td></td>
<td>Wash.</td>
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<tr>
<td>Green (Pa.)</td>
<td>Pa.</td>
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<td>N.J.</td>
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<tr>
<td>Watts (Ky.)</td>
<td>Ky.</td>
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<td>W. Va.</td>
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<td>Mi.</td>
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TABLE 6

CHANGES IN MEMBERSHIP ON DEMOCRATIC COMMITTEE-ON-COMMITTEES
(WAYS AND MEANS COMM.) AND ZONE ASSIGNMENTS,
86th THROUGH 88th CONGRESSES

<table>
<thead>
<tr>
<th>Committee Member</th>
<th>Zone</th>
<th>Replacement</th>
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<td>Burke (Mass.),</td>
</tr>
<tr>
<td></td>
<td></td>
<td>86th Cong., 2nd Sess.</td>
</tr>
<tr>
<td>Harrison (Va.)</td>
<td>Va., S.C.</td>
<td>Jennings (Va.),</td>
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<tr>
<td></td>
<td></td>
<td>88th Cong., 1st Sess.</td>
</tr>
<tr>
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<td>Texas, N. Mex.</td>
<td>Thompson (Tex.),</td>
</tr>
<tr>
<td></td>
<td></td>
<td>87th Cong., 2nd Sess.</td>
</tr>
<tr>
<td>Machrowicz (Mich.)</td>
<td>Mich., Ind., Ohio</td>
<td>Griffiths (Mich.),</td>
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<td></td>
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<td>87th Cong., 2nd Sess.</td>
</tr>
<tr>
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<td>Mont., Colo., Idaho,</td>
<td>Ullman (Ore.),</td>
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<tr>
<td></td>
<td>Nebr., N. Dak., Ore.,</td>
<td>86th Cong., 2nd Sess.</td>
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<tr>
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<td>S. Dak., Wash.</td>
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<tr>
<td>Green (Pa.)</td>
<td>Pa., N.J.</td>
<td>Rhodes (Pa.),</td>
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<td>88th Cong., 2nd Sess.</td>
</tr>
<tr>
<td>Frazier (Tenn.)</td>
<td>Tenn., N.C.</td>
<td>Bass (Tenn.),</td>
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<td>88th Cong., 1st Sess.</td>
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</tbody>
</table>

From the 86th Congress through the 88th Congress the Democrats made seven membership changes on the Committee. Five of the replacements came from the same states as their predecessors; the other two from neighboring states within the same geographic zone.

Because committee Democrats serve as their party's Committee-on-Committees there is a difference in the manner by which Democrats and Republicans are selected for the Committee. The Democrats are elected by the Party Caucus; Republicans are appointed by their party's Committee-on-Committees. The Republican Committee-on-Committees is composed of one member from each state having Republican representation in the House, with
the party floor leader as chairman. Although each state delegation determines its member on the committee, the choice is usually automatic because the dean of the delegation ordinarily assumes membership on the committee. Some Ways and Means members have served long enough in the House to have become state delegation deans themselves, and as a result the Republican Committee-on-Committees often has a considerable number of Ways and Means members on it. In the 86th Congress, for example, a majority of Ways and Means Republicans also served on the Committee-on-Committees. Representatives James Utt (Calif.), Richard Simpson (Pa.), Howard Baker (Tenn.), and John Byrnes (Wisc.), served as delegation deans; Representatives Thomas Curtis and Bruce Alger served as their states' only Republican representatives. In the 88th Congress, Utt, Byrnes, Baker, Alger, and Joel T. Broyhill (Va.) -- Baker's replacement on Ways and Means in the second session -- served on the Committee-on-Committees. So while there is no formal relationship between Ways and Means Republicans and the party Committee-on-Committees, there may nevertheless be considerable overlapping of membership between the Republican wing of Ways and Means and one of the party's formal instruments of leadership -- the Committee-on-Committees.

In the case of the Democrats, this overlapping is complete, Ways and Means Democrats are automatically in the mainstream of Democratic party leadership in the House. One point ought to be brought out, however; the Republican route to Ways and Means membership might be somewhat narrower and more confined than the Democratic route. Requests to go on the committee by individual Republican members are channeled through their state delegation deans, usually members of the Committee-on-Committees,
and scrutinized by that committee on which may sit a number of other state delegation deans also members of the Ways and Means Committee. This author did not probe the inner workings of the Republican Committee-on-Committees, but the possibility exists that Ways and Means Republicans who sit on the Committee-on-Committees as state delegation deans could let it be known in advance that they would prefer, say, Representative A to Representative B for filling a Ways and Means vacancy. The opportunities to do this, however, would be few. States considered to be entitled to representation on the committee exercise their prerogative to fill their own vacancies when they occur, and in the case of two members from the same state jockeying for the appointment, the one with the most seniority ordinarily gets the assignment. Such a situation developed when Noah Mason of Illinois retired from the House at the end of the 87th Congress. Two Illinois representatives indicated an interest in the seat, Harold Collier and John Anderson. Collier had just been re-elected to his fourth term, Anderson only to his second. Collier got the appointment.

Since the Democrats elect their Ways and Means members by Party Caucus, the process may be a little more open, provided there is a contest. At the beginning of the 88th Congress a contest did develop, with some interesting results.

The Democrats had two vacancies on the committee; one caused by the retirement of Burr Harrison of Virginia, the other by the primary defeat of James Frazier of Tennessee. Three candidates emerged: Phil Landrum, Georgia; Ross Bass, Tennessee; and W. Pat Jennings, Virginia. It was widely publicized that Speaker McCormack was endorsing Phil Landrum.
as a reward for the 10 votes of the Georgia delegation that Landrum had helped deliver to the leadership on the opening day of the session in support of permanent House Rules Committee enlargement.\textsuperscript{28} Strongly pro-
Administration Democrats were supporting Bass and Jennings as the two most liberal candidates, assuming that Bass and Jennings victories would give the Administration 12 of the 13 votes needed in the committee to report the medicare proposal. Landrum had been identified previously as a conservative, and although he was reported to have promised the leadership that he would vote for the medicare proposal if elected to the committee, the liberal Democrats remained skeptical.\textsuperscript{29} Besides, Landrum had won dubious fame and the enmity of the AFL-CIO and many northern Democrats by co-authoring the Landrum-Griffin Labor Reform Law in 1959. Thus, before the Caucus vote, while House Democratic floor leaders were privately warning the rank-and-file that a Landrum defeat might mean wholesale southern defections on future House floor fights on Kennedy programs, members of the liberal Democratic Study Group were taking the lead in opposing Landrum.\textsuperscript{30} On January 14, 1963, the Caucus named, by secret ballot, Bass and Jennings to fill the vacancies, thus rejecting the leadership's endorsement of Landrum. The vote was 169 for Bass, 161 for Jennings, and 126 for Landrum. An unusual combination apparently had


\textsuperscript{30}Ibid.
defeated Landrum. House liberals probably voted to a man for Bass and Jennings; and Landrum might have been denied the votes of some southern conservatives still smarting over his vote for Rules Committee enlargement. Moreover, it appeared that many of Landrum's supporters also supported Jennings instead of Bass, so that Jennings benefited by a combination of votes by both Bass and Landrum supporters. Had all the Landrum supporters also voted for Bass the outcome might have been different.

It was also argued by some that Bass and Jennings should have gone on the committee for purposes of continuity because the two vacancies were from Tennessee and Virginia, and that a Landrum victory would have put two Democrats on the committee from the same zone -- Landrum from Georgia, and A. Sidney Herlong, the seventh ranking Democrat, from Florida.

In any event, the outcome of the contest represented something of a rebuke to the formal party leadership and indicated the possibility of a somewhat greater degree of openness in the Democratic selection procedure in contrast to the seemingly tighter system employed by the Republicans. Perhaps it depends on the particular men holding the reins of leadership. Reportedly, the late Speaker Rayburn used the weight of his position to impose an unwritten rule on the Democratic Caucus that made acceptability for election to the committee hinge on a willingness to oppose attempts to cut into the oil depletion tax allowance.\(^{31}\)

Even with the different selection procedures, however, there are some striking similarities in types between Democratic and Republican appointees to the committee. For one thing, in addition to the geographic

\(^{31}\)Masters, \textit{op. cit.}, p. 355.
requirement, both parties usually require a House apprenticeship as a condition of committee membership. As mentioned earlier, Masters has computed that members assigned to Ways and Means for the period 1913 to 1958 averaged close to five terms in the House, basing computations on prior rather than continuous service before selection.\textsuperscript{32} From the 80th through the 88th Congresses, only two freshmen were assigned to Ways and Means, James Utt of California and Victor Knox of Michigan, both of them Republicans, both of them in the first session of the 83rd Congress when the Republicans regained control of the House and expanded their committee membership from 10 to 15, and both of them to fill their states' vacant seats on the committee. In that period of time, the only House committee to better the record of Ways and Means in that regard was the Rules Committee, which had no freshmen assigned to it.\textsuperscript{33}

Another similarity is that both parties generally appoint members who hold "safe" seats -- safe for themselves or for the party. Thus, committee membership mirrors the roots of strength of both parties. In the 88th Congress, 27 members served on the committee. Only nine of them were elected with a figure of less than 62 percent of the votes in their districts. At the opening of the 1st session the 88th Congress, William Green (D. Pa.) was the member who won reelection by the narrowest margin, at that a generous 55.9 percent of the vote in his district. Table 7 gives the results of the 1962 elections in members' districts.

\textsuperscript{32} Ibid., p. 348.
\textsuperscript{33} Ibid., p. 353.
### TABLE 7

GENERAL ELECTION RESULTS, WAYS AND MEANS MEMBERS' DISTRICTS, 1962\(^{34}\)

<table>
<thead>
<tr>
<th>Member</th>
<th>% of the vote cast</th>
<th>Plurality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wilbur D. Mills (D. Ark.)</td>
<td>Unopposed</td>
<td></td>
</tr>
<tr>
<td>Cecil R. King (D. Calif.)</td>
<td>67.2</td>
<td>38,301</td>
</tr>
<tr>
<td>Thomas J. O'Brien (D. Ill.)</td>
<td>77.7</td>
<td>51,493</td>
</tr>
<tr>
<td>Hale Boggs (D. La.)</td>
<td>67.2</td>
<td>29,124</td>
</tr>
<tr>
<td>Eugene M. Keogh (D. N.Y.)</td>
<td>64.2</td>
<td>36,238</td>
</tr>
<tr>
<td>Frank M. Karsten (D. Mo.)</td>
<td>70.7</td>
<td>48,127</td>
</tr>
<tr>
<td>A. Sydney Herlong (D. Fla.)</td>
<td>65.2</td>
<td>25,375</td>
</tr>
<tr>
<td>William J. Green, Jr. (D. Pa.)</td>
<td>55.9</td>
<td>19,944</td>
</tr>
<tr>
<td>John C. Watts (D. Ky.)</td>
<td>Unopposed</td>
<td></td>
</tr>
<tr>
<td>Al Ullman (D. Ore.)</td>
<td>64.0</td>
<td>23,340</td>
</tr>
<tr>
<td>James A. Burke (D. Mass.)</td>
<td>64.3</td>
<td>53,892</td>
</tr>
<tr>
<td>Clark W. Thompson (D. Texas)</td>
<td>66.3</td>
<td>27,585</td>
</tr>
<tr>
<td>Martha W. Griffiths (D. Mich.)</td>
<td>59.3</td>
<td>38,151</td>
</tr>
<tr>
<td>Ross Bass (D. Tenn.)</td>
<td>81.8</td>
<td>28,284</td>
</tr>
<tr>
<td>W. Pat Jennings (D. Va.)</td>
<td>61.2</td>
<td>12,042</td>
</tr>
<tr>
<td>John W. Byrnes (R. Wisc.)</td>
<td>62.8</td>
<td>32,975</td>
</tr>
<tr>
<td>Howard Baker (R. Tenn.)</td>
<td>70.6</td>
<td>35,727</td>
</tr>
<tr>
<td>Thomas B. Curtis (R. Mo.)</td>
<td>56.3</td>
<td>23,129</td>
</tr>
<tr>
<td>Victor A. Knox (R. Mich.)</td>
<td>56.7</td>
<td>11,358</td>
</tr>
<tr>
<td>James B. Utt (R. Calif.)</td>
<td>68.5</td>
<td>72,289</td>
</tr>
<tr>
<td>Jackson E. Betts (R. Ohio)</td>
<td>70.1</td>
<td>38,958</td>
</tr>
<tr>
<td>Bruce Alger (R. Texas)</td>
<td>56.3</td>
<td>20,125</td>
</tr>
<tr>
<td>Steven Derounian (R. N.Y.)</td>
<td>59.2</td>
<td>26,795</td>
</tr>
<tr>
<td>Herman Schneebeli (R. Pa.)</td>
<td>62.9</td>
<td>39,396</td>
</tr>
<tr>
<td>Harold Collier (R. Ill.)</td>
<td>66.6</td>
<td>74,775</td>
</tr>
<tr>
<td>George Rhodes (D. Pa.)(^{a})</td>
<td>51.2</td>
<td>5,235</td>
</tr>
<tr>
<td>Joel T. Broyhill (R. Va.)(^{b})</td>
<td>55.4</td>
<td>9,671</td>
</tr>
</tbody>
</table>

\(^{a}\)Appointed to vacancy caused by death of William Green, 88th Congress, 2nd Session.

\(^{b}\)Appointed to vacancy caused by death of Howard Baker, 88th Congress, 2nd Session.

From the above Table, it can be seen that the only committee member narrowly elected was Rep. George Rhodes. Rhodes, however, had to run on a ticket with a Democratic Gubernatorial candidate who was decisively defeated by 486,291 votes state-wide, and who garnered only 43.3 percent of the vote in Rhodes' district. Moreover, Rhodes, in winning reelection to his eighth consecutive Congress, had been redistricted by a Republican controlled state legislature into a much more competitive district than he held previously, needing to defeat an incumbent Republican (Ivor Fenton) to win.\textsuperscript{35}

A number of reasons can be advanced to explain why both parties generally attempt to place senior members from "safe" districts on the committee. One reason seems to be that a member who has held down a district for the party for some time is considered to be entitled to the rewards of the system -- appointment to a prestige committee -- especially if his chief political ambition appears to be confined to rising to a position of respect and prestige in the House of Representatives.

Another reason appears to be that both parties generally deem it inadvisable to appoint a member from a marginal district to a committee in which he will be called upon to make controversial decisions on major policy issues. The feeling prevails in the House that members who are in constant fear of election results will be much too responsive to their

\textsuperscript{35}Three previously "safe" committee Republicans were defeated in the November 3, 1964 elections. They were Alger (Tex.), and Knox (Mich.), and Derounian (N.Y.). However, this was a landslide year nationally for the Democrats, and many other previously "safe" House Republicans were also buried under the landslide.
electorate to operate with the degree of freedom required of members of a committee like Ways and Means. Related to this reason are two others. Ways and Means is one of the busiest committees in the House. A member from a marginal district might have to spend so much time on constituency relationships pointing toward reelection that he might not be able to spend much time on committee work. The other point is that members under constant constituency pressure might not be able to follow as regularly the cues of party on some crucial decisions as members who get reelected mostly for reasons other than the votes they cast in committees or on the floor. And Ways and Means is a committee in which party discipline is a significant factor.

A final reason, and perhaps the most important, is that an individual who has spent considerable time in the House and who is committed to it as a career will be more likely to have a deep and abiding respect for the legislative process and for the ways of the House than a member who is using the House as a stepping stone for further advancement. The House "veteran" is not the type that sees the legislature as poorly equipped to formulate public policy; to the contrary, he is likely to feel that the legislature is the institution of government that best mirrors the "will of people," and as such should be the area in which the hard lines of policy are hammered out. He is more likely to have great respect for the abilities of his colleagues, a willingness to protect their privileges and perquisites and the prerogatives of the House. It is this type of legislator -- what Master's has defined as the "responsible legislator"\(^\text{36}\) -- that is preferred for assignment to those committees

\(^{36}\text{Op. cit., p. 352.}\)
that the House considers its most vital and important; those committees
that hold the most important Congressional prerogatives. Ways and Means
is one of them. It is a great source of pride for the House that the
Constitution stipulates that revenue raising legislation must originate
in the House; and it is one of the most jealously guarded House preroga-
tives that a committee of the House -- Ways and Means -- should write
the nation's tax laws. It is no accident that appointment to Ways and
Means has generally gone to members who have been felt best equipped to
fulfill the "Constitutional mission" of the House -- veterans with a
demonstrated loyalty to the House.

This section on committee recruitment patterns can be summarized
as follows: The tradition of granting revenue-rich states heavy com-
mittee representation coupled with the Committee-on-Committees function
of Ways and Means Democrats gives the Committee a continuity and a sta-
bility of membership based on geographic consideration; in fact, geog-
raphy appears to be the single most important factor in recruitment.
However, once the geographic condition has been satisfied, both parties
show a strong inclination to appoint members with considerable seniority
from districts that are relatively safe for the party or the individual
member, even though the formal methods for appointing differ between the
parties. There is some evidence to suggest that control over appoint-
ments may be slightly tighter among the Republicans than among the Demo-
crats; but then it may be less a difference between parties and procedures
and more a difference between the party leadership of a Sam Rayburn as
opposed to a John MacCormack.
Members of both sides of the committee are part of the formal apparatus of party leadership; the Democrats formally because they serve as their party's Committee-on-Committees, the Republicans informally because there is considerable overlapping of membership between Republican members of Ways and Means and the party's Committee-on-Committees.

Summary and Conclusion

The organizational characteristics of Ways and Means make the committee highly centralized. Subcommittees have been used from time to time, but they have not been permanent, and have not been permitted to recommend legislation to the full committee. Decision-making on Ways and Means, therefore, has not been as widely dispersed as on some of the other House committees that have made regular use of standing subcommittees for substantive legislative purposes. The absence of an alternative set of formal committee leaders -- subcommittee chairmen -- makes for a situation that could potentially maximize control of the committee by the committee chairman. To this feature of internal centralization is added another dimension: members of both sides of the committee are part of the central apparatus of their respective parties. Democrats, by serving as their party's Committee-on-Committees, work closely with the party's floor leadership to make Democratic appointments to all other House committees. Many Ways and Means Republicans perform a similar function for their party because they belong, in addition, to the Republican Committee-on-Committees. Most of the members of the Committee, then, are formally involved in party politics in the House; indeed, they are part of the leadership
hierarchy involved in the most important aspect of party organization -- committee assignments.

In addition to this similarity among committee members, there are two other closely related similarities. The typical Ways and Means member is generally from a safe district, safe either for himself or for his party, and tends to inherit his seat on the committee by coming from a state or a region whose committee seat has become vacant. Over time, Ways and Means is made up primarily of senior members of the House who tend to come from the same states and regions. As senior members of the House, Ways and Means committeemen may tend to share a similar general outlook -- a confidence in and commitment to the legislative process and the ways of the House of Representatives. As members who inherit their seats from former colleagues from the same area, state or region, Ways and Means committeemen may be, over time, similar in the kinds of things that condition their attitudes, outlooks and responses to issues and policy proposals. Thus, certain interests may be built into the committee by the geographic pattern of making appointments so that the committee may lose, to some extent, what it gains by its centralized organization -- protection against access points by interested groups and individuals. Interests in certain areas and states that consistently have members on the committee may benefit by the seldom broken chain of representation.

Since Ways and Means membership is not subject to radical change of personnel and is internally centralized, one might expect the committee to have developed a method of conducting business based on general
agreement on ground rules and possibly some shared perceptions on the role of the committee in the policy process.

The following chapter takes up perceptions of committee members, the ground rules of committee conduct, and the norms of behavior that apply to members.
CHAPTER II

PERCEPTIONS AND ATTITUDES OF WAYS AND MEANS MEMBERS

Members rate their committee. Ways and Means, Appropriations, and Rules are the three "exclusive" committees in the House. That is, membership on one of these three ordinarily precludes membership on any other standing committee of the House.¹ For members of Ways and Means, their committee is also "exclusive" in the more conventional sense of the word; members see themselves as belonging to an elite corps.² Said one member, "It's like being in the best fraternity on campus." The history of committee membership seems to bear this out. Members do not ordinarily leave Ways and Means to serve on other committees, not even Rules or Appropriations. Only one member has ever left the committee by his own request.³ Departure has been due to death, retirement, changing party control, and,

¹Howard W. Smith (Democrat, Virginia) Chairman of the House Rules Committee is also a member of the District of Columbia Committee. Presently, he and Rep. Joel Broyhill of Ways and Means are the only members of "exclusive" committees also seated on other standing committees of the House. The three ranking members of the majority party and the two ranking minority members on Ways and Means are automatically members of the House-Senate Joint Committee on Internal Revenue Taxation.


less frequently, electoral defeat. Conversely, Ways and Means has drawn members from nearly every other committee. 4

Members see themselves not only as a social elite within the House, but also as an intellectual elite, a Congressional braintrust; for them, membership on Ways and Means is the House equivalent of a Phi Beta Kappa key. During interviews, members referred to one another as "scholarly," "expert," "sharp," "studious," "extremely intelligent," "good students." The few members who were felt to be inferior were often referred to as "marginal."

The standard by which most members judge their performance is the Chairman, Wilbur D. Mills. Of him it was said, "Wilbur knows more about our tax laws than anybody else," or, "The only man who might know more about taxes is Colin Stamps." 5 An admiring Democratic member said, "Experts come before the committee not to convince Wilbur but to learn from him." To the question, what is the model committee member like, the answer often given is, "Like Wilbur Mills."

**The conduct of committee business.** During the period embraced by this study, general agreement existed among members as to the conduct of committee business; no quarrels developed over procedure or over the chairman's methods for conducting business. "John Byrnes (the ranking Republican) and Wilbur Mills disagree on some specific points of policy," said one Republican member, "but they cooperate a good deal in running the

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4 Donald McClean left the Rules Committee for a seat on Ways and Means. Robinson, op. cit., p. 96.

5 Chief of Staff of the Joint Committee on Internal Revenue Taxation.
committee." One committee Democrat called Byrnes "extremely likeable and capable. He and Wilbur cooperate a great deal." Another Republican put it this way: "There is a good deal of cooperation between Mills and Byrnes; they're two of a kind." "John Byrnes and I don't always agree on all matters," said Mills, "but we do agree on how the committee is to be run."

The nature of that agreement involved the use of customary Ways and Means procedures for conducting business. No subcommittee organization exists for substantive legislative purposes; hearings are extensive and detailed and public and executive sessions are conducted in full committee; the minority is given ample opportunity to establish a party stand on the issues; committee staff help is ample; the list of public witnesses is exhaustive; and all members are given full opportunity to interrogate witnesses. Unfailingly, after a witness had completed testimony on the tax proposal, Mills would ask committee members if they had any questions, beginning with the ranking Democrat and then alternating between Democrats and Republicans in descending order of seniority.

The most important area of agreement -- especially in terms of the relationship between the committee and the whole House -- is on requesting a closed rule from the Rules Committee to accompany tax legislation to the floor of the House. The closed rule -- a tradition with important legislation issuing from Ways and Means -- amounts to a "gag" rule. It means that only committee sponsored amendments can be considered on the floor. The closed rule permits opponents only to offer a motion to recommit the bill to committee with instructions to change the bill as specified in the motion. The closed rule thus places strict limitations on
consideration of legislation, and deprives the opposition of the flexi-
bility of proposing selective amendments that might draw shifting and
temporary coalitions on their behalf. It gives the opposition one "all
or nothing" chance to change legislation, thus severely limiting options
and the range of opportunities for change.

The "all or nothing" atmosphere created by the closed rule fre-
quently makes for a stringent "all or nothing" recommittal motion. For
example, after House debate on the Trade Expansion Bill of 1962, the
Republicans, unable to amend the bill to their liking on the floor, of-
fered a motion to recommit with instructions to substitute for the bill
an extension of the expiring Trade Agreements Act. The effort failed
because few Democrats cared to join the Republicans in an outright re-
pu-diotion of the President on his most important piece of legislation for
the entire session, although enough might have joined on selected amend-
ments had they been permitted. The closed rule has a tendency to place
the opposition in an uncompromising position, the worst position imagin-
able in Congress.

Since tax legislation can be highly controversial in nature, one
might think it difficult to obtain consensus on the committee favoring
a procedural rule whose effect is to outfit legislation in a suit of
armor once it leaves committee, especially since Ways and Means is one
of the few committees permitted under House rules to go to the floor under
an "open" rule without first making the journey to the Rules Committee.

Such is not the case. Members of both parties indicated approval
of the rule during interviews; both Mills and Byrnes argued for it be-
fore the Rules Committee; and the 24 committee members present and voting
went down the line in favor of it on the House vote. Why? For one thing, committee members argue that if a tax bill went to the floor under a rule permitting members of the House to propose their pet amendments, utter chaos would result and the Internal Revenue System would be threatened with collapse. Said one member, "Everybody knows this, and puts trust in us."

This argument, however, is difficult to sustain. There is no closed rule in the Senate, yet it can hardly be said that debate over tax legislation on the Senate floor is marked by furious activity to dismantle systematically the Internal Revenue Code. Debate is regulated by agreement between the ranking members on both sides of the Finance Committee and the floor leaders of the parties, and follows reasonably closely the bill reported by the committee along with committee amendments. Perhaps an argument can be made that the informal Senate procedures have to be formalized in the much larger House. But the argument would be hard to make on the grounds that Senators are more statesmanlike than Representatives. In any event, members do not make either of these arguments with any conviction.

A point that they do make with great conviction is that the House trusts the Ways and Means Committee, as its expert arm in the area of taxation, to formulate substantively and technically sound legislation that would require no substantial amendment. This point of pride seems to underlie to a large extent the committee-wide consensus on the closed rule. The statement that "the House has confidence in the committee's ability to draft a good bill," or its equivalent, was a frequent response when the question was put. The member who said, "Everybody figures that
a Ways and Means tax bill will be a good one since the committee and its
staff know more about the matter than anyone else," might have been
stretching objective truth, but this sentiment was indicative of what
committee members subjectively felt.

The closed rule, therefore, is for committee members a sign of the
prestige of their committee and the esteem with which it is held in the
eyes of their colleagues. As such, they continue to favor it generally
and to impress upon their colleagues the necessity for its use in those
instances when they deem it necessary. Anything less might be taken as
a sign of uncertainty and doubt; and it is not in the nature of the Ways
and Means Committee (or any other Congressional committee, for that
matter) to indicate that it doubts its capability to carry out functions
assigned to it. To the contrary, the insistence on the closed rule seems
to go hand in hand with members' perceptions of the committee as an
intellectually superior group that is capable of handling its work load
in a sophisticated and sound fashion to the benefit and satisfaction of
all. Thus, the inconvenience of the closed rule is tolerated, paradoxi-
cally, by a committee whose arguments seem to indicate that it is un-
necessary.

The Committee's job. Committee members leave no doubt as to how
they view their job. "This is a policy committee," is the general response.
According to the chairman, "The committee is responsible for making policy.
By and large members recognize this responsibility; it is awesome in a
sense." The chairman's remarks neatly summarize members' attitudes and
feelings. They consider the committee a crucial juncture in the policy-
making process; they feel fully responsible as agents in the process; and
while they may not be awed, in the strict sense of the term, by their job, they feel they operate in a highly important, perhaps the most important, area of governmental activity -- taxation. Members see the committee as a constitutional agent of the House of Representatives through its jurisdiction over taxes, trade, social security, and the public debt. Of these jurisdictions, committee members tend to see taxation as the most important; their feeling is that the power to tax is the most fundamental, sensitive, and far reaching of all the non-military powers of government, affecting as it does virtually all individuals and businesses. And most committee members will, in one form or another, subscribe to the proposition that "the power to tax is the power to destroy."

But to say that members view their committee's role as policy oriented is not to say enough, because it is important to know how they view tax policy. For committee members tax policy involves much more than the technicalities of fixing the tax rates, whether they like it or not, and some do not. They are acutely aware that taxation is intimately related to broad questions of economic policy, and that favorable tax law provisions are rich prizes in the struggle among individuals and groups for competitive economic advantage. Members know that a proposal to alter substantially the tax structure is likely to be based on an economic theory, or more specifically a theory of economic growth, and that it will bring forth a thundering herd of claimants seeking to keep or gain economic

6 Article I, Section 7 of the Constitution states that bills which raise revenue must originate in the House.
advantage. By and large, members feel that the committee's legitimate job is to enter the fray in order to bring about an accommodation between competing and conflicting theories and claims. And committee members are not above identifying themselves with a particular theory or claim.

Members articulate this view, as would be expected, with varying degrees of sophistication and conviction and with different emphases. One member felt that the committee ought to intervene "in order to keep this country solvent." By this he presumably meant that the committee should try to make sure that revenues matched expenditures, or at least that the latter did not vastly outstrip the former. Another member, confronted with this interpretation, said, "Well, if that's the case, we aren't doing a very good job, are we?" Some other members took a somewhat broader view, calling the committee a "balancing force," or a "balance wheel." But a high ranking Republican member put it most systematically when he said in fashionable jargon:

The role of the committee is to weigh tax policy in the scales of the domestic economy to determine what the traffic will bear. Properly, tax policy should be connected with the tolerance level of the economy. When the tolerance level is pushed too hard, necessary adjustments should be made to prevent taxation from becoming a drag on the economy. What we spend most of our time on in committee is this question of the tolerance level, and how you draft a bill around it with the proper accommodations.

Here was a nicely put interpretation of the dual role that members see the committee performing: consideration on the broad economic level of the relationship between taxation and the performance of the national economy; and regulation of the struggle to get preferential tax treatment.
Issues, ideology and partisanship. An important purpose of the interviews was to get members to indicate if they saw any divisions existing on the issues before the committee. Their responses indicate that they did, that they saw them as being both ideological and partisan, but that they did not necessarily mean that divisions and differences were always based on partisan ideologies.

All members recited the well-known fact that party lines break down in Congress and that votes in committee were no exception to the rule. As one member put it, "Partisanship on the committee is no more or less than it is in Congress in general." Many members advanced the specialized, technical nature of much of the committee's work as a reason why partisanship could not always be detected. Also cited were the existence of economic conservatives among the Democrats, and non-protectionists among the Republicans, raising the possibility of some Democratic crossovers on fiscal issues and some Republican crossovers on tariff and trade issues. Democrats recalled that five Republicans had voted with them to report out of committee the Trade Agreements Act of 1962, and that the same five voted for passage on the floor. And Republicans were eager to offer the information that at least three Democrats were siding with them to pigeonhole the King-Anderson Bill for medical care to the aged through Social Security.

Yet both Republicans and Democrats did point to many of their opposite members as "totally predictable" or "highly partisan" or "well-controlled" in their attitudes and voting behavior. And it was the collective judgment that while there was wide agreement on committee norms and procedures, party differences could be found on many specific points
of how policy should be shaped and on some of the assumptions underlying policy departures. There tended to be general agreement on the proposition that, as one member put it, "on many crucial committee votes the party differences are evident."

It appears that members described a committee situation in which party discipline emerges as the most reliable indicator of member behavior, although not an all inclusive one; a situation in which the Democrats generally come down on the liberal side of issues and the Republicans generally on the conservative side. Gross data on roll call votes in the House, and analysis of committee votes bear out this general description.

A number of conservatism-liberalism and party support indexes can be used for purposes of illustration. The ones selected for use here are the Conservative coalition support-opposition scores, the larger federal role support-opposition scores, and the party unity scores, all devised by Congressional Quarterly.

As Table 8 shows, both committee Democrats and Republicans had respectable party unity scores for the 12-year period of the 83rd through the 88th Congresses. Committee Republicans ran slightly under the average House GOP party unity scores in the 83rd, 84th, and 85th Congresses, but exceeded the average scores during the 86th, 87th and 88th Congresses. The widest negative deviation was -9 percentage points in the 83rd Congress. The widest positive deviation was +8 percentage points in the 88th Congress.

Committee Democrats had even better party unity scores, exceeding the average House Democratic score in four of the six Congresses, and
running even with it in a fifth. The extremes for committee Democrats were -7 percentage points in the 83rd Congress, and +11 percentage points in the 87th Congress.

**TABLE 8**

Party Unity Scores, Ways and Means Committeemen, and House Parties, 83rd-88th Congresses

<table>
<thead>
<tr>
<th>Congress</th>
<th>83rd</th>
<th>84th</th>
<th>85th</th>
<th>86th</th>
<th>87th</th>
<th>88th</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committee G.O.P.</td>
<td>75%</td>
<td>66%</td>
<td>61%</td>
<td>76%</td>
<td>78%</td>
<td>80%</td>
</tr>
<tr>
<td>Committee Dem.</td>
<td>70%</td>
<td>75%</td>
<td>68%</td>
<td>73%</td>
<td>82%</td>
<td>78%</td>
</tr>
<tr>
<td>House G.O.P. Average</td>
<td>84%</td>
<td>70%</td>
<td>66%</td>
<td>73%</td>
<td>72%</td>
<td>72%</td>
</tr>
<tr>
<td>House Dem. Average</td>
<td>77%</td>
<td>71%</td>
<td>68%</td>
<td>72%</td>
<td>71%</td>
<td>71%</td>
</tr>
</tbody>
</table>

Source: Congressional Quarterly Almanac, 1954-64.

Tables 9 and 10 are conservatism-liberalism indexes; one charting larger federal role support-opposition scores, for the 86th-88th Congresses, the other, Conservative coalition support-opposition scores for the 86th and 87th Congresses. As Table 9 indicates, committee Republicans took sharply conservative stands in opposition to a larger federal role, running -6, -5, and -14 percentage points below and +6, +3 and +15 percentage points above the House G.O.P. average support-opposition scores in the 86th, 87th, and 88th Congresses, respectively.

Committee Democrats, on the other hand, took more liberal stands than their House colleagues, running above the average support scores
and below the average opposition scores by +3 and -1 percentage points in the 86th Congress, +9 and -11 percentage points in the 87th Congress, and +6 and -7 percentage points in the 88th Congress.

## TABLE 9

Larger Federal Role Support-Opposition Scores, Ways and Means Committee, 86th-88th Congresses

<table>
<thead>
<tr>
<th>Congress</th>
<th>86th</th>
<th>87th</th>
<th>88th</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Support</td>
<td>Opposition</td>
<td>Support</td>
</tr>
<tr>
<td>Committee G.O.P.</td>
<td>11%</td>
<td>86%</td>
<td>19%</td>
</tr>
<tr>
<td>Committee Dem.</td>
<td>77%</td>
<td>22%</td>
<td>87%</td>
</tr>
<tr>
<td>House G.O.P. Avg.</td>
<td>17%</td>
<td>80%</td>
<td>24%</td>
</tr>
<tr>
<td>House Dem. Avg.</td>
<td>74%</td>
<td>23%</td>
<td>78%</td>
</tr>
</tbody>
</table>

Source: [Congressional Quarterly Almanac, 1960-64.](#)

## TABLE 10

Conservative Coalition Support-Opposition Scores, Ways and Means Committee, 86th-87th Congresses

<table>
<thead>
<tr>
<th>Congress</th>
<th>86th</th>
<th>87th</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Support</td>
<td>Opposition</td>
</tr>
<tr>
<td>Committee G.O.P.</td>
<td>78%</td>
<td>12%</td>
</tr>
<tr>
<td>Committee Dem.</td>
<td>30%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Source: [Congressional Quarterly Almanac, 1960-62.](#)
Table 10 indicates that committee Republicans were extremely strong Conservative-coalition supporters in the 86th and 87th Congresses, and that committee Democrats were fairly strong opponents, although considerably less strong in their opposition than committee Republicans were in their support.

One of the reasons for this was the presence of Southern Democrats on the committee who, with the exceptions of Bass of Tennessee, and Boggs of Louisiana, tended to give the Conservative coalition some strong support, and thus pulled down the Democratic average. Table 11 gives the Conservative coalition scores of southern Democrats on the committee.

**TABLE 11**

Conservative Coalition Support - Opposition Scores of Ways and Means Southern Democrats, 86th and 87th Congresses

<table>
<thead>
<tr>
<th>Members</th>
<th>86th Support</th>
<th>86th Opposition</th>
<th>87th Support</th>
<th>87th Opposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mills (Ark.)</td>
<td>70%</td>
<td>30%</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Boggs (La.)</td>
<td>43%</td>
<td>40%</td>
<td>18%</td>
<td>51%</td>
</tr>
<tr>
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<td><strong>Avg.</strong></td>
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Source: Congressional Quarterly Almanac, 1960-62.
What the data reveal about party regularity and Democratic liberalism and Republican conservatism among committee members is supported by some crucial votes taken on the committee and on the floor of the House in recent sessions of Congress.

On March 16, 1962, the Ways and Means Committee voted to report out the first Kennedy Administration tax proposal. On March 29, on the floor of the House, the Republicans offered a motion to recommit the bill with instructions to strike out the provision repealing the $50 deduction and four percent dividend tax credit, a provision that the Administration called crucial to the bill. All committee Republicans voted for the motion to recommit; all committee Democrats voted against it. On the vote for final passage, committee members once again split along party lines: the fifteen Democrats voting for passage, the ten Republicans voting against.

In June of that same year, the committee reported out the Administration's trade expansion proposal, and while the critical votes were not as sharply divided along party lines, sufficient party discipline was apparent to be significant. The committee voted the bill out, 20-5, with all five dissenting votes belonging to high-tariff, protectionist Republicans: Mason, Knox, Utte, Betts, and Alger. On June 28, 1962, the Republicans offered from the floor a motion to recommit with instructions to substitute for the bill an extension of the expiring Trade Agreements Act. On this crucial motion all committee Democrats voted against; three Republicans who had voted to report the bill then joined with the five who had not to support the recommittal motion which, if passed, would have destroyed the Administration's bill. The two Republicans who did not go
along, Curtis and Baker, were not notable protectionists. The motion failed, 171-253. On the subsequent anti-climatic vote for final passage, committee members split exactly as they had on the vote to report the bill, 20-5, with the same five Republicans who had voted against reporting it voting against final passage.

The final example relates to the second Kennedy tax proposal, the massive tax reform and reduction proposal of 1963. Here party lines hardened once again. The bill was reported out of committee, 17-8, with two Republicans, Knox and Baker, joining the Democrats. From the floor the Republicans offered a recommittal motion with instructions to amend the bill so as to make the tax cuts effective only on the condition that the President hold his budget estimates for fiscal 1964 and 1965 to limits of $97 billion and $98 billion, respectively. On this crucial vote, committee members voted along straight party lines, 15-10. The motion lost, but on the vote for passage committee members held to their party lines and split, once again, 15-10.

The gross data and the three specific policy issue examples lead to the following observations:

1. For the twelve-year period covered by the 83rd-88th Congresses, Ways and Means members were, generally, reasonably strong supporters of party stands, with the record of Committee Democrats being somewhat better than their Republican counterparts.

2. In the 86th, 87th and 88th Congresses, committee members from both sides could be classified generally as party "ideologues" to the extent that
a) Their party-unity scores were higher than the House averages for both parties,

b) Democrats scored higher on indexes of liberalism than the House Democratic average, and Republicans scored higher on indexes of conservatism than their party's House average, and,

c) Party lines tended to harden on crucial votes taken in committee and on the floor relative to the most significant committee legislation.

3. To the extent that party lines broke down, the intervening variable appeared to be specific kinds of issues, indicating that,

a) Some members may occasionally be subjected to pressures which necessitate straying from the party reservation, or,

b) Some members occasionally assert independence for other reasons: conviction or personal predilection, for example.

4. Voting in Congress is a very subtle and complex procedure which offers the Congressman the opportunity for considerable flexibility in taking positions.

a) It is possible, for example, to record votes both for and against a particular measure: e.g., the Republicans who voted for the motion to recommit the tariff bill, then voted for final passage when the recommittal motion failed to carry. In this way it is possible to serve more than one constituency: for example, party on the recommittal motion, and district or nation on the vote for passage.
Summary and Conclusions

This chapter has attempted to present some meaningful information on the Ways and Means Committee based on the perceptions and attitudes that members have of the committee's role in the policy process and the Congressional system. What has emerged is a profile of a committee in which there is widespread agreement on the status of the committee, procedures for conducting business, the method for presenting committee legislation to the House, the policy-making nature of the committee's job, and the inevitability, if not necessity, of party lines being drawn on many crucial committee votes and floor votes on committee legislation.

In a manner of speaking, Ways and Means could be classified as what Richard Fenno has called elsewhere, a "well-integrated" committee. However, one of the norms that Fenno discovered to be integrative for the House Appropriations Committee -- minimal partisanship -- does not appear as a Ways and Means Committee norm. About all that can be said in this regard is that party divisions on Ways and Means are expected, sanctioned, and even encouraged. But even this kind of agreement, combined with the other more or less procedural agreements, makes for a highly unified committee, and this unity makes the committee, in turn, an effective and successful unit in the House constellation. Ways and Means has not earned its reputation as a powerful committee by being a legislative graveyard. To the contrary, the committee has been able, for the most part, to grip some highly complex and thorny problems, to resolve them reasonably.

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7Fenno, op. cit.
effectively, if not speedily, and to report legislation that the whole House seldom has refused to pass in unamended form. For the fifteen-year-period of the 80th through the 87th Congresses, 538 out of 577 committee bills were passed by the House, a figure of 93 percent. As mentioned earlier, the closed rule "stacks the deck," so to speak, in the committee's favor, but widespread House acceptance of the closed rule would be difficult to imagine if committee members were not unanimously in favor of it. Committee unity, based on role agreement and the expectations that flow from it, has aided in the ability of the committee to reach important decisions, and this unity has had its obvious effects for the position of the committee in the House.

As a significant by-product of the purpose of this chapter, some evidence has been presented to suggest that Ways and Means members have been strong party supporters in recent Congresses, in fact, scoring higher party unity scores, on the average, than their respective party colleagues in the House. This would appear to compromise one of the old chestnuts of political science wisdom that members from safe districts are least likely to be party oriented in terms of program. As seen in the previous chapter, Ways and Means members are, by and large, senior members of the House from districts safe either for themselves or for their party. This bears some testimony to the validity of the opinion that prevails in the House that it is wiser to place senior members from safe districts on strategic and sensitive committees because they are better insulated against pressures than younger members, and can therefore better afford to be instrumental in formulating and defending a party stand on issues.
Chapters I and II have been devoted to the structural characteristics of the Ways and Means Committee, and to perceptions and attitudes of committee members toward their committee and its role in the House. The study now turns to an intensive analysis of the tax bill of 1963, its journey through the Ways and Means Committee and through the House. Chapter III will deal with the genesis of the tax program and its major features; Chapter IV will deal with committee actions on the reform provisions of the bill, within the framework of a discussion on the nature of representation; and Chapter V will analyze party attitudes on the committee with respect to the fiscal implications of the tax program.
CHAPTER III

GENESIS OF THE TAX PROGRAM

Economic theory. President Kennedy's tax proposal of 1963 was a composite of many strains of thought about the condition of the national economy, and the President's notions of what he could expect from Congress. The basic assumption of the tax program represented a liberal economic judgment: namely, that tax revision should be one of the principle instruments of economic growth, even if it meant running a deliberate, planned deficit. The tax program not only differed in substance from the customary Democratic palliatives for economic headaches -- increased spending or easy credit or a combination of the two -- but differed from the two previous tax cuts of the post-war years. The tax cuts of 1948 and 1954 were based on the proposition that since government expenditures were about to decline, fewer tax dollars would be needed to balance the budget. The tax cut of 1963 was intended to unbalance the budget temporarily in order to stimulate the economy, create more jobs, raise the annual growth rate of the Gross National Product, and thereby bring enough money into the Treasury to balance the budget over the business cycle. This thinking represented a change in tactics from previous Administrations, and a change in emphasis from the first two years of the Kennedy Administration.
But given the nature of the Kennedy appointments in sensitive economic positions, a departure was almost bound to come.

**Appointees.** For his Treasury secretary, the President went to the well of the Establishment and drew out C. Douglas Dillon. A tycoon's son with a Groton education and a Harvard degree, an investment banker in the family firm of Dillon, Read and Co., a Republican, President Eisenhower's Ambassador to France and later Undersecretary of State, Dillon was reportedly appointed to allay the fears of the international financial community and the orthodox economic thinkers in Congress that the new President harbored radical economic thoughts. If that was the strategy, then the Dillon appointment was brilliantly conceived, because behind the image dwelt a man whom insiders knew to be free from dogma, and pragmatic and flexible in much the same way as the new President under whom he would be serving.

Around Dillon was drawn a cordon of liberal advisors: Henry Fowler as Undersecretary of the Treasury, a Washington attorney who once contested the Byrd machine in Virginia and almost defeated Rep. Howard Smith; Seymour Harris as Treasury consultant, a Harvard economist of the Keynesian persuasion; Stanley Surrey, Assistant Secretary for tax policy, a former Harvard Law School professor whose preachments against tax loopholes so disturbed some members of the Senate Finance Committee that his confirmation was delayed until Dillon assured the committee that Dillon, not Surrey, would be making the big policy decisions. Rounding out this list was the new chairman of the Council of Economic Advisers, Walter Heller -- Orville Freeman's economic advisor when the latter was Governor
of Minnesota -- who came with the strong backing of Freeman and Senator Hubert Humphrey.

**Influence patterns.** The form of the tax program presented in January of 1963 was, in large part, the story of how these personalities brought their influence to bear on each other and on the President. Practically from the very beginning of the Kennedy Administration the Council of Economic Advisors, led by Heller, advocated a major tax cut to stimulate the economy. The reasoning was that the high tax rates were hobbling the economy by siphoning too much consumer purchasing power and depressing the incentive to invest. According to this theory, what was really keeping the economy underproducing and keeping millions out of work was not structural unemployment and automation, as the Labor Department might argue, but "soft" demand. People simply weren't demanding all the goods the economy was capable of producing because they didn't have the money to spend. The argument for a tax cut rested on the concepts of the "multiplier effect" -- as private income released by tax reduction was spent, markets would strengthen, production would rise, new jobs would be created, and incomes and profits would rise accordingly, so that the original personal tax reduction would result in an increase in GNP considerably larger than the reduction itself -- and the "accelerator effect" -- as sales were bolstered and production pushed closer to capacity, corporate tax reduction would stimulate investment in inventories, plant and equipment, thereby expanding GNP and raising profits.¹

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At the outset, Heller's argument confronted the conventional economic wisdom against large deficits, and the national defense priorities of the new Administration. Treasury opposed the cut as being unnecessary and certain to throw the budget badly out of balance. And as early as the spring of 1961, the Administration was building a case for new defense and space expenditures which was thought to rule out a tax cut for that year. Indeed, had the Berlin crisis of the summer of 1961 worsened, it has been reported that the President was ready to ask for a tax increase.

In opposing the cut, Treasury seemed to be acting true to its essentially conservative institutional bias. But Dillon and his associates were hardly hiding behind George Humphrey's portrait. From the beginning of his appointment, Dillon, called the Alexander Hamilton of the twentieth century by Professor Harris, aimed to stimulate the economy while maintaining monetary stability by increasing incentives for the private sector. To this end Treasury was largely responsible for the Revenue Act of 1962 which provided a 7 percent tax credit for investment in new machinery and equipment and depreciation write-offs at an estimated cost of $2 billion annually to the Federal government. Nor did Dillon obstinately oppose the idea of a sizeable tax cut when it finally gained wide acceptance within the Administration.

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Events leading to the tax cut proposal. In 1960, candidate Kennedy's campaign pledge was to "get the economy moving." When the Administration subsequently came to power, the commitment of the campaign trails became its primary domestic objective -- to speed the rate of economic growth. Perhaps because he had been elected by a wafer-thin margin, had run behind the Democratic ticket generally, and had seen the Democrats lose seats in the House, the President was not emboldened to proceed as vigorously in office as he had during the campaign. What the Administration finally developed were some relatively conventional tools for economic intervention. To prime the economic pump, the budget estimates of the outgoing Eisenhower Administration were revised slightly upward and some new public programs were planned. To stimulate investment, the President sent Congress, in April, 1961, an omnibus tax revision proposal whose main features were an investment tax credit and a depreciation write-off for outmoded equipment.

The subsequent record of 1961 was a mixed one. Tax receipts for fiscal year 1962 fell below earlier estimates, and the Kennedy Administration had a budget deficit to show for its first six months in office. That this did nothing to improve Mr. Kennedy's image in the eyes of an already recalcitrant Congress became clear when, in August, the Ways and Means Committee decided to shelve the President's tax proposal until 1962. On the credit side was the fairly sharp business upturn of 1961 that continued into the fall months. But even this was an all too temporary respite, for the business upturn bogged down by November, and a period of sluggish growth began to set in. As 1961 drew to a close, conditions were not much improved over the previous year. Indeed, the Administration's
critics, who were arguing that things would get much worse before they
 got better, were to be proven essentially correct by the wild fluctua-
tions of the stock market in May and June, 1962.

At the beginning of 1962, the big question for the President still
was: "How to get the economy moving?" In seeking an answer to this ques-
tion the Administration was constrained by the balance of payments prob-
lem, inherited from the Eisenhower Administration but by no means solved
during the first year of the Kennedy Administration. Briefly, the prob-
lem imposed by the balance of payments deficit was this: pump-priming
remedies (increased spending and easy money) would have stimulated growth,
but applied in heavy doses also might have weakened confidence in the
dollar, and accelerated the outflow of money to higher yielding foreign
markets, thereby increasing the balance of payment's deficit. On the
other hand, restraints on spending coupled with a policy of tight money
might have cut the balance of payments deficit, but might well have im-
mobilized the domestic economy by cutting heavily into investment poten-
tial. This conflict had conditioned the economic policies of the Kennedy
Administration during its first year and continued to place limits on the
extent to which the conventional tools of government economic policy
could be used.

But the President also was constrained by other considerations.
The first session of the 87th Congress was antagonistic to some of the
Kennedy programs requiring new obligational spending authority and there
was little indication that the same Congressional membership would have
a change of heart during the second session, in some cases despite the
fact that it was an election year, and in other cases because of it.
Any full-scaled attempt to use budgetary policy as an instrument of economic growth was bound to meet with mixed success at best, and an outright rebuff at worst. Besides, the President was embarking upon an attempt to liberalize U. S. tariff and trade policy, and this would absorb the major presidential efforts at Congressional persuasion. To spring a bulky budget on Congress at the same time might have been disastrous. Moreover, Congress still hadn't passed the tax revision bill of 1961, and in order to argue effectively for the cuts contained in it, the President apparently felt that he had to demonstrate that his budget for fiscal 1963 was essentially a hold-the-line, minimal requirement budget. And on top of all this, Washington politicians were generally persuaded that eight years of Eisenhower had turned the national debt into a national fetish. Out of this tangle of economic principles and economic folklore, a sizeable across-the-board tax cut began to look more and more like the best available alternative.

What observers had noted as a Presidential point of view in the early months of 1962, became a Presidential commitment on June 7 when the President, in a press conference, revealed that he would send the 86th Congress a comprehensive tax revision and reform bill calling for across-the-board reductions in personal income and corporate tax rates effective retroactively to January 1, 1963.\(^4\) From that point on, the

better share of Presidential energy was harnessed toward that objective, temporarily interrupted, of course, by the Cuban missile crisis of October, 1962.

**Strategic considerations.** The June Press Conference and a very significant commencement address at Yale on June 12 -- in which the President attacked some traditional notions about fiscal and monetary policy -- sparked a lively debate on taxes and the national economy.\(^5\) The debate took place on two levels. It was known that the President would propose major tax revisions to the 88th Congress. But there were also reports that the President was thinking strongly about proposing a temporary tax cut to give the economy a quick lift. In his press conference of July 23, the President was asked what the Administration had in mind when it referred to "expansionary policies" in its Economic Report of January, 1962. "The expansionary policy we talked about," he replied, "is in the area of a tax cut."\(^6\) When quizzed on the possibility of asking for a tax cut in 1962, he said that he would forego making any decision until the July figures on the economy were in.\(^7\) He said essentially the same thing during his press conference on August 1. But the uncertainty of the President's public utterances could not obscure the direction of his thinking because he had already asked Congress for standby authority to reduce personal income taxes if he thought conditions


\(^{7}\) *Ibid.*
warranted it -- a proposal that got nowhere with Ways and Means. But that setback did not foreclose debate -- one that was to cause the making of some unusual alliances. Grouped in favor of an immediate tax cut were the Chamber of Commerce, the AFL-CIO, and Hubert Humphrey. Among those opposed to immediate tax reductions were the National Association of Manufacturers, the Republican Congressional leadership, Senator Paul Douglas, and Wilbur Mills. This phase of the debate ended on August 13, 1962, when the President took to the airwaves to announce that he contemplated no temporary tax cut. At the same time he reemphasized his plans for spurring the economy forward with a massive tax cut to begin in 1963.\footnote{Transcript, \textit{Congressional Quarterly Weekly Report}, Vol. 20, No. 33, Aug. 17, 1962, pp. 1385-88.}

During those summer months the President had two objectives with two corresponding sets of strategies. The long run and top priority objective was to generate some informed public opinion favorable to tax revision generally so that the Administration could bargain from a position of strength in 1963. Toward this end, the reaction was quite favorable. Business and labor indicated preference for permanent tax cuts, although they differed over the incidence of the cuts. Economists, generally, testified before the Ways and Means and Joint Economic Committees that the tax rates were hobbling the economy. Even the Republican leadership in Congress indicated that it might accept an Administration contrived revision of the tax system, although it was made apparent that budgetary restraint would be a condition of Republican acceptance. There would be
some nagging problems, such as coming to grips with the economy bloc in Congress over the budget for fiscal 1964; getting Wilbur Mills' assurance that Ways and Means would clear its calendar for exhaustive hearings on the proposal; and, within the Administration itself, determining the mix between tax cuts and tax reform. But the Administration would have time to work its arrangements and plan its strategies. It would spend the fall and winter getting its communications machinery in shape for the intensive program of educating, bargaining, and persuading that would have to be undertaken.

The President's short-run objective was to test just how far he could go in pressing for an immediate tax cut in 1962. This objective posed some hard questions of judgment based on how opinion was grouping quantitatively and qualitatively. The President had gotten labor and some business support for a tax cut in 1962, and there was some sentiment for it in Congress, albeit not too much. On the other hand, the most important business sector, large industry, had withheld support of an immediate tax cut; many professional economists had their doubts about the value of one; and some strong voices in Congress, most notably, Wilbur Mills, had spoken against it. And worse yet, there was no consensus within the Administration about the best approach. People like Dillon, Stanley Surrey, and IRS Director Mortimer Caplin argued that tax reform was also necessary and opposed a quick tax cut on the ground that it would shut the door on meaningful reform. Heller and the Council of Economic Advisors weren't particularly bothered by this kind of reservation. Tax reform proposals almost always have precipitated bitter battles and
endangered the passage of tax bills, and for the Council tax cuts were the important item.

To propose immediate tax reductions in this climate would have put the President in the position of playing one opinion bloc against the other. This kind of juxtaposition was loaded with danger. Chances were good that Wilbur Mills would have opposed an immediate tax cut; that the economy bloc in Congress and its allied groups would have proved intractable; and above all, that the President would have been faced with sharp division within his own Administration. With the Chairman of Ways and Means and his own Treasury officials aligned against him, the President's chances of getting immediate tax reductions would have been considerably lessened. More importantly, if the President had tried and lost, his chances of getting major revisions in 1963 might have been seriously jeopardized. Once opposed, it might have been difficult for Mills and the politically influential groups to pull back gracefully and then mount the bandwagon for general tax revision in 1963. If the President forced the issue it might have been self-defeating because it would have meant cutting into the very consensus that the President himself was striving to build. And it also would have meant forcing to the surface some knotty issues of general fiscal policy that the Administration preferred to keep submerged until it had a chance to soften the blow. Those issues, such as the level of federal expenditures and debt management, were bound to arise in 1963. As a strategic matter of timing, the President apparently reasoned that it made little sense to stigmatize his efforts at general tax revision for 1963 before the bulk of those efforts were ever formally made.
In the end, the President chose not to sacrifice his long range policy objective of general tax revision. Strong as the economic arguments for immediate tax cuts might have been, the political risks of requesting them appeared to be even stronger. And after all, the arranging of policy priorities are essentially political decisions. By scrapping his plans to request immediate tax cuts, the President bought time to work on the larger problems that would most certainly surround his major proposal through 1963.

The tax program of 1963. By December 1962, a program had been developed that represented a compromise between those who wanted sizeable rate reductions and were willing to forego reforms for the time being, and those who felt that rate reductions without meaningful reforms would only compound the inequities in the tax structure. The big questions were how large the cut would be, whether it would take effect all at once or in separate stages, what the reforms would be, and how much revenue they would recoup.

It was agreed that the total size of the tax cut was to be in the neighborhood of $10 billion. It was also agreed that a cut of such magnitude should not go into effect all at once. Disagreement did exist, though, over how much of the cut would apply in the first phase. Walter Heller, known in Washington by this time as "Mr. Tax Cut," argued for roughly $5 billion for 1963. Dillon argued that a cut of that size would force him to seek such a large increase in the statutory debt limit that he feared Congress would not go along.9 Apparently Dillon won. When the

9Kraft, op. cit., p. 56.
program was made public, the cuts were spread out over three years, and
the cut for 1963 was roughly $2.7 billion.

The overall rate reductions provided for a cut in tax liabilities
of $13.6 billion -- $11 billion for individuals and $2.6 billion for
corporations. Over a three year period, it was proposed that rates on
personal income taxes be dropped from the range of 20-91 percent to a
range of 14-65 percent, with appropriate reductions generally averaging
20 percent and covering every bracket.\textsuperscript{10} Also over a three year period
it was proposed to drop corporate tax rates from 52 percent to 47 per-
cent.\textsuperscript{11}

Along with the rate reductions, the President's program included
structural reforms calculated to produce a revenue gain of $3.4 billion
(leaving a net reduction of $10.2 billion) by closing some of the loop-
holes in the tax laws. Clearly, this area of the program fell far short
of accomplishing what someone like Stanley Surrey or Wilbur Mills, for
that matter, wanted to see -- the internal revenue code rewritten so as
to substantially broaden the tax base and eliminate inequities.

\textsuperscript{10} U.S., Congress, House, \textit{Message From The President: Revision of

\textsuperscript{11} Ibid.
Six major loopholes existed through which billions of dollars escaped from Treasury's grasp and which made the tax structure discriminatory:

1. The loose interpretation of expense accounts, tightened somewhat but not completely by the Revenue Act of 1962.

2. The failure to withhold taxes on dividends and interest, proposed by the President during the 87th Congress and approved by Ways and Means, but overwhelmed by one of the strongest lobbying efforts in history.

3. The oil depletion allowance, a sacred cow in Congress.

4. The stock dividend credit.

5. The capital gains tax provisions.

6. The low tax rate on stock options.

The Administration's proposals were aimed at closing three of these loopholes and narrowing slightly a fourth loophole.

The most significant proposals concerned capital gains -- profits from the sale of stocks, bonds, real estate and other assets. Profits made on assets held less than six months -- called short-term gains -- had been taxed at ordinary income. Profits made on assets held for more than six months -- long term gains -- had been subject to half the rates on ordinary income, up to a maximum of 25 percent. Moreover, capital gains transferred from one generation to another through bequests had been freed by law from income taxation. Capital gains transferred in the form of gifts could be taxed only if the recipient then sold the assets. As a result, increases in the value of securities and real estate held by wealthy families for generations could escape income taxation.¹²

The President proposed to extend the minimum holding period for qualifying for long-term capital gains treatment from six months to one year on the ground that preferential treatment for gains on assets held less than one year was not consistent with equity or long-run economic objectives. And most importantly, he proposed to tax at capital gains rates all net gains accrued on capital assets at the time of transfer by gift or death.\footnote{President's Message, House Document No. 43, p. 20.} In return for this provision, the President proposed to tax long-term gains at the reduced rate of 30 percent of the proposed tax rates on personal income, changing the range from 10-25 percent to 4.2-19.5 percent.\footnote{Ibid., p. 19.} To deter the Ways and Means Committee from accepting the rate reductions without closing the loophole, the President said that without the loophole closing provision "there would be no justification for any reduction of present capital gain rate schedules."\footnote{Ibid., p. 20.}

The second highly controversial reform the President proposed was the repeal of the dividend credit provision of the Revenue Act of 1954. This provision exempted the first $50 in stock dividends from taxation and provided a flat four percent credit on the remainder against personal income tax. The provision was intended to provide relief against double taxation. Corporate profits had been subject to the corporation income tax and dividends from these profits then taxed under the personal income tax. Numerous tax experts have defended double taxation on the ground
that an efficient tax system requires separate taxes on corporations. The President claimed that the credit was not encouraging equity investment, as it was supposed to, and was giving relief only to the very highest income recipients at a cost to the Treasury of $460 million annually. If the recommendation was not acted upon, the President proposed that a higher rate schedule -- with a top rate of 70 percent -- be designed to yield an additional $460 million from the middle and upper brackets.

The third big loophole the Administration aimed to close concerned the tax treatment of restricted stock options. As a money making device, corporations have permitted executives to acquire stock options at a price below market value. Gains from these arrangements have been taxed as capital gains, thereby lightening the tax burden and postponing tax liability for some time. The President proposed to tax profits from such options as they were exercised and at personal income tax rates rather than at capital gains rates. The President argued that with reduced income tax rates, higher salaries would be more effective than stock option plans as a means of attracting and holding corporate executives.

The big loophole that the Administration proposed to do least about was the 27.5 percent oil depletion allowance, called by many the most scandalous and inequitable feature in the whole tax structure. To attack this provision meaningfully would have probably started a battle of such

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16 Fechman, op. cit., p. 21.

17 President's Tax Message, House Document No. 43, p. 17.

18 Ibid., p. 21.
bitterness as to imperil the entire tax program. The 27 year old 27.5 percent figure has become sacred to the oil industry and to Congress, with both the House Ways and Means and the Senate Finance Committees reportedly having heavy pro-oil majorities.\(^\text{19}\) Nevertheless, by proposing to tighten the basis for calculating the allowance, it was estimated that the depletion figure would actually be reduced to 20 to 22 percent -- from one-fourth to one-fifth. The depletion allowance worked this way: The owner of an oil well was permitted to deduct 27.5 percent of his gross income from the well before figuring taxes, provided that the 27.5 percent deduction did not exceed 50 percent of his net income from the well. In figuring income from the well, however, the owner was given another tax benefit by being permitted to charge off against income from other sources the costs of drilling and developing the well. The oil industry has argued that these special benefits have been necessary to assure an adequate supply of oil because of the great risks involved in the petroleum industry. The President maintained that the excessive benefits meant that in many cases percentage depletion far exceeded 50 percent of net income when properly defined to include development costs of the well. The President therefore proposed to include drilling and developing costs in figuring income from the well.

The most sizeable revenue raising reform proposed by the President was almost completely unexpected and hit with the impact of a bomb. The proposal would have required taxpayers who itemized their deductions to

subtract five percent of their adjusted gross income from the total deductions claimed, with the option of using the standard deduction remaining unchanged. For example, under the proposal a taxpayer with a gross adjusted income of $15,000 and $2,000 worth of itemized deductions would have had to subtract from his deductions five percent of his gross adjusted income, $750, leaving $1,250 to be deducted. This "five percent floor," as it was called, was intended to encourage more people to use the standard deduction -- 10 percent of income up to a maximum of $1,000 -- and would have raised an estimated $2.3 billion, providing by far the biggest gain in the $3.4 billion reform program. This proposal had almost everybody shooting at it, and was pronounced dead on arrival, so to speak. Actually the proposal was a Rube Goldberg substitute for elimination of the myriad deductions and differentials permitted by the tax laws. People like Wilbur Mills had been arguing for a long time that all the deductions and differentials had the effect of eroding the income tax base and that the only real way to restore sanity and equity to the tax system would be to broaden the tax base by eliminating unnecessary and overly generous deductions and differentials and then drastically reducing the tax rates. The amount of itemized deductions claimed on tax returns rose sharply from less than $6 billion in 1942 to $25 billion in 1957 and $40 billion in 1962,20 and at an annual estimated cost to the Treasury of $12 billion.21 Combine this with all the other loopholes which benefited especially those in the upper income brackets, and it

became apparent just how distorted and discriminatory the tax rates were. Tax rates had been kept unrealistically high partly because the tax base had eroded badly. The floor was a devise to broaden the base and recapture some lost revenue without engaging in a battle over each deduction.

Other reform recommendations were proposed, some losing revenue, others gaining it: a minimum standard deduction of $300 plus $100 per dependent up to a maximum of $1000; a more liberal child care deduction; liberalized tax treatment for older people; a simplification and liberalization of income averaging provisions; a broadening of the provisions relating to employees' moving expenses to cover new employees; an extension of the extra 10 percent deduction to all publicly supported and controlled organizations eligible for the basic charitable contributions deduction; liberalized expense deductions for machinery and equipment used in research and development; simplifications and liberalization of medical expense deductions; a four percent floor under deductions for minor casualty losses; repeal of the unlimited charitable deduction; repeal of the sick pay exclusion; partial repeal of the exclusion of premiums on group term insurance purchased for an employee by his employer; tightening of the provisions relating to personal holding companies; and definitional changes limiting transactions subject to capital gains treatment.

In the light of the entire list of proposed tax reforms, impressive by ordinary standards, it would be difficult to sustain the argument that the President was initially offering just token satisfaction to the tax reformers. At the same time, the President went out of his way to lecture those unsympathetic to tax reform that "the resistance to tax reform
should be less when it is coupled with more-than-off-setting tax reductions benefitting all brackets..."\(^{22}\)

To emphasize that he thought he had made his peace with the concept of fiscal responsibility, the President said, "responsible fiscal policy requires that we avoid an overly sharp drop in budgetary receipts for fiscal 1964-65, and that we hold the temporary increase in the deficit below the level which in the past has proved both manageable and compatible with price stability."\(^{23}\) His recommendations for rate reductions of $13.6 billion, therefore, were made "in the expectation that selected structural changes and reforms will be adopted, adding on balance $3.4 billion in revenue and resulting in a net reduction in tax liabilities of no more than $10.2 billion."\(^{24}\) And to emphasize that the White House and the Treasury Department had agreed on an approximate ceiling of a $10.2 billion cut, the President cautioned Congress that if it made "any significant reductions in the revenues to be raised by structural changes, these reductions would have to be offset by substantially equivalent increases in revenue, and this could only be achieved by sacrificing either some of the important rate reductions...or some of the measures...to relieve hardship and promote growth." Given a choice, though, between far reaching reforms and sizeable cuts, the President came down on the side of cuts when he said, "...an attempt to solve all tax problems at once by the inclusion of even more sweeping reforms might impair the

\(^{22}\) *President's Message*, House Document, No. 43, p. 9.


\(^{24}\) *Ibid.*
effect of rate reduction. This program is designed to achieve broad acceptance and prompt enactment."\textsuperscript{25}

The program in its initial form was not to achieve broad acceptance, and as for enactment, it would be President Kennedy's successor 1½ long months later who would finally sign the Revenue Act of 1964 into law. In charting part of the long road to passage this study now returns to the place of delay, the Congress of the United States, and especially the House Committee on Ways and Means.

\textsuperscript{25} Ibid.
CHAPTER IV

THE COMMITTEE AND THE BILL -- PART I

Introduction

This Chapter will be concerned with committee action on the reform provisions of the tax proposal. As seen, there was some concern in the Administration (and, as shall be seen, within Congress, also) that efforts to reform the tax laws might imperil acceptance of tax cuts if the two were combined. It was feared that some important interests might not want to pay the price of losing their "loopholes" in order to gain reduced tax rates. Presumably, this fear was based on the feeling that the strength of group representation in Congress would undercut the ability of the Democratic majority to function as an instrument of support for the top-priority program of a Democratic President. The bleakest fear -- that tax cuts would lose out in the battle over reform -- was not confirmed. On the other hand, the reforms proposed by Ways and Means and accepted by the House were not completely satisfactory for some of the more ardent tax reformers and fell short of the President's proposals. In the end, the House accepted a modicum of tax reform as a prerequisite to passing the largest tax cut measure in the history of the country.

This raises some interesting questions concerning representation on the Ways and Means Committee. What interests were represented on
committee, by whom, and in what ways? How did members perceive the
effect of tax reforms on their constituents? Were some reforms more
palatable than others, and why? On what grounds were differentials and
deductions in the tax laws defended? How did committee members react
when subjected to cross pressures from their various constituencies --
geographic, personal and institutional?

This Chapter will approach these questions to make some general
observations concerning the nature of representation in Congress, and
to make some comments on typologies of representation presented in the
literature of political science.
Opening of the Tax Debate

The public hearings on the tax proposal went on for 26 days between February 6 and March 27. During that time the 25 committee members and 267 witnesses spread over seven volumes, 4,036 pages worth of testimony, questions, answers and comments.

Any doubts about the preeminent position of Ways and Means in the hierarchy of the House are dispelled upon entering the committee's hearing room on the first floor of the Longworth Building. The largest of all House committee hearing rooms, it has seating capacity for several hundred people and standing room for many more. From its high ceiling hangs a magnificent crystal chandelier, and from its pastel walls the images of some of the committee’s most illustrious chairmen look down, more benign on canvas than in real life. At the north end of the room is a large semi-circular dais around which the committee members sit facing the almost cavernous room and looking directly down at the witness chair approximately thirty feet away.

On February 6, 1963, C. Douglas Dillon strode through the east door and into this setting to explain the President's tax recommendations to the committee, the press, the several hundred people assembled there, and the public in general.

Objectives of the program. The President's program, explained the Secretary, had three main objectives: to strengthen the economy, remove certain inequities from the tax structure, and promote tax simplification,
and in that order.\textsuperscript{1} By cutting taxes, Dillon argued, there would be greater incentive for investment; idle plant capacity would be put back to work; expanding jobs would lead to substantially decreased unemployment; increased economic activity would enlarge personal incomes and corporate profits; the source of government revenue would then be increased; and the desired goal of a balanced budget could be reached more rapidly.\textsuperscript{2}

Dillon's testimony stressed the incentive building aspect of the tax cut; the conviction that a tax cut would be far better for the economy in the long-run than any other kind of government action -- e.g., a large spending increase in the public sector; and the President's firm intention to accompany tax reduction with strict expenditure controls. On the latter point, though, it was implied that the condition for controlling expenditures would be Congressional passage of tax reduction:

\begin{quote}
If the Congress approves the tax reduction needed to move our Nation to full use of its productive capabilities, the stage will be set for a continuation and intensification of this effort to hold down expenditures.\textsuperscript{3}
\end{quote}

The gross revenue cost of the program was $13.6 billion, with the cuts phased over three years. Reforms were inserted to gain around $3.4 billion, making the net cost $10.2 billion. This figure, stated Dillon, was "the maximum revenue cost that can safely be accepted."\textsuperscript{4} Therefore,

\begin{footnotesize}
\textsuperscript{1}U.S., Congress, House, Committee on Ways and Means, Hearings, President's 1963 Tax Message, 88th Cong., 1st Sess., 1963, p. 29.

\textsuperscript{2}Ibid., pp. 29-30.

\textsuperscript{3}Ibid., p. 30.

\textsuperscript{4}Ibid., p. 31.
\end{footnotesize}
the structural reforms were "inextricably tied to the rate reforms," and a failure "to raise revenue through structural reform will necessarily require an upward revision of the recommended rate structure."

Under the proposal individual income tax rates were to drop by calendar year 1965 to a range of 14-65 percent, and the corporate tax rate to 47 percent. But, the committee was being told, a refusal to enact reform would mean that the Administration would have to insist that rate revision be less meaningful so that the tolerable revenue cost of about $10 billion would not be exceeded.

Throughout his testimony, Dillon's choice of language was designed to indicate that the President's proposals were moderate and in the best tradition of American "free enterprise," and thus to appeal to the conservative instincts of Congress.

Taxes and Special Interests

Actually, the President wasn't trying to satisfy only Congressional fiscal conservatives -- some of whom were strategically placed on the Democratic side of Ways and Means. In fact, his program contained a little something for everyone. For one thing, it was a complicated package, combining rate cuts with reform provisions for broadening the base of taxable income. The President's own preferences reportedly were for a simple bill for direct tax cuts, unencumbered by reforms, to give the economy a massive shot in the arm. However, the Treasury was urging reforms and, more

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5 Ibid.
importantly, Wilbur Mills was insisting on them as a condition for his support of rate cuts, and the President apparently felt that political wisdom dictated their inclusion because he wanted Mills' support. Given the facts of life on Capitol Hill, he needed it.

**Mills' position.** In an interview granted his author in February, 1963, Mills explained his position on the subject. The reason the tax rates were so high, he said, was because the tax laws were riddled with special treatment provisions -- popularly known as loopholes -- that narrowed the base of taxable income, and made it necessary for the Treasury to levy stiff rates on what it could tax in order to pay the way of government. If continued, this steady erosion of the tax base, explained Mills, would put the Treasury in the position of being unable to raise sufficient revenue to pay the government's bills without instituting new and perhaps less desirable forms of taxation, like an across-the-board Federal excise tax. What he wanted to see was a movement to remove from the law the mountainous structure of generous deductions and differentials, thereby broadening the tax base so that a meaningful and sharp reduction of the rates could take place, say to a range of from 10-50 percent.

A good time to start, he felt, would be 1963. In any case, to lower substantially the rates on an already shriveled tax base, for Mills, was to flirt with financial disaster, unless the Federal government gave up its responsibilities and stopped spending money, an equally disastrous alternative.

Mills' threat to withhold support from tax cuts unless accompanied by tax reforms was not an empty one. At least three members on the Democratic side of Ways and Means were likely to go in the direction that
Mills went on the issue. If, as highly probable, the Republicans opposed the program, then Mills could conceivably control the fate of any tax bill. By crossing the line he might defeat it by a 14-11 coalition. If he favored it, the Republican opposition would have a hard time keeping it pigeonholed because of the Democrats' 15-10 numerical edge. Clearly, Mills had to be courted.

Congress' idea of equity. The problem with satisfying Mills, though, was that it raised protest elsewhere. Mills' viewpoint has long been a minority opinion. Congress' idea of equity in taxes has not been that each should pay according to his ability, but that one loophole deserves another, and everyone is entitled to his fair share of them. No better example exists of this attitude than the depletion allowance. Beginning in 1926 with oil and gas, percentage depletion allowances have come to embrace iron ore, salt, fire clay, ball and sagger clay, coal, sand, gravel, limestone, rock asphalt, oyster and clam shells, and a long list of other materials also considered "essential." To indicate that in good faith it could not accept for depletion allowances literally everything under the sun, and thus that even its generosity knew bounds, Congress finally felt constrained to exclude soil, dirt, sod, turf, water, mosses, minerals from sea water, the air or similar inexhaustible sources.⁶

Reform vs loopholes. Loopholes have become a way of life in Congress and with its beneficiaries. The early signs were that if reform was insisted upon, major struggles would develop, even between the Administration

and Mills and their normal supporters. Thus, early in February, House Democratic Whip, Hale Boggs, found his loyalties divided between Kennedy and Mills on the one hand, and his Louisiana oil constituents on the other. He reacted by expressing doubt that Congress would enact "some of these so-called reforms" along with tax reduction, and, to insure the latter, he proposed that tax reduction be considered first, then reform. Eugene Keogh, normally a staunch Kennedy backer, indicated that he was concerned about the proposal to put a five percent floor under itemized deductions because it might deter charity by making it less profitable on the tax duplicate. Keogh, an Irish Catholic, represents a populous Kings County constituency in New York where the Catholic Church depends for its funds almost exclusively on the charity of its parishioners. Al Ullman, another strong Democratic party member, indicated a generally favorable reaction to the tax program except for the proposal to change the capital gains tax treatment afforded the timber industry. Ullman contended that the unique problems of the timber industry, especially pine, which made it necessary to wait over 100 years for a return on an investment, made long-term capital gains treatment necessary if the industry was to continue to thrive within the framework of sound forestry practices. Ullman represents a district in timber-rich Oregon that is covered by some 66,000 square miles of the semi-arid western pine region. Martha Griffiths, a liberal Michigan Democrat and strong Administration

8 *Hearings*, p. 575.
backer, was one of only four Democrats who subsequently voted against outright repeal of the stock dividend credit and exclusion provision of the Revenue Act of 1954.\textsuperscript{10} Mrs. Griffiths represents a prosperous upper-middle income district in suburban Detroit; many of her constituents doubtless have considerable stockholdings.

This kind of special pleading was hardly restricted to the Democrats. The Republicans assaulted the reforms with a vengeance, saving special villification for the five percent floor. According to John Byrnes, the ranking Republican, "the greater part of the structural reforms had better be put in deep freeze if we are going to get a tax bill this year."\textsuperscript{11} Byrnes interpreted the five percent floor to be a penalty assessed against middle income taxpayers who itemized deductions because it would deprive them of the full benefit of rate reductions to the tune of five percent of their gross adjusted income. Other taxpayers, who did not take deductions for charitable contributions, mortgage payments, local property taxes, and the like, would take the standard deduction and get the full benefit of rate reductions. This, contended Byrnes, was an inequity that the Administration was trying to conceal.\textsuperscript{12} Thomas Curtis, third ranking Republican at the time, contended that the five percent floor would deter charity and homeownership thus harming charitable institutions and possibly the national economy. In a particularly sharp statement, he


\textsuperscript{11} Hearings, p. 534.

\textsuperscript{12} Ibid., pp. 589-91.
accused the Treasury of deceiving the public by juggling statistics and using cloudy language to obscure the fact that taxpayers who itemized deductions would be penalized by the proposal. One committee Republican was so disturbed by the same proposal that he organized a letter writing campaign against it by leaders of organizations in his district that depended on charitable contributions for the bulk of their funds (colleges, hospitals, YMCA, YWCA, etc.).

The sacred cow. For principle or expedience, wisely or unwisely, the President had chosen to refuse blind worship to one of the most sacred cows in Congress -- tax deductions and differentials.

It is estimated that deductions and differentials cost the Treasury about $40 billion a year. There is an incredible array of them, encouraging or rewarding such things as: marriage; mortgages on homes and automobiles; general indebtedness; large families; contributing to charity; entering risky businesses; owning oil wells or being engaged in some other mineral extraction industry; retiring early; purchasing state and local bonds; inventing machines; and using the loopholes to maximum advantage. Some of these things are considered virtuous, and deductions and differentials have often been rationalized as rewards for virtue. But a few people, Wilbur Mills among them, have questioned whether it should be the duty of the tax laws to reward virtue, and, even if it should, if the rewards should be so generous. Philip Stern has culled a list of some of the excesses: a multi-millionaire who has paid no federal income tax since 1949; a movie magnate who had his own private tax

\[\text{13} \text{Ibid., pp. 615-16.}\]
relief provision written into the law, saving $2 million; the wife of an automobile scion who earns $1.5 million a year yet does not have to report it; an individual with a $20 million income one year who paid not a penny of income tax; a company with a $5 million profit one year that reported a $1.7 million tax loss.\(^{14}\) Little wonder that Wilbur Mills has called the tax code a "house of horrors." Congress has been able to confer tax breaks without reducing tax rates by proliferating deductions and differentials.

**How loopholes are defended.** It would be a mistake to characterize loopholes as the creations of a combination of venal politicians and the self-serving rich whose concept of the public interest knowingly does not extend beyond their own bank accounts. Their magnitude and acceptability would be hard to imagine if that were the case. For one thing, every taxpayer benefits by deduction provisions; for those who can't itemize, a standard deduction has been provided. More importantly, deductions and differential treatment provisions have been defended in Congress on the ground that they are in the national interest, and there is little reason to think that most members of Congress believe otherwise. The charitable deduction has been defended on the ground that it encourages charity, certainly a worthy cause; the deduction for interest payments on home mortgages on the ground that it encourages home ownership, and thereby benefits the building industry, the national economy and the American family; and so it has gone. Differential treatment has been defended on no lesser ground. Oil is a valuable natural resource, but also felt

to be a risky business. The oil depletion allowance, admittedly very
generous, has been justified as necessary because once an oil well dries
up it loses its productivity, and defended on the contention that high
profits have had to be guaranteed in order to lure people into taking the
great risks required to yield this indispensable mineral. The spread of
depletion allowances to other mineral resources has been similarly de-
defended. Capital gains tax rates have been defended as necessary for in-
vestment incentive, the implication being that without incentive to invest
the national economy could not prosper.

Members of Congress have thus come to accept deductions and dif-
ferentials as necessary and proper for equity and for growth of the na-
tional economy, and not simply as "special favors." "We have and we have
to have in our tax laws," said Rep. Curtis, "many differentials that seek
to measure an economic difference." 15 Rep. Keogh wanted Secretary Dillon
to "explain...how your proposals relating to the oil industry -- which take
from it $300 million -- are going to stimulate the search for oil reserves
which are needed for national security purposes, as well as our domestic
economy...and how this reduction...is going to create jobs in this very
important structure of our economy." 16

An interesting and politically loaded question was raised by all
this: Had the tax rates soared because of the $40 billion worth of deduc-
tions and differentials that Congress had written into law, or were they
made necessary by the high rates? The majority opinion on Ways and Means

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15 Hearings, p. 2372.
16 Ibid., p. 576.
and in Congress was (and apparently still is) that differentials and deductions were necessitated by the high tax rates. By the terms of his proposal, the President was taking a contrary point of view, and even in tandem with Wilbur Mills the acceptance of this viewpoint by the Ways and Means Committee was not assured.

The Change in Strategy

Because of growing criticism over the reform provisions, the President sought very early to develop alternative courses of action. The alternatives were revealed in a Kennedy address to the American Bankers Association on February 25, 1963, less than three weeks after Secretary Dillon's opening testimony.

Reduction above reform. The major door the President opened was his willingness to accept rate reductions without far ranging reforms. To a remark that the reform proposals might delay passage or cause defeat of rate reductions, the President responded, "what we need is the bill this year, and nothing should stand in its way."\(^{17}\) The important thing, he said, "is to get the bill this year. Whatever is necessary to get that bill, I would support."\(^{18}\) His recommendations would make the best bill, he felt, and it had to be realized "that if we don't get the reforms, then, of course, the tax bill would have to be rewritten, unless the Congress made a judgment that it would accept a cut of $13 billion."\(^{19}\) Thus the President


\(^{18}\) Ibid.

\(^{19}\) Ibid.
seemed to be pulling a little bit of rug out from under both Wilbur Mills and his Treasury Secretary by indicating that he was not inflexibly wedded either to the reforms as proposed or to an absolute ceiling of about $10 billion in tax cuts. Earlier the President had been criticized for offering too many concessions to his potential opponents by proposing reforms and a maximum on the amount of temporary revenue losses that was on the low side. Now the President seemed to be making an offering in the other direction.

The Fate of Reforms in Committee

At the conclusion of the hearings, the committee spent about six weeks discussing all the proposals in executive session. On May 20, the committee began to make tentative decisions, and final voting on the reform provisions began on July 31, a process that was to continue until September 10, the day the committee approved the entire bill and ordered it reported.

Reform: success or failure? The net revenue raised by the reforms approved by the committee -- about one billion annually -- seemed pale by comparison with the Administration's initial request for revenue raising reforms totaling $3.4 billion annually. But to call the reform efforts a failure by this index would be an overstatement of what happened.

Decisions on individual and corporate tax reductions were left until late in the summer when the reform package was nearly complete, making a reasonably accurate revenue raising estimate possible. This procedure was consistent with Dillon's earlier testimony that the size of rate reductions would be contingent on the amount of revenue gained through reforms, and
with the position of Wilbur Mills that rates could not be scaled down substantially without enactment of base broadening reforms.

The real difference between the Administration's initial reforms and those enacted by the committee turned on the question of what was sound reform. The test of the Administration's reform package seemed to be how much money it would raise; if Wilbur Mills accepted that gauge the outcome might have been much different. But Mills has never judged the efficacy of a reform program solely on revenue gain, but on the degree to which it would simplify the tax laws and broaden the tax base by making it possible to apply ordinary income tax rates to sources of income protected from such taxation. This difference in outlook explained why the five percent floor -- by far the largest Administration sponsored revenue raising reform, $2.3 billion -- got nowhere in the committee. Not only did it fail to find support among committee members of either party, it did not fit Mills' definition of a proper reform. If anything, it would have further complicated the tax laws, and, more importantly, it did not close any loopholes; it merely charged a toll for their use. As a tax base broadener, it was a poor substitute for eliminating certain deductions, or for removing the protective shield against ordinary rates from income derived from certain sources. Apart from its other merits, as against Mills' definition of a sound reform, the five percent floor looked like nothing more than a money raising gimmick. It was not surprising, then, that the committee never even considered it. With the defeat of this proposal, the differences between Administration requests and committee action narrowed considerably.
Rejected reforms. The two big reforms rejected were the five percent floor and most of the oil and gas tax reforms. The first was a major setback for the Administration from the point of view of revenue recoupment. As seen, the basic problem with this reform was not that it attempted to recoup $2.3 billion, but the manner in which it would have gone about it. Most, if not all, committee members saw it as working to the definite disadvantage of their constituents: both those itemizing deductions, and groups within their constituencies that depended for their own finances on the profit to the taxpayer of itemizing deductions. Previous quotations of members during the hearings were representative samples of how far committee members permitted their imaginations to roam on the presumed deleterious effects of this reform. In terms of constituency oriented representation, the attitude of committee members toward this item surpassed all the others; it was unanimously opposed. What might have happened had Wilbur Mills thought more kindly of it must remain a matter of speculation. He did not, principally, it seemed, because it did not square with his concept of a sound tax reform.

Initial rejection of the oil and gas reforms was bound by a more complex web. The President had proposed changes in the law applying to mineral extraction designed to raise about $300 million annually, about $280 million of which would have come from the oil and gas industry. Through a complex change the proposal would have reduced the depletion allowance from 27-1/2 percent of gross income or 50 percent of net income to 22 percent of gross income. This industry has one of the most powerful lobbies in Washington, and, for a long time, has been on good terms with the Ways and Means Committee. The President of the American
Petroleum Institute, Frank Ikard, is a former Congressman from Texas who served on Ways and Means for seven years, and who resigned his seat for his present job. It has been widely rumored on Capitol Hill that since the days of Sam Rayburn, all Democratic hopefuls for Ways and Means assignment have had to give assurances that they would be "right" on the oil depletion issue and that Republican hopefuls, too, have been similarly disposed.

Early in June, the Committee, by voice vote, tentatively agreed to shelve the proposals relating to tax changes on mineral extraction. This action seemed to follow logically from the long history of protection from high tax rates that mineral extractors, especially oil and gas men, had received in Congress, and in its tax writing committees. But the early unwillingness to consider reform in this area also had other bases. The Administration, the House Democratic leadership and the committee Democratic majority had little taste for precipitating a battle of major proportions over any particular reform for fear that it would jeopardize the entire tax cut program. Given the presumption of the power of the oil lobby to influence votes on committee and on the House floor, especially those of Southern Democrats whose votes in all likelihood would be needed to pass the tax bill, the natural inclination was to retreat and avoid the battle. Because of this, the President's proposals in the area were relatively mild to begin with. The Treasury had estimated that its losses through tax preferences granted the mineral industries exceeded $2 billion
annually, 83 percent of which went to the oil and gas industry.20 The President's proposed reforms would have raised, at maximum, only about $300 million annually.

What was surprising, then, was not that the committee sidestepped the issue at the outset, but that it subsequently backtracked and approved mineral extraction reforms with an estimated annual revenue gain of $40 million. The committee eliminated provisions making it possible to "group" oil and gas properties. This eliminated the practice of combining high profit wells with low profit wells to get the maximum tax break possible.21 Thus the tax reformers did not meet total defeat at the hands of one of the most well organized, articulate, and richest of interest groups with powerful allies in the most strategic places. The oil and gas lobby had managed to defeat those reforms most odious to it while a modest amount of reform was passed.

Dividend credit and exclusion. Perhaps the best example of compromise was the change in the dividend credit and exclusion provision which had been costing the Treasury $460 million annually. The Revenue Act of 1954 permitted a taxpayer to exclude from income the first $50 of dividends received from domestic corporations and to credit against tax liability four percent of all dividend income above $50. It was argued at the time that the provision would encourage equity investment and provide partial relief against double taxation of dividend income. The Kennedy Administration had proposed repeal of both in 1961. It came back


with the same proposal in 1963, saying that if the reform was not approved a higher rate schedule yielding an additional $460 million in the middle and upper brackets would have to be devised. This, the Administration stated, would involve a rate structure scaled to a top of 70 percent instead of 65 percent, with appropriate changes in other brackets.

On June 10, the committee rejected the request, 11-14, with four Democrats -- Herlong, Watts, Thompson, and Griffiths -- joining all 10 Republicans. The request laid dormant for two months. Then on August 12, as part of a revised rate schedule, the Administration proposed repeal of the credit and retention of the $50 exclusion. The Republicans stayed solidly opposed and the ranks of the defecting Democrats remained closed. Then it was proposed that the credit be repealed and the exclusion doubled. The Republicans, committed to both, still opposed, but two Democrats -- Griffiths and Thompson -- changed their votes for a major 13-12 victory for the Administration. The estimated revenue effect of the change was $300 million annually, not up to what outright repeal would have garnered, but still significant. To compensate, the revised rate schedule was upped to 70 percent at the top.

The changing of tactics and compromising of positions involved in this reform were indicative, generally, of what was required to get reforms through. Republicans often took uncompromising stands, sometimes for principle, sometimes for expediency, and sometimes to embarrass and frustrate the Administration. Any margin of victory had to come almost

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23 Ibid.
exclusively from the Democratic side. In order to do this the blows of some Administration sponsored reforms, this one, for example, had to be softened. Mrs. Griffiths could hardly be expected to support jubilantly this particular reform. According to 1960 Census figures, her district -- Detroit-Northwest Wayne County suburbs -- ranked 15th out of 435 in median family income, at $7,852.24 The dividend credit and exclusion, tailored by a Republican Congress for the well-to-do, undoubtedly benefitted some of her own constituents. In return for her vote, something had to be offered. Earlier she had said that she would not vote for repeal if the oil industry was left untouched by reform. The combination of doubling the exclusion and putting a small bite on the oil industry helped to change her vote. Thompson, Watts and Herlong did not represent wealthy constituencies -- theirs' ranked 327, 352 and 388 respectively out of 435.25 But Watts and Herlong were among the more moderate to conservative Democrats on the committee, and, unlike the liberals, more likely to see merit in the claim against double taxation. Of the three, Thompson's voting record had been the least conservative, but he is one of the wealthiest men in the House. With the sweetener of doubling the exclusion, he too changed his vote and helped give the Administration its narrow victory.

Capital gains. The President had proposed changes in capital gains taxation that would have lowered the percentage of capital gains income


25Ibid., pp. 1808-1811.
subject to ordinary rates from 50 percent to 30 percent with a maximum
tax on the entire gain of 19.5 percent; extended the holding period for
qualifying for long-term rates from six months to one year; and imposed
a tax at capital gains rates on the appreciation in value of an estate's
property at the time of its transfer at death or by gift. According to
the President, the latter proposal increasing estate taxes was necessary
to justify lowering the capital gains rate schedules. He also proposed
taxing at ordinary rates, instead of capital gains rates, lump-sum pay-
ments from pension, profit sharing and stock bonus plans. This latter
proposal particularly was the kind of thing Chairman Mills had in mind
as sound reform -- to apply ordinary tax rates to types of income taxed
at lower capital gains rates. Once again, Mills and the Administration
didn't get what they wanted, this time emerging nearly empty-handed.

The committee approved a three-fold categorization of capital gains
taxation: "Class A" for certain assets held at least two years, taxing
40 percent of the gain at ordinary rates or the entire gain at 21 per-
cent; "Class B" for certain assets held six months to two years, taxing
50 percent of the gain at ordinary rates or the entire gain at 25 per-
cent. Included in the items eligible only for "Class B" were gains from
iron ore and coal royalties, livestock breeding, timber cutting and the
lump-sum cash payments from pension and profit sharing plans that the
President had proposed to tax at ordinary rates. The third category,
short-term capital gains on assets held less than six months, would con-
tinue to be taxed at ordinary rates.26

In place of the original proposal to tax at capital gains rates the
appreciation of value in the property of an estate at the time of transfer,
the committee had approved a milder change providing for taxation at the
capital gains rates, with certain adjustments, of profits that resulted
from the sale of assets in an inherited estate that had increased in value
before the death of the owner.\textsuperscript{27} Somewhat mysteriously, the committee
dropped this reform at the last minute, ostensibly because acceptable legal
language eluded its grasp.

The entire capital gains area was a difficult one for the committee
to move in, given the constituency characteristics of a vast majority of
committee members, 19 of whom represented constituencies whose dominant
characteristic was either suburban or rural, or a mixture which included
at least one of those characteristics.\textsuperscript{28} For example, witnesses attacked
the proposal to tax appreciation on estates on the ground that it would
cripple small business, still much of the fabric of rural and suburban
economic life, by making it too expensive on the beneficiary in the case
of a father passing on the family business to his son. Rather than forcing
on heirs the task of paying the taxes, it was argued that proprietors
would rather sell out, merge or consolidate, thus destroying the character
and continuity of small entrepreneurial establishments.\textsuperscript{29}

Similarly, the proposal to tax at ordinary rates lump sum payments
from pension and profit sharing plans was attacked on the ground that it

\begin{itemize}
\item \textsuperscript{27}\textit{Ibid.}
\item \textsuperscript{28}\textit{C.Q. Census Analysis}, pp. 1787-98.
\item \textsuperscript{29}\textit{Hearings}, pp. 1326-33; 1336-45.
\end{itemize}
would do most harm to white and blue collar lower middle income workers, and that such programs were not, as the Administration contended, tax dodges for high-income executives. It was pointed out, for example, that one survey of 223 companies showed that 92 percent of lump-sum payments were made to retirees whose salaries did not exceed $10,000. Lawrence O'Connor, of Sears, Roebuck & Co., constructed a hypothetical low middle-income man who worked for Sears for 35 years, and had a salary range of $4,600 to $8,580, with the largest salary earned in the year of retirement. His lump-sum distribution at retirement would be $141,289. At capital gains rates his tax would be $12,851; under the Administration proposal he would pay $30,185.

The lesson was not lost on Ways and Means members. They were startled by the size of the payments. Rep. Derounian wanted to know if Sears had any job openings. "I might indicate to you that we are always on the lookout for talent," replied O'Connor. "That's too bad," was Derounian's muffled answer, which never got in the record.

Then too, the Administration had made proposals to tighten capital gains treatment on livestock, timber and coal, which touched sensitive nerve endings of some committee Democrats, notably John Watts from Kentucky cattle and race horse country, Al Ullman from the Oregon timber range, and Pat Jennings from a Virginia coal district. This caused the

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30 Ibid., p. 1291.
31 Ibid., pp. 1308-09.
32 Ibid., p. 1316.
Democratic majority to become unstuck in critical places and created a Democratic-Republican coalition strong enough to scuttle the reforms.

In the end, the committee approved, in modified form, the Administration's request for a reduction in capital gains rates, but, significantly, did not approve increased taxes on inherited estates, a proposal that had been advanced as the justification for lower capital gains taxes. (The Administration accepted temporarily the committee's verdict, but later urged the Senate Finance Committee to close the "escape hatch" otherwise there would be no justification for lower capital gains rates.)

Thus, not much could be done to pry from the Ways and Means Committee the kind of reform in the capital gains area that Mills had thought desirable for so long.

**Deductibility of state and local taxes.** The largest single revenue raising reform, an estimated $520 million annually, prohibited deductions for various state and local excise taxes -- e.g., gasoline, cigarettes, alcoholic beverages, motor vehicle license fees and operators permits. This provision, supported by the Treasury, was a substitute of sorts for the five percent floor, affecting only those who itemized deductions, but raising much less revenue. Unlike the floor, however, it specifically prohibited certain deductions instead of extracting a small price for their use, and thus was somewhat closer to the Millsian concept of sound reform. Significantly, the Committee Report stated that a denial of these

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deductions would not have been considered were its convertability into
take reductions not possible.  

The above is not an exhaustive list of reforms rejected, modified or accepted by the committee. No such list is necessary for present purposes. They are meant to be suggestive for making some points on the nature of representation on the committee and on the process of representation generally.

Nature of Representation

The literature of political science on representation has been heavily influenced by the Burkean distinction between the actions of a representative based on constituency instructions and the actions of a representative based on his independent evaluation of the national interest. The Burkean model is reducible to a "district-nation" dichotomy. A recent study has transformed Burke's distinction into representational "roles," and has added a third type. Burke's constituency instructed

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35 Ibid., p. 50.

representative has been said to play the role of "delegate;" his independent representative has been cast in the role of "trustee;" and a third type, midway between the two and combining characteristics of both, has been added: the role of "polito." 37

The Burkean "district-nation" dichotomy, or the "delegate-trustee-politico" trichotomy are thought to prevail in American politics because of the presumed absence of party control over U.S. Representatives. The only significant argument seems to be over how free representatives are from their constituencies, to what degree they are able to make up their own minds in the absence of constituency constraints. 38

The findings of this chapter -- supported by the findings of the subsequent chapter -- seem to indicate that the dichotomy of Burke, and the trichotomy of Eulau and his associates leave out a specific representational role that deserves its own place and that may have greater importance for American politics -- or at least for Congressional politics -- than is generally acknowledged: a representational role that is party oriented. Committee Democrats and Republicans took positions with regard to the tax reforms and the tax cuts which placed a high priority on party considerations.


38 For an interpretation of the Congressman as relatively free see Bauer, Pool and Dexter, American Business and Public Policy, pp. 421-23. For a picture of Congressmen close to their constituents see Jones, "Representation in Congress," American Political Science Review, pp. 358-67.
The committee Democrats were in the position of passing judgment on the program labelled by their President as the top priority item of the session. As seen, each one of them had reason to oppose some of the reforms on constituency grounds, and there was some early agreement among committee Democrats with the suggestion of Hale Boggs that action on reforms wait until after the approval of tax cuts, thus making it an easier matter to give the President his tax cuts. Yet any desire to oppose the reforms -- especially to the extent of neglecting them -- had to balance with party considerations. That the Administration was not about to relent completely was made clear by Secretary Dillon's testimony that tax cuts were inextricably tied to reforms. Moreover, the feeling prevailed that Wilbur Mills would be strongly opposed to a straight tax cut bill, perhaps to the point of refusing to take it to the floor. Any attempt to move the bill from committee over Mills' objection, and through to passage without his support or against his opposition did not promise to bear any fruit, and committee Democrats -- lukewarm toward the reforms though they might have been -- were still committed to giving the President a victory on his top priority program. Thus committee Democrats were compelled to be selective in opposing reforms, and to be aware that the price of defeating some reforms -- on whatever grounds -- would be compromise on others, and the probable substitution of committee sponsored revenue raising reforms for some of the defeated Administration reforms.

The Republicans were no less conscious of party considerations. They were solidly arrayed against many of the key loophole-closing reforms, partly, of course, to protect special interests with whom they identified. But there was another and more important reason for casting lots against
key reforms. The committee Republicans were in the process of building a case for the Republican party in the House against passage of the tax program on the Administration's terms, despite their contention that Republicans had been advocating meaningful tax reductions much longer than the Democrats who were "Johnnies-come-lately" by comparison. If the Republicans could have gathered enough dissident Democrats to defeat key reforms, then they might have hoped that Mills would not support the bill, and by removing the most crucial link in the chain of support, thus hand the President and the Democratic party a crushing defeat.

What of the contention that party oriented representation is really covered by Burke's formulation of nation oriented representation and by the "trustee" role of Eulau and associates, and is better expressed by these formulations? If conceptions of representational roles are to have analytic value, the answer to this contention must be, "no." The resistance to tax reform and loophole closing had been based on the "national interest" argument -- if the depletion allowance was good for the oil industry, for example, it was good for the national economy. Did the Democrats on Ways and Means simply shift direction and suddenly decide that a measure of tax reform was in the national interest, after all? Or did Democratic members get mail from constituency groups, who received special dispensations under the tax laws, saying that they wanted some of the loopholes through which they were escaping plugged so that they could contribute more heavily to the Treasury? Or did they think that these groups felt that way, thus relieving the committee majority of its constituency obligations and freeing it to think independently or in terms of the "national interest?"
The answer to the last two questions is, of course, an unequivocal, "no!" As for the first, it is much more reasonable to think that many Democratic members would have preferred to continue rationalizing all the deductions and differentials that benefited their constituents as being in the "national interest," but were compelled to relent because in all likelihood the success of their President's program depended on it.

And what of the Republicans who had long claimed that reduction of the "confiscatory" tax rates was in the "national interest?" Committee Republicans opposed the entire program to the bitter end. Did they suddenly decide that tax reductions were not in the "national interest?"

As shall be clearly seen, the committee Republicans could not accept the program on the Administration's terms because they felt that the Administration's fiscal policy conflicted with traditional Republican fiscal policy, and because of their deep distrust as Republicans of a Democratic President with respect to economic matters. Because the ideology of their party as they saw it would not support the Administration's program, they would not either. Perhaps it can be argued that they rejected a Democratic sponsored tax cut as not being in the "national interest," and thus did make an about-face on the matter of tax cuts, but that rejection was based on a perception of their party's ideology, thus making the "national interest" inseparable from it. If they thought of what was good for the nation, it was through thought processes conditioned by deeply rooted party sentiments.

What is being suggested here is not that representation based on constituency instructions or perceptions of constituency opinion, or representation based on independent evaluation are not useful concepts, nor
that the role concepts of "delegate," "trustee" and "poli-tico" have little value. What is being suggested is that they are not sharp enough tools for analytic purposes. They seem to assume that in the absence of constituency constraints, the representative is free to follow his own convictions, which might involve siding with party; or that a representative might follow his own convictions independent of constituency, which also might involve siding with party; or that he will serve his own convictions on one occasion, and his constituency on another. All of these may be true. What these concepts do not make sufficiently clear, however, is that there may be occasions when the representative feels primary loyalty to his party and that this may condition his behavior toward his constituents and the way in which he shapes his own convictions. If he feels constraints on his behavior born of party allegiance, he may be no freer than if he feels constraints born of constituency allegiance or conviction. Party allegiance may not necessarily be simply a condition of freedom from constituency constraints, or the absence of any convictions with regard to an issue. It may condition attitudes toward or actually prevail over constituency, or convictions.

The "district-nation" dichotomy and the "delegate-trustee-politico" trichotomy seem to make the role of "party representative" accidental by making it depend on the absence of other pressures, real or imagined. The findings in this study indicate that this may not be the case, all depending on the issue. This suggests that the nature of representation
is a matter for continuing empirical inquiry, and if spatial models of representation must be employed, then, perhaps, there ought to be a place on the continuum for party, considered as a constituency, and a "party representative" role.
CHAPTER V

THE COMMITTEE AND THE BILL -- PART II

Introduction

On cutting tax rates, the Administration faced three main obstacles: (1) the unproven popularity of tax rate cuts; (2) the tight guarding by Ways and Means of its prerogatives in the field of taxation; (3) the high expenditure-high taxation bias of Congress. These obstacles mounted to strong evidence against the conventional opinion that all politicians love to endear themselves to their constituents by cutting taxes. The tax cut proposal was viewed with skepticism by some, with outright alarm by others, and, at the outset at least, these attitudes were by no means the exclusive property of the committee Republicans.

During the eight months of committee deliberation, these obstacles were sufficiently cleared to create a solid majority on the committee and in the House in favor of tax rate cuts. The job was not an easy one, and it represented a considerable advance in Congressional thinking about the use of tax policy as an instrument of governmental intervention into the economy. The length of the deliberations was at least in part an indication of how far the committee and the House had to come to accept the underlying premises of the tax program: namely, that government should
use its power over taxes to actively intervene into the economy for purposes of encouraging economic growth; and that during times of underproduction and high unemployment, government policies for growth would not necessarily open the door wide to price instability and inflation.

The Obstacle Course

Skepticism over tax cuts. Soon after the tax proposals were received on Capitol Hill, some committee members felt that the taxpayers themselves might not be enthusiastic about tax cuts because of the additional deficits they would create, and might punish those who voted for tax cuts by voting against their reelection. Some dubious evidence was advanced to suggest that might be the case.

The Republican controlled 80th and 83rd Congresses had cut taxes, yet the Republicans lost ground in the subsequent Congressional elections, losing control in both the House and Senate in 1948, and in the House in 1954. Undoubtedly the tax reduction bills had little to do with the outcomes -- at least it never has been demonstrated that they were decisive -- but as far as some on Capitol Hill were concerned, 1948 and 1954 were two good examples of a political party being unable to capitalize politically on tax cuts, a somewhat different point, and true. Rep. Curtis reminded his colleagues that if they expected to gain politically by cutting taxes they "might remember what happened after the 80th Congress cut taxes and the 83rd Congress."

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Even more apropos at the time, Rep. Martha Griffiths had recently canvassed her prosperous district in suburban Detroit with a questionnaire asking, "What would you do with a $100 reduction in taxes spread over a period of 12 months?" Of the slightly more than one thousand people who answered, Mrs. Griffiths reported that over 600 replied, "Don't cut the taxes."

This writer interviewed Mrs. Griffiths shortly after the results of her poll were released. Her feeling was that the attitudes of her upper middle class constituents might have been representative of the thinking of Americans generally. The public would find it hard to understand, she said, how tax cuts would ultimately bring more money into the Treasury, thereby narrowing deficits. And because the economics of tax cuts were mysterious to the public, Mrs. Griffiths felt that many Americans might oppose tax cuts or be indifferent to them. She added that she favored tax cuts and would probably vote for them, but that she would launch an educational campaign to justify her stand to her constituents.

Certainly the results of the Griffiths poll did not rest on a representative cross-section of Americans, nor, probably of her own constituents, but when its results were circulated among members of Ways and Means, some of them argued that it indicated a continued lack of strong grass roots support for tax cuts. Wilbur Mills reportedly estimated that if he polled his constituents in rural Arkansas, possibly 80 percent would have replied, "Don't cut the taxes."

Any fears, however, that the amorphous "public" would find tax cuts unacceptable were never fortified by fact, and thus became an issue of diminishing importance. The mail that most committee members received on
the subject was never much more than trifling and inconclusive. On the other hand, the public hearings revealed that while organized interest groups strongly disagreed with some of the provisions of the tax proposal, there was a growing consensus among them in favor of tax rate reductions.

Guarding the prerogatives. A much more significant obstacle was the firm opinion among committee members that Ways and Means should not be rushed into quick acceptance of the Administration's proposals. This feeling was based on the attitude of committee members that Ways and Means should act as a balance between the Administration and the public, carefully weighing the possible effects of the Administration's proposals, and, as seen in the last chapter, regulating the group struggle.

Ways and Means has always jealously guarded its prerogatives in the field of taxation. By insisting as a matter of course that an Administration interested in making tax changes submit only proposals, leaving the actual drafting of legislation for committee executive sessions, the committee has attempted to limit Executive discretion. This pattern differs from the pattern that prevails in some other areas where Congress enacts broad enabling legislation and permits wide Administrative discretion thereafter.

In 1962, the President had run headlong into this attitude, and came away battered and bruised. At that time he had requested standby authority to cut income tax rates five percent across-the-board to blunt possible recession by giving the economy a quick stimulant. Once the power had been authorized, it would not have required a further policy decision by the committee and Congress to permit its use; the President could have employed it when he thought conditions warranted its use.
The committee was completely unwilling to surrender this check on the Executive. The President had argued that with the authority in his hands, he could use the power of the government over taxes as a counter-cyclical fiscal weapon to prevent the economy from going into a downturn. The committee would have none of this fiscal theory, saw the proposal as an outright encroachment on its authority, and refused to report out a bill incorporating the proposal. The upshot of the episode was that the argument that tax cuts should be used as a counter-cyclical weapon was viewed skeptically by the committee because it was connected with the earlier effort to penetrate the committee's traditional line of defense against the Administration.

At the outset of the tax debate of 1963, the Administration sought to avoid further aggravation by justifying its tax program not as a short-run stimulant, but as necessary for long-term economic growth. In his testimony, Secretary Dillon hedged the stimulant idea, and when Hale Boggs, a friendly questioner, wanted to know if it was not correct that an objective of the program was to stimulate the economy, Dillon corrected him by saying that the objective was to "release the private economy to do the job we think it can do." It might be argued that little substantive difference existed between stimulating the economy and unleashing free enterprise, but Dillon was staying on the safest verbal ground.

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2 In economic terms, the distinction is between cyclical (short-run) and secular (long-run) fiscal policy.

3 Hearings, p. 540.
All this care was undone by the President himself, shortly after the tax debate had opened. In his address to the Bankers Association the President shifted the ground, and, striking the "crisis theme," ushered in the theory of tax cuts as a counter-cyclical fiscal weapon. Without a tax cut, he said, the country would "in the not too distant future, be struck with its fifth postwar recession."¹

This new strategic development caused some concern on the committee, at least on the Republican side. John Byrnes, the ranking Republican, said he was becoming "fearful that there is great confusion...as to what our basic objective really should be."² When the tax message was sent to Congress, Byrnes thought its thrust was long-term growth.

But now I find the emphasis on tax reduction (as) a counterrecessionary measure, in the President's statement before the American Bankers' meeting.³

This, according to Byrnes, reverted back to the temporary stimulant argument. And, seeking to clarify his own view that "you would do one thing for stimulation, you would do another thing for growth," he admonished the committee: "We had better decide what we want."⁴ What the committee decided was that it wanted no part of the crisis argument, and that it wanted to take its time. Hard as he might try, the President simply was not going to get the committee to accept a "quick-sell" job.

² Hearings, p. 2106.
³ Ibid.
⁴ Ibid.
⁵ Ibid.
The high expenditure-high taxation ideology. A second reason why the crisis argument got nowhere had to do with what had been the official Congressional attitude toward taxation. Long a stronghold of the concept of "fiscal responsibility," Congress tended to view taxes solely as revenue raising devices whose primary purpose was to balance government expenditures. Given this view it was not surprising that Ways and Means was reluctant to accept the short-run stimulant idea. If it became public policy, an image could be conjured up of the tax rates bouncing, like a rubber ball, up during economic prosperity and down during recession, destroying the Congressional image of what a tax system ought to be, and the committee's power to enforce that image.

Actually, given the Congressional fetish for balanced budgets -- or perhaps one should say, nearly balanced budgets -- it was a major accomplishment for the President to get Ways and Means to approve any tax cut bill. To balance huge budgets, huge revenues have been required. And, protestations of frugality notwithstanding, Congress simply no longer cuts a sizeable percentage of the budgets, which, predictably, grow annually. (The fact of the matter is that government spending and the appropriations process have become so convoluted that it is difficult to know just how much money the Federal government spends annually.)

At any rate, without sizeable budget cuts, Congressional advocacy of a tax cut involved the abandonment of the older conventions of "fiscal responsibility," for what that concept had come to mean was that increasing expenditures had to be accompanied by increasing revenues in order to balance the budget. This was not an institutional bias of Congress alone. During the recession of 1958-59, the Eisenhower Administration stubbornly
refused to pump money into the economy by cutting taxes on the ground that the budget would have been left deliberately unbalanced, hardly a position that could be taken by a President who equated unbalanced budgets with immorality. The Kennedy Administration was thus taking on a great deal by the terms of its tax program, which, unlike the Eisenhower tax program of 1954, proposed to cut taxes while increasing budgetary outlays. To demonstrate to Congress that it could cut taxes and still be "fiscally responsible," the Administration and its supporters constantly pointed out that the economic activity generated by the tax cut of 1954 increased revenues over the pre-cut levels within two years.

As the tax hearings progressed it became increasingly evident that the relationship between taxes and expenditures, indeed, the entire fiscal policy of the Administration, would be the major stumbling bloc to enactment of tax cuts. Against this backdrop of obstacles, the record of Ways and Means' tax cut deliberations will now be examined.

**Tax Hearings**

_The opponents open fire._ The first day of hearings found the Republicans opening up with a surprisingly strong indictment of the President's program. Its strength was surprising because hearings held the previous year before Ways and Means itself and the Joint Economic Committee had demonstrated a consensus, among groups with both conservative and liberal fiscal attitudes, for broad and permanent tax revisions incorporating sizeable personal and corporate tax cuts. One might have thought that committee Republicans would have employed qualifying language, even, perhaps, equivocating somewhat, while waiting to gauge whether the consensus still held and
whether effective opposition could be mobilized. That they did not indicated they were willing to make it a party issue from the start with strong ideological overtones, as if to show that a genuine difference existed between Democrats and Republicans on approaches to fiscal policy. (Of course, for strategic reasons, they were not about to reject support from specific Democrats who might not differ. That they ultimately didn't get any on the committee, however, was a sign of how uncompromisingly they drew the line.) The unwavering opposition of committee Republicans to the end, despite key defections among conservative groups in the external environment of organized interest groups, indicated the depth of their conviction.

The kernel of the Republican criticism was that the tax program was an extension of the Administration's free-wheeling fiscal approach, part of an "irresponsible" Democratic "spending-spree" that would further bloat the national debt, invite inflation, and undoubtedly hinder progress toward improving the deficit in the balance of payments by reducing confidence in the dollar. Specifically, the Republicans objected to cutting taxes while increasing expenditures by an estimated $4.5 billion in fiscal 1964, and planning deficits until 1967. (That was the Administration's estimate; the Republicans guessed that the budget couldn't be balanced until 1972.)

The main Republican spokesmen for this point of view were Representatives Byrnes and Curtis, the first and third ranking minority members respectively. Byrnes doubled in brass as Chairman of the House Republican Policy Committee, and had been mentioned prominently as a successor to Charles Halleck as Republican leader in the House. Curtis, a member of
the Committee since 1953, has been an energetic student of the national economy, and a voluble critic of Democratic fiscal and monetary policy. Of all the minority members, his mind is probably the most well informed. He has gained wide respect among colleagues of both parties, and, since the death of Rep. Howard Baker, has become the number two Republican on the committee.

In a sharply worded opening statement, Byrnes stipulated the Republican conditions for justifying a tax cut. "There must be some willingness," he said, "to tailor expenditures to the need for tax reduction and bring Federal spending under control."\(^8\) However, he claimed to see no "evidence of that willingness on the part of the Administration, either as it affects fiscal 1964...but also 1965 and 1966."\(^9\) And, as far as he was concerned, there were "elements of disaster in assuring large deficits as far as we can see in the future."\(^10\) Making the point again, he said, "I think once we solve the fiscal issue, then we could proceed readily as far as the rate schedule is concerned."\(^11\)

Curtis continued this theme, extending it into the most systematic statement of the Republican position that was to be made during the hearings. His figures showed that Federal government spending under Eisenhower increased by $13 billion from 1954-1960, whereas under Kennedy it increased $17 billion in two years. This, he claimed, was anything but a "modest"

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\(^8\) *Hearings*, p. 534.
increase as Dillon had called it.\textsuperscript{12} He argued that increases of this magnitude confirmed the contention of Arthur Burns\textsuperscript{13} that a continuation of Kennedy-type fiscal policy would mean that the budget wouldn't be balanced until 1972.\textsuperscript{14}

Even accepting the Administration's projection of a balanced budget by 1967, Curtis contended that the only noninflationary means for managing the debt, selling bonds in the private sector, would cancel out the major aim of the tax program, to put more money into the economy, by removing from circulation the amount of money that purchased the bonds. On the other hand, Curtis continued, managing the debt through the Federal Reserve System would be inflationary and also frustrate the program by cancelling much of the increased purchasing power that, it was hoped, would be released.\textsuperscript{15}

Curtis also disagreed with three other basic assumptions underlying the tax program. The first had to do with the Administration's contention that a tax cut would stimulate business. Curtis referred to a report that taxes had been reduced nine times in the past 40 years, but that business improved only four times after those cuts.\textsuperscript{16} Second, he questioned the wisdom of assuming that taxpayers would spend or invest most of their tax cut earnings. An increase of two percent in the savings rate, he argued,  

\textsuperscript{12} Ibid., p. 617.  
\textsuperscript{13} Chairman of the Council of Economic Advisors during the first Eisenhower term.  
\textsuperscript{14} Hearings, p. 627.  
\textsuperscript{15} Ibid., pp. 629-30.  
\textsuperscript{16} Ibid., pp. 628-29.
would wipe out the thrust of the tax program.\textsuperscript{17} Finally, and perhaps most importantly, it was Curtis' view that unused plant capacity existed not because of soft demand, as the Administration argued, but because rapid changes in consumer preferences had rendered some plants obsolete, and no amount of tax reduction could make obsolete equipment usable.\textsuperscript{18}

If Byrnes and Curtis did not document their charges with an arsenal of authoritative references it was understandable. Each side was interested primarily in advancing a point of view, not in making a carefully documented, dispassionate analysis. For another thing, much of the record was based on speculation and educated guess-work. The Republican contention that the Administration's program was based on untested theories was essentially correct: nothing on this scale had ever been tried before. Thus Republican predictions of the outcome of the program if enacted were also bound to be speculative and untested.

The proponents answer back. The Administration's defenders on the committee predictably defended tax reduction and the Administration's fiscal policies as evidence of Democratic unwillingness to stand by idly while the economy remained sluggish and people remained out of work. Contrary to the Republican emphasis on cautionary fiscal policies to insure price stability, the Administration's supporters defended the need for innovative but not radical policies to encourage economic growth.

Typical of this approach was Hale Boggs' line of friendly inquiry during Dillon's appearance. "What you are saying," Boggs said, paraphrasing

\textsuperscript{17} Ibid., pp. 630-31.

\textsuperscript{18} Ibid., pp. 632-33.
Dillon, "is that you need this economic thrust...to pick up this deficit...in human resources and physical resources, so that you will...ultimately increase employment and increase revenues."\(^{19}\) Boggs sought to emphasize that by doing this through the private sector -- that is, by cutting taxes rather than massively increasing government spending -- the Administration's plan was "good free enterprise economics," "a moderate twentieth century capitalistic approach."\(^{20}\) At other points, he gave Dillon the opportunity to remind everyone that the largest peacetime deficit in a single year belonged to the Eisenhower Administration in fiscal year 1959; that the tax cut of 1954 increased revenues within two years; and, without getting bogged down in specifics, that the Administration's program would not be inflationary or fiscally irresponsible because of the nation's unused human and plant capacities, and because of the extreme care which would be used in the method of financing the deficit.\(^{21}\)

**The Doubtfuls.** Throughout the hearings, other committee Democrats emphasized these same themes and there was little question that tax reduction commanded the support of a majority of the committee Democrats. But the problem was that the Administration needed more than an ordinary majority of the Democrats, it needed practically all of them, thirteen at least if all the Republicans, as appeared likely, refused to go along. On this score, several conservative Democrats were likely to prove troublesome because while they were mildly enthusiastic about tax cuts, they shared


\(^{20}\) *Ibid*.

with the Republicans apprehension over budgetary levels. Included in this
group of luke-warm Democrats were A. Sidney Herlong, John Watts, Pat
Jennings, and, most importantly, Wilbur Mills.

Mills' role throughout the hearings was one of unsettling reticence.
Apart from performing the parliamentary niceties as presiding officer,
Mills silently bided his time. On the one occasion when he had an extended
exchange with a witness -- Frazier Wilde of the highly respected and moder-
ately conservative Committee for Economic Development -- it was not to
defend the Administration, but to "ascertain...the real theory that is
behind your suggestion that we reduce taxes even when it might create an
additional deficit."\(^{22}\) In a remark that was hardly meant to put the
Administration at ease, he said he wanted to know because, "I am a Puritan
in my thinking in these matters."\(^{23}\) The reference was obvious. Earlier
in the year, Walter Heller had said that he thought it remarkable that
some Americans wanted to deny themselves a tax cut because of their "basic
puritan ethic" in economic matters.\(^{24}\) Of all the people to don the mantle
of economic puritanism, Mills was the one the Administration could least
afford. His subsequent conversion undoubtedly turned uncertainty into
victory for the Administration in its effort to make converts to a new
fiscal religion.


\(^{23}\) *Ibid*.

\(^{24}\) U.S., Congress, Joint Economic Committee, *Hearings, January 1963
Before turning to the crucial committee votes on the tax program, it would be useful to examine the reactions to tax rate reduction by the interest group spokesmen who appeared before the committee. This is done not to imply that their reactions were crucial for the fate of the proposal -- indeed, few groups took an official position on the committee's final package -- but to indicate how far out on the periphery of informed opinion were the diehard opponents of tax cuts.

**The interest groups.** The one thing on which all of the most sizeable and most influential interest groups, conservative and liberal, were united on was the desirability of tax rate reductions. They differed in their preferences as to where the cuts should be made and in what amounts, and some were more willing than others to accept the Administration's fiscal policies; but, and this is the significant point, few of them went as far as the committee Republicans were to go in absolutely insisting that the price of tax cuts be specified reductions in Federal spending. Even some of the groups considered conservative indicated that they would be willing to stand for some temporary imbalance in the budget to get tax cuts while urging, in a general language, budgetary prudence.

To begin with a liberal group, the A.F.L.-C.I.O. urged a tax cut program considerably different from the Administration's -- a $9.8 billion cut, concentrated in the lower brackets to provide "extra buying-power for American families," with a deferral of cuts for the top income brackets

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and in the maximum rate until "loopholes" were closed to regain the revenue lost from cuts in these brackets. The A.F.L.-C.I.O. also urged more spending in the public works sector.

But the interesting feature of the hearings was not the expected response of groups like the A.F.L.-C.I.O., but the somewhat more surprising response of groups like the National Association of Manufacturers. Sounding a note of urgency, the N.A.M. spokesman said, "There is no time to lose to rearrange our tax rates before a much more rapid build-up in our labor force is upon us." On fiscal policy the N.A.M. statement rather blandly urged a "prudent expenditure policy" to promote "a business climate conducive to long-range planning, investment and job creation," and to "open up conditions under which the private economy could use credit and money more freely without the fear of inflationary consequences."

The Chamber of Commerce was even more unorthodox. Speaking for the Chamber, Joel Barlow, Chairman of the Taxation Committee, said that "our critical economic situation requires a tax cut and we also agree with the President that a tax cut now is imperative." The Chamber proposed cutting taxes $8.6 billion in a single year beginning in 1963, "or at the most in the 2 years of the present Congress." To partially offset the loss in revenue the Chamber suggested, but did not insist, that

\[\text{26. Ibid., p. 2090.}\]
\[\text{27. Ibid., p. 2094.}\]
\[\text{28. Ibid., p. 2096.}\]
\[\text{29. Ibid., p. 2327.}\]
\[\text{30. Ibid., p. 2310.}\]
spending be held to the fiscal 1963 level, and also suggested the enactment of a low-rate general excise tax exempting food, medicine, and shelter. In effect, however, the Chamber accepted the Administration's reasoning when it said, "We are convinced...that immediate tax reduction is so vital that even if it means some short-term imbalance (in the budget) this can be justified as the only way to get greater revenues over the longer term." Later on, in an exchange with Congressman Herlong, Barlow used even more pointed language:

We don't like imbalance in the budget. We don't like planned deficits in the budget or deliberate deficits. But we have said that we are willing to stand still for some temporary imbalance to get this show on the road...  

The Committee for Economic Development, an organization with impressive and respectable conservative credentials, also was anxious to "get tax cuts on the road." Calling the tax structure a severe handicap to investment and growth, Frazier Wilde, of C.E.D.'s Research and Policy Committee, repeated the C.E.D. position of the previous year that a two-part $11 billion tax cut was necessary: the first part -- a $6 billion cut -- to be applicable "as soon as Congress could agree upon the legislation;" the second part -- a $5 billion cut -- to be enacted "as soon as Congress has reasonable ground for confidence that fiscal 1964 expenditures will not exceed those of fiscal 1963." The reservation was

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31 Ibid., p. 2332.  
32 Ibid., p. 2336.  
33 Ibid., p. 2025.  
34 Ibid.
attached to the second part, explained Wilde, because "the injection of $11 trillion into the economy in a comparatively short space of time would create a danger of inflation unless Government expenditures were restrained." But in any event, C.E.D. wanted a $6 billion cut as soon as possible and independent of the levels of actual spending for fiscal years 1963, '64, or '65.

The most orthodox of the important interest groups was the American Bankers' Association, which argued that a cut in taxes and increased Federal spending were incompatible. In his testimony, Charles E. Walker, Executive Vice-President of the Association, applauded "the efforts of the Administration to promote expansion and higher living standards by reducing the drag on our economy stemming from an oppressive tax-rate structure." But he expressed the fear that the planned deficit of $12 billion "would involve a large and unnecessary risk to the dollar and the free world financial structure." Thus, the committee was urged to limit Federal spending in fiscal 1964 to the estimated level for fiscal 1963 by "attaching a rider to the tax bill providing for a levelling off in spending...a Congressionally dictated spending ceiling." If no effective way could be found to keep the spending level down, the Association favored "rejection of the income tax cut."

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35 Ibid.
36 Ibid., p. 2412.
37 Ibid.
38 Ibid.
Among all the groups that customarily obtain a careful hearing from Ways and Means on taxation matters, the A.B.A. was the only one to recommend rejection of all tax cuts unless expenditures for fiscal 1964 were guaranteed not to exceed those estimated for fiscal 1963. As shall be seen shortly, the committee Republicans pushed energetically a proposal very much like the one recommended by the Bankers' Association. In choosing this approach, these committee members pushed the official position of the Republican party so far to the right as to be out-of-step with the attitudes of large and small business, and in stride only with the most conservative members of the economic community -- the bankers. The Republican party would pay a high price for this isolation -- defeat in the House, and subsequently in the Senate, and a growing economic prosperity in the nation, the responsibility for which they could claim absolutely no share.

The Decisive Days

Approval of the rates. The committee, on August 14, finally approved, by a vote of 19-4, tax reductions for individuals and corporations totaling $11 billion when fully effective in 1965. The rate schedules were nearly identical to a revised plan submitted to the committee on August 12 by Secretary Dillon, after the revenue raising reforms approved by the committee fell short of initial Administration estimates. The revised rate schedules lowered individual income tax rates to a range of 14 to 70 percent, and corporate rates from 52 to 48 percent. Instead of spreading the cuts over three years, as originally proposed, the revised plan spread them over two years. Two-thirds of the individual rate
cuts would be effective on January 1, 1964, and the remainder on January 1, 1965. The corporate rate would be cut to 50 percent in 1964, and 48 percent in 1965. Dillon testified that the new schedule, upping the rates over the original, was "a necessary consequence" of the undermining of the Administration’s original reform package, and admitted that it was "slightly less generous to taxpayers with incomes under $10,000." Characteristically, the middle and lower income groups were called upon to shoulder part of the burden imposed by favors to the rich.

The overwhelmingly favorable vote on the rates obscured the closeness of the battle over the critical issue around which the Kennedy tax program revolved: the issue of cutting taxes while increasing the budget. On August 14, Rep. Howard Baker, the second ranking Republican, made a motion to postpone the second stage of tax reduction if the net national debt exceeded $304 billion on June 30, 1964, the end of fiscal 1964. Presumably, it was designed to hold the fiscal 1964 deficit to the $9 billion estimated by the Administration by keeping expenditures slightly below $98 billion.

The attempt narrowly failed. Two Democrats crossed the line, but 13 stood ground, and the motion was defeated 13-12. There was little doubt, however, that the Republicans would try again.

40 Ibid.
42 Ibid.
Approval of the Bill. The next opportunity to attach an "anti-spending" amendment came on September 10, when the committee met to approve the omnibus tax reduction and reform bill. This time, the ranking Republican, John Byrnes, offered a motion postponing the second stage of tax cuts if the fiscal 1965 budget planned spending of more than $98 billion, and if the net national debt on June 30, 1964 exceeded $303 billion.

Curiously enough, this proposal was even more stringent than the Baker proposal of August 14. It limited the net debt at the end of 1964 to $303 billion, one billion lower than the Baker ceiling, and put a ceiling on the budget for fiscal 1965 that was lower than the budget the President had already submitted for fiscal 1964. The proposal epitomized the high expenditure-high taxation ideology: if taxes were to be cut, the budget would also have to be cut.

The strength of this proposal seemed odd for one obvious reason. All the Republicans needed previously on the Baker motion was for one more Democrat to cross the line and vote with them. If they really wanted to gain an extra Democratic vote this time, some compromise in their own position would have seemed in order. It might not have guaranteed success, but it was the only logical approach. What they did, instead, was to harrow their position, an unlikely strategy for victory since, if anything, it might drive away what little Democratic support they had. It seemed as if the Republicans sought not to create a bipartisan, anti-spending coalition, but to force a straight party division
on the tax cut issue, so as to lay exclusive claim to Republican hegemony over the territory of "fiscal responsibility," and to bolster their perception of the Democrats as "reckless spenders."

Meanwhile, the Administration had been working to undercut support for the Republican economy proviso by emphasizing its own commitment to economy. In a "Dear Wilbur" letter, dated August 19, 1963, the President thanked Mills and the committee for their hard work, pledged a tight rein on Federal spending, the application of increased revenues to the reduction of deficits, and a budget for fiscal 1965 whose deficit would be less than the one estimated for fiscal 1964.\(^3\) And on the committee, itself, Mills and the other Democrats were searching for an acceptable substitute for the Byrnes motion.

The effects of the efforts of the President and of Mills and a majority of the committee Democrats, and the reluctance of the Republicans to soften their stand began to show in a preliminary test of strength. Byrnes offered his motion and the committee defeated it 12-11, with W. Pat Jennings joining the Republicans, and John Watts and A. Sidney Herlong, the swing men, merely voting "present." Then, in a showdown vote, Byrnes offered the motion again. This time the three wavering Democrats swung behind the Administration and Mills, and a party division developed, defeating the Byrnes motion, 15-10.\(^4\)

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Mills then offered the Democratic "fiscal responsibility" substitute. It was a "sense of Congress" declaration, to be inserted in Section 1 of the bill, stating that additional revenues generated by the tax cuts should be used to eliminate budget deficits and then reduce the national debt. It put Congress on record as accepting the responsibility for restraining spending, and urged the President to share the objective.\textsuperscript{45}

Approved over Republican objections, this declaration, patterned closely after the language of Kennedy's August 19 letter to Mills, became the Democratic manifesto of "fiscal responsibility;" that party's testimony to both the wisdom of tax cuts, and the prudence with which the deficits created by them would be handled.

The Republicans bitterly assailed these claims. In a minority report signed by nine of them, and agreed to by a tenth, Howard Baker, in a separate opinion, the Republicans asserted that the "sense of Congress" declaration was "wholly ineffective," a "hope and a prayer," and "salve" for a "nagging conscience."\textsuperscript{46} The Kennedy letter was labelled "misleading" and the Republicans renewed their charge that the Administration "juggled figures" to satisfy the advocates of fiscal responsibility by submitting a balanced budget on paper, and then pursuing in fact, "a policy of increasing Federal expenditures, irrespective of the Federal revenues."\textsuperscript{47}


\textsuperscript{46} Committee on Ways and Means, Report, Revenue Act of 1963, p. cl5.

\textsuperscript{47} Ibid., pp. cl6-cl7.
House passage. The Republicans would have one more crack at the tax bill, during debate on the House floor. On September 17, the Republican Policy Committee, under the Chairmanship of Byrnes, resolved to carry the party battle from the committee to the House floor by pushing a variation of the anti-spending proviso defeated in the committee.\(^4\)

Under the closed rule it had to be offered in the form of a motion to recommit the bill with instructions to attach the amendment. On September 18, the Republicans, meeting in formal party conference, approved, reportedly unanimously, a proviso postponing all tax cuts if the President planned to spend more than $97 billion in fiscal 1964, and more than $98 billion in fiscal 1965.\(^5\) Thus, the Republican position had hardened even more, as if to insure that they would get the least possible number of Democratic votes, and thus seal their own defeat.

This rather unusual strategem paid dividends. When the recommittal motion was offered at the close of debate on September 25, the Republican ranks stayed remarkably disciplined, and the Republican-Southern Democrat conservative coalition became unglued, thus preventing the motion from being adopted. The Republicans supported it 173-1; the Democrats opposed it 225-26, 24 out of the 26 being Southern Democrats.\(^6\)

This was the decisive vote. Passage of the bill, 271-155, was an anticlimax, with two more Democrats voting against the bill than had voted against recommital (presumably to keep their economy records clean; the

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House Democratic leadership was so confident of victory on final passage that it had passed the word that the few members who might want to do so could vote against the tax bill as long as they also voted against recommittal, and with the Republican ranks breaking somewhat to produce 48 votes in favor. With the exception of the one defector, O'Konski of Wisconsin, these were Republicans who, having performed their party duty by voting for recommittal, then wanted to reap whatever benefits there were from a vote favoring tax cuts. Significantly, the 14 committee Democrats present (Thomas O'Brien of Illinois, was by this time bedridden, and near death) voted against recommittal and for passage; and the 10 committee Republicans voted for recommittal and against passage. Having drawn the lines, they would stick by them.

The Floor Debate

This chapter should not come to a close without discussing the debate over the tax bill on the floor of the House, not because floor debate was decisive in terms of making or unmaking minds, but because the line of debate indicated graphically what the Administration had been up against in proposing a significant shift in fiscal policy that assaulted the older conventions of "fiscal responsibility." In defending the bill, its manager in the House, Wilbur Mills, set out to demonstrate, in effect, that the tax cut program was in the best tradition of "fiscal responsibility," and that opposition to tax cuts and a favorable vote for

\[51\] Ibid., pp. 17196-197.
the Republican amendment were both dangerously irresponsible. Mills' aim was to neutralize the opposition by skillfully turning their own argument against them.

Free enterprise v. big central government. The major burden of Mills' argument was that enactment of the tax bill would reverse the trend of greater government spending to solve nagging economic problems. Calling the tax rates relics of the World War II era whose purpose of equalizing the war sacrifice and dampening consumer demand had become irrelevant to contemporary problems, Mills argued that the private sector of the American economy had to be removed "from its high-tax straight-jacket...to do the job required of it today." 52 That job amounted to solving the problems of recurring deficits, high unemployment, unused plant and equipment capacity, and the balance-of-payments deficits. Tax reductions, he said, would provide the rate of economic growth necessary to solve these problems by increasing consumer purchasing power and the incentive to invest. Failure to enact them would be "almost certain to lead to more rather than less government spending," 53 a road certainly leading to "big Government, especially big Central Government." 54 This was his way of announcing to the House that if it thought the Administration would stand still in the wake of tax reduction defeat, it was sadly mistaken because the Administration would, in all likelihood, prod Congress along the road of massive spending to do the job that Congress would not

52 Congressional Record, September 24, 1963, p. 16985.
53 Ibid.
54 Ibid., p. 16987.
permit doing through tax reduction, and Congress would have to share the responsibility for inviting that undesirable alternative. He found it ironic, he said, that those who opposed tax reduction in the name of fiscal prudence, were following a course that would ultimately create irresistible pressures to do exactly what they sought to prevent -- increase government spending. 55

Failure to provide tax reduction would also be irresponsible, Mills argued, because it would ignore the "adverse impact of...excessive tax burdens on the economy and on the budget." 56 "We must remember," he admonished, "that tax policy cannot be made in a vacuum." 57

Against the charge that too much money was already being spent, Mills contended that the President could not, after all, "spend a nickel unless Congress first authorizes it," 58 and that Congress would be morally obligated to abide by the economy provisions of Section I of the bill, provisions with which, Mills said, the President was in wholehearted agreement. In short, what Mills did was to picture the tax bill as the great line of defense of the free enterprise system against gargantuan government, and, thus, to picture the Administration as free enterprise's best friend. This amounted to a continuation of the Administration's defense of its tax program on the ground most congenial to the Congressional mentality, a defense that may well have been the only successful one.

55 Ibid., p. 16985.
56 Ibid., p. 16988.
57 Ibid.
58 Ibid.
To all this the Republicans sounded a familiar refrain. They too favored tax reduction, said John Byrnes, but not while the costs of government were spiralling. Taxes were high because spending was high, and an $11 billion tax cut would be "most irresponsible" without "settling this spending issue."\textsuperscript{59} The Republican motion to recommit would settle that issue, he said, by substituting legislation for "vain promises, and vague hopes."\textsuperscript{60} The amendment would be "the test of whether you can afford to have a tax reduction bill or not."\textsuperscript{61}

Mills saved his strongest language for a critique of the Republican motion. Calling it a "numbers game," he criticized it on the grounds that it represented an abdication of the duties of Congress; that it would, in effect, have given the President an item veto, something Congress had always steadfastly refused to do; and, that if it resulted in postponing tax cuts because of a refusal of the Administration to comply, it would have resulted in actually raising taxes nearly one billion dollars because the revenue raising reforms, in any event, would have become law.

By ordering the President to submit certain estimates to obtain tax cuts, Mills contended that Congress would be surrendering to the President its power to determine expenditure and tax policies because it would be relinquishing its power over the purse. Congress might decide that appropriations slightly over the legal ceiling were required, but the President, by interpreting the terms of the motion to mean that he

\textsuperscript{59} Ibid., p. 17192.
\textsuperscript{60} Ibid.
\textsuperscript{61} Ibid., p. 17191.
couldn't spend them, would be in a position to turn them down. Moreover, he would be able to cut anywhere he pleased and thus be the possessor of an item veto, a power which Congress "has never wanted to give to any President of the United States." 62

But the fundamental weakness of the motion, according to Mills, was that it would put members of the House in the untenable position of not knowing whether they had voted for tax cuts or tax increases until the President submitted his final budget estimates for fiscal 1964 and his budget for fiscal 1965 the following January. The terms of the motion applied to titles I and III of the bill, the rate titles, but not to title II, the reform title. If the bill passed with the Byrnes amendment, and the President refused to comply with its terms, the old rates would remain and the taxpayers would be saddled with nearly a billion dollars worth of new taxes. How, Mills wanted to know, could members possibly explain to their constituents that maybe they voted for tax increases?

With this rebuttal, the tax debate in the House came to a close. The Administration won a hard fought victory because it played skillfully the old theme of "fiscal responsibility," albeit in a new key; because both sides of the committee finally made it a straight party issue, thus creating a climate that carried over onto the House floor where the numerical superiority of the Democrats held sway; and because the bill was vigorously defended by a committee chairman with peerless knowledge of the tax laws, and with power and prestige in the House second to none.

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62 Ibid., p. 17195.
Summary and Conclusions

Three obstacles stood in the way of enactment of the President's tax program. First, some members of the House had come to suspect the political value of cutting taxes. Two post-war Congresses had cut them (the 80th and the 83rd), and in the subsequent elections the majority party in both (Republican) lost control of the House. It mattered little that no conclusive evidence had ever been gathered to connect electoral defeat with tax cuts (Wilbur Mills sarcastically remarked that the Republicans lost not because they cut taxes, but because they didn't do anything else). The point was that no recent Congress that had cut taxes appeared to profit politically by it, and thus members could not be appealed to by past experiences indicating that a position favoring tax cuts would be politically advantageous to them. Not only was this potential source of impetus missing from the victory formula; those who opposed tax cuts on other grounds added fuel to the fire by reminding their colleagues that the electorate twice had repudiated the party that was responsible for the two most recent tax cuts, immediately after they were enacted.

A more serious obstacle was the clash between the provisions of the program and the values enshrined in Congress. The committee took an exceedingly long time reviewing the proposals and drafting the legislation. As was seen in the last chapter this was partly because the committee saw itself acting, in its own language, as a "balance wheel" between the public and the Administration. A fragile situation was created in 1963 because the President's reform proposals were supported by a reform-minded chairman who gave every indication that he would not support
tax cuts without tax reforms. Much time was required to bring about a compromise between the reform and anti-reform forces to produce a bill that would satisfy Mills and the Administration, and still be acceptable to a majority on the committee and in the House.

The other aspect of the tax program that created concern was its use as a counterrecessionary fiscal tool. The President tried to prod the committee toward quicker action by raising the specter of recession and arguing that quick enactment of tax cuts would be needed to head it off. The traditional attitude on the committee toward taxes had been to treat them as revenue raising devices, not as another fiscal tool for intervention into the economy. The previous year, a Presidential request for standby tax cutting authority had been rejected by the committee partly because a scale of tax rates sliding up during prosperity and down during recessions was not consistent with committee thinking on the functions of taxation. The committee never accepted the President's urgings to act quickly because it never accepted the theory behind the plea.

But the major hurdle was the concept of "fiscal responsibility," an ill-defined but, nevertheless, deeply rooted symbol of Congressional morality. The Administration came to grips with its conventions not by arguing against them, but by claiming, in effect, that, because it was "fiscally responsible," it was duty bound to unchain the free enterprise system from its heavy tax burdens to permit it to do the job required for full national economic recovery and growth. The opponents, of course, claimed that the argument was a fraud and a hoax. In this respect, it seemed that as the argument advanced distinctions without differences
became the order of battle; that the issue came to be drawn on symbol not substance because "fiscal responsibility" could mean almost anything, or for that matter, nothing, all depending on who was defining it and for what purposes.

The Administration and its supporters, on the one hand, and the opposition, on the other, agreed generally that tax cuts had to be accompanied by a tight rein on Federal expenditures. The differences in opinion came over what constituted a tight rein. In submitting a $98.8 billion Administrative budget, the President said he had severely limited his proposals because of the anticipated temporary revenue shortages created by tax cuts. He claimed, in his budget message, that the fiscal 1964 expenditures for programs other than space and defense were expected to be about $300 million below the fiscal 1963 level. And Budget Director, Kermit Gordon, told newsmen on January 15, 1963, that the Bureau of the Budget reduced agency requests by $7 to $8 billion.

Opponents of the Administration's fiscal policies simply wouldn't accept these claims as qualification for fiscal responsibility. Early in the debate it was not unusual to hear the most orthodox version of why the President's program was harmful: it created planned deficits. According to this version, if the President wanted tax cuts of around $11 billion, he'd have to make budgetary cuts of approximately the same amount. Then, as the Republican position on the committee began

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64 Ibid., p. 49.
developing, these critics appeared to be saying that the Administration's spending policies were unrestrained because budget estimates for fiscal 1964 were $4.5 billion above the previous year's. The guidelines of the Byrnes floor motion, the final Republican version of fiscal responsibility, called for spending two percent less than the President proposed, a marginal difference at best. For the sum involved, it made little sense.

But the sum alone really wasn't what was important. The Republicans were seeking to arrive at a version of fiscal responsibility that could command complete party support, and thorough-going fiscal orthodoxy was unlikely to appeal to the party's liberal wing. Spending ceilings not far below the Administration's, however, did have broad party appeal. To this extent, sums were important. But if they were ends in themselves, the committee Republicans hardly could have kept changing them, as they did.

Order was brought out of chaos because at a critical juncture the House had party government. Each party became responsible for a stand on fiscal responsibility, and on a crucial vote party discipline prevailed. That the differences in position were marginal, at best, was true. But the doctrine of responsible party government has been less concerned with the components of policy than with the voting unity of each party, and for a time the House operated in a fashion close to the hearts of the proponents of the doctrine.
CHAPTER VI

THE COMMITTEE AND THE CONGRESS

Introduction

Thus far, this study has proceeded on two levels. Chapters I and II have been devoted to an analysis of the Ways and Means Committee with respect to its structural and personal characteristics, and Chapters III, IV, and V have been devoted in the main to a case study of the tax proposal of 1963, focusing on the decisions of Ways and Means with respect to it. This chapter synthesizes the findings of this study, arrives at some generalizations of legislative behavior in Congress, and develops some hypotheses relating to Congressional committees. In order, the chapter will deal with external and internal relationships of Ways and Means, the nature of party organization in the House, the criticisms of party and seniority, and the attributes of Ways and Means that support its effectiveness as an instrument of policy making.

External and Internal Committee Relationships

Relationships with the executive branch. Created in the 1790's as a select committee to prevent Alexander Hamilton from dominating Congress and to capture from the Executive some of the initiative in financial
matters, today's Ways and Means Committee remains true to its mission. Although its role in the House has changed since it lost the appropriations function in 1865, Ways and Means still maintains the posture of coequality with the Executive branch with respect to taxation.

As seen earlier, it is traditional for Ways and Means members to think of the power to tax as the most vital and sensitive of the powers of government. For this reason the committee advances the claim that tax policy should be built on a broad consensus that includes the opinions of both the Administration about the use of fiscal policy and the techniques of a sound program of taxation, and of the public, expressed through its representatives, about which forms and degrees of taxation are tolerable.

Within this framework committee members talk about Congressional prerogatives in taxation. They do not mean that the committee exclusively makes tax policy. What they do mean, and what they insist on, is that tax policy must be a joint undertaking of the Administration and Congress, working through Ways and Means, right down to the minute details involved in the drafting of legislative language.

In keeping with this attitude, tax bills are not submitted to the committee. Rather, the Administration draws up proposals, which are presented by the Treasury Secretary, and the actual legislative provisions are framed and drafted by Treasury experts, committee members, the small

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but skilled staff of the Ways and Means committee, and the staff of the Joint Committee on Internal Revenue Taxation.

This procedure is materially different from the procedure that generally prevails in the relationships between other committees of the House and the Executive branch. As a rule other committees receive legislative drafts, and thus are put in the position of reacting to the specific language they contain. The making of tax policy is a more collegial affair, more of a joint undertaking between the Executive and Legislative branches.

Obviously, this procedure breaks down completely the separation of powers. As it is, that particular paper-scheme is more myth than reality in contemporary American national politics, but nowhere is it less meaningful as a presumed framework of public policy-making than in taxation.

**Committee staff.** The joint responsibility for authoring tax legislation has other observable consequences. Not by chance does Ways and Means have skilled staff assistance. The responsibilities of the committee are large and its reputation is at stake when major changes in the tax laws are proposed. Committee members, able and hard working though they may be, require the skills of expert tax attorneys, economists and statisticians both to hold their own with the battery of Treasury experts, and to continue convincing the House that it has entrusted authority to the most capable of hands.
In the staff of the Joint Committee on Internal Revenue Taxation, Ways and Means has the services of an exceptional "team of tax experts." Created in 1926 when "Congress reached the conclusion that it could not draft a sound tax bill on the basis of oratory," the staff has been headed since 1938 by Colin Stan. The non-partisan staff serves almost exclusively the senior members of Ways and Means and Senate Finance who comprise the Joint Committee, and is involved in the drafting of tax legislation in both the House and Senate. To provide staff help for Ways and Means members not serving on the Joint Committee, Chairman Mills has added to the Ways and Means staff a number of tax attorneys, and he himself has come to use them frequently.

The Committee Report on the Revenue Act of 1963 was an accomplished piece of workmanship, and the consensus in the House seemed to be that the committee and its staffs had done an exceptional job in the preparation of the bill and the report. The committee always seeks this kind of opinion; and it gets it through its staffs, thus strengthening its hand in the policy process.

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5Mansfield, op. cit.

Effect of staff on members. The quality of the staff's effects committee members in two ways. First, because the staffs are considered as teams of technical experts, all members have access to staff assistance. As a result of this open access, the second effect of staff on committee members follows naturally: all have the opportunity to become well informed, and many of them are. Such members as Wilbur Mills, Hale Boggs, John Byrne, and Thomas Curtis have gained notable reputations inside and outside Congress as legislative experts in taxation and trade matters.7

Relations between the committee and the House. Because important committee legislation is generally considered under a closed rule, it would appear that the House can only vote Ways and Means legislation "up" or "down." Modification is permitted only through a motion to recommit, but this too is usually offered by a committee member, and normally has scant change of passage. Does this mean that the House membership has virtually no control over the committee?

It is unlikely that the committee could continually ignore important opinion in the House and still keep the confidence and trust of the House. Indeed, special efforts are made by committee members to channel requests from important House sources into committee deliberations, and to anticipate sources of opposition.

Committee members maintain good contact with other House colleagues to pass out information, and to seek it in return. In this way House

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members are kept informed, and, more important from the standpoint of committee members, soundings can be obtained as to what House members think of the proposal under consideration, what they think of the job the committee has done, and what they think ought to be done. This appears to shape committee deliberations, especially, say, when the dean of a sizeable state party delegation volunteers an opinion and indicates strongly that other members of the delegation and some other well established and influential members of the House feel the same way.

For example, the committee's decision to make token changes in the oil and gas provisions, gaining $40 million, was set in motion, at least partly, because there was indication that some House members might find repeal of the dividend credit and $50 exclusion unacceptable if the oil industry was left untouched by reforms, thus weakening their support of the bill. (As seen, this was Martha Griffiths' position; it was felt that she was not alone.) Moreover, spokesmen for the oil industry, and some ardent pro-oil depletion Congressmen, were told by some committeemen that they should yield a little to pacify ardent anti-oil depletion Congressmen who might not accept a bill that did not exact some tribute from the industry.

It is also true that a number of amendments to committee-drafted legislation are proposed by committee members in executive sessions on behalf of House members with whom the committeemen are in contact. Sometimes it is done merely as a favor, other times because a particular
committee member may agree with the substance of the amendment, and, not infrequently, to enlist the support of those behind the amendment.\textsuperscript{8}

The persistence and skill of Ways and Means in sensing the mood of the House and anticipating difficulties has been, in recent years, the trademark of Wilbur Mills' accomplishments as negotiator, cloakroom tactician and party leader. Mills became Ways and Means Chairman in 1958, after serving sixteen consecutive years on the committee. Known as a Rayburn protege, a master of the Tax, Tariff and Social Security laws, and an aggressively skillful debater, Mills was thought to be a match for the worthiest opponent. In his first test of strength in the House, however, Mills came out second best. He lost the first bill he took to the floor -- a bill to extend unemployment compensation benefits.\textsuperscript{9} A moderate and cautious man to begin with, this setback may have made him more cautious. Having suffered the ignominy of being beaten on the floor, he perhaps resolved that it wouldn't happen again. It hasn't; since then Mills has been undefeated on legislation of significance under his sponsorship. Mills has accomplished this by making certain that opposition has been blunted before reporting legislation, and that voting tallies accurately indicate majority support.

\textsuperscript{8} MacNeil describes an instance in 1960 when a bill to ease U. S. taxes on American foreign investments was amended specifically to meet strong objections voiced by organized labor and supported by liberal House Democrats. He also cites the careful amending by Wilbur Mills of the trade agreements bill of 1962 to meet protectionist objections. \textit{Forge of Democracy}, pp. 335-36.

\textsuperscript{9} Ibid., p. 334.
Thus, in 1959 he refused to bring to the House floor under his sponsorship a bill raising government interest rates despite the fact that a committee majority -- all 10 Republicans and five Democrats -- favored the bill.\footnote{\textit{rbd.}} If 10 committee Democrats were opposed, chances were high that wholesale numbers of rank-and-file Democrats also would be. Lacking majority support within his own party, Mills refused to take responsibility for the bill, earning for his committee the title, "No-Ways and by No-Means Committee."

But Mills' usual circuit is one of action. It must be remembered that the major accomplishments of the Kennedy Administration, aside from the Civil Rights Act of 1964, were the Revenue Acts of 1962 and 1964 and the Trade Agreements Act of 1962. By leading the fight for these programs, Mills was, in reality, a major architect of the New Frontier.

His ability to win the hard fights over these major pieces of legislation hinged on his willingness to make necessary compromises, and to work closely and vigorously with the nominal Democratic party leadership in the House. In the last chapter it was seen that a reform provision plugging the loophole in capital gains taxation of inheritances was approved by the committee, but dropped at the last minute. Some claimed that the reason for this was that the Treasury was preparing for a full review of capital gains taxes applied to inherited estates, and it was felt that provisions relating to them in the 1963 bill would be premature. If this was the case, it must have come as a surprise to the Treasury. Secretary Dillon asked the Senate Finance Committee to put the
provision back in the bill, otherwise a lowering of the capital gains rates would have been unjustifiable. It would probably be closer to the truth to suggest that the provision caused stirrings of opposition among House members, and was dropped for strategic reasons -- to prevent the loss of support for the bill. Interviews during 1963, prior to House passage, and follow-up interviews in 1964, revealed that this kind of bargaining is a Mills' stock-in-trade. His habit is to maintain close contact with the House members who are thought to know the sentiments of many others in order to determine which provisions of committee legislation command strong support and which provisions cause alarm.

In a recent article, Randall Ripley noted several instances in which Mills worked very closely with the majority whip's office to summon support for legislation by making personal pleas to rank-and-file Democrats, and by helping to keep a tally of the "ayes" and "nays," putting pressure on recalcitrants when necessary. For example, before the vote on the 1963 tax bill, Mills used the whip's office to distribute a summary of the bill to all House Democrats, accompanied by a short letter signed by himself, the Speaker, Carl Albert and Hale Boggs urging defeat of the recommittal motion and support of the bill. Staff members of the whip's office maintain that Mills is one of the most able party leaders in the House because of his reputation as a master of his committee's legislation, and


12.Ibid., pp. 571-72.
by virtue of his chairmanship over a committee that is enormously influential, both with respect to substantive legislation, and the careers of House Democrats.

This kind of bargaining and compromising has struck some as a rather low-level way of conducting the nation's business. In a political setting like the House, however, which is organizationally diffuse and within which party discipline is not unyielding, the horse-trade has great functional value. The building up of credits and trading of favors to influence behavior substitute for more formal and impersonal methods. Ways and Means, generally, and Wilbur Mills, in particular, stand at the head of the list of those who are able to employ these means skillfully and successfully.

The Roots of Party in the House

**Party role of committee members.** The foregoing is suggestive of the nature of party in the House of Representatives. It illustrates the important role played by committee members in party organization and the development of a party position in the House. The Democratic and Republican positions on the tax program resulted from the basic postures struck by members of both parties in committee. The House Democratic position that permanent and sizeable tax cuts were necessary to spur the economy in the free enterprise sector and thus reduce the necessity for sizeable increases in government spending came from the views developed by the Democratic majority on committee, incorporated in the committee report, and articulated from the well of the House by Wilbur Mills and other Democratic committee members.
On the other hand, the House Republican counter-proposal that testimonies of expenditure control were not enough, and that a tax cut had to be accompanied by specified expenditure limits, developed from the Republican committee position and Republican attempts there to attach specific spending ceilings before reporting the bill to the House. On the floor the Republicans stood by the position the minority had taken in the committee report, a position whose major exponents on the House floor were the top three Republicans on the committee -- Byrnes, Baker, and Curtis.

From the standpoint of party organization the most visible House party leaders in the tax cut fight were not the nominal leaders -- the Speaker, majority leader and majority whip on one side, the minority leader and minority whip on the other side -- but the ranking Democrats and ranking Republicans on the committee. For the Democrats, Wilbur Mills was conspicuously in the forefront. And if there was any doubt beforehand about Republican spokesmanship it was dispelled when the Republicans, demanding and getting equal time, sent Byrnes and Curtis on nation-wide television to answer the President's televised address which urged passage of the program.

It is true that the nominal party leadership and the ranking members of both parties worked closely to pull their respective parties together (for the Democrats there was some overlap with Hale Boggs, number four committee Democrat also being the Democratic Whip). It was, however, in the fashion of the apparatus of each party uniting behind its committee leaders to help enforce the decisions they had arrived at.
In this particular instance the roots of party leadership were in the committee. Members shaped the stands that their parties were to take subsequently, and they took the lead in defending those stands, supported by their party organizations in the House. This has been the customary modus operandi with Ways and Means legislation; the legislative struggles in the House with the tax bill of 1962 and the trade agreements bill of 1962, for example, went along similar lines, although the personalities involved differed somewhat because the composition of Ways and Means in the 87th Congress was not exactly the same. This has also been the customary method of presenting other forms of legislation to the House. Usually a bill is presented to the House by the appropriate committee or subcommittee chairman and he becomes its major spokesman; the opposition is usually led by the ranking minority member. The nominal majority and minority party leaders try to pull their troops in line behind the committee leaders.

**Nature of party leadership.** What this suggests is that party leadership in the House is diffuse and diverse. It includes not only those who are nominally the formal party leaders, but also ranking members on both sides of the House's multitude of standing committees and subcommittees. Moreover, it varies from issue to issue. The nominal party leaders take a part in all issue decisions, but the ranking members of a particular committee will take a formal leadership position with respect to legislation under their own jurisdiction, playing a passive or informal role with respect to legislation under the jurisdiction of another committee.

This study reveals that party leaders (defined to include committee leaders) fashioned an extremely high degree of party unity on the motion
to recommit the tax bill of 1963 based on a distinct and coherent, if not wide, difference of opinion between the parties on the conditions under which the tax bill should pass. Similar patterns of party unity based on distinctness of positions prevailed during the legislative struggle to pass the tax bill of 1962.13

A casual reading of House roll call votes, however, would reveal that the parties do not always confront each other in such solid array, that lesser degrees of party cohesion and coherence often characterize debate and vote on an issue. It would be useful to explore the possible explanations for these differences to generalize further about the nature of party in Congress.

Criticisms of Party in Congress

Congressmen and their districts. Two reasons have been advanced with great frequency in the literature of political science to explain the breakdown of party in Congress. The first has to do with the nature of party organization in the U.S. Lasting Congressional careers, it is claimed, are built on local constituency party or personal organizations. Because each member of the House depends for reelection on his relationship to his constituents he will exercise great care to remain in their good graces. Thus, it has been asserted, the record that the Congressman defends "back home" is not based on issues of national concern, but on such things as

13. Republicans stood behind their motion to recommit, 163-0, and voted against the bill, 162-1. The Democrats voted against the recommittal motion, 27 to 225, and for passage 218 to 34.
getting federal funds spent in the district, obtaining government contracts for local industry, and lobbying for legislation favorable to the district or against legislation considered to be unfavorable to it.\textsuperscript{14} For performing these functions well, the member is usually rewarded with job security. In performing these functions to placate the local constituency, however, the Congressman may find himself in opposition to the party leadership in the House -- say, for example, the Southern Democrat who cannot support a civil rights bill proposed by a Democratic President and supported by the Democratic leadership. The longer he stays in, the greater the number of these conflicts he will have to face; and if he continues to survive it will be because for the most part he took constituency-oriented stands at the expense of supporting his party. Because this happens to almost all Congressmen during their careers, the extent of deviation from party stands, it is argued, is bound to be considerable. And as long as the individual member's career is rooted in constituency loyalties and not in any national or Congressional party machinery, it is alleged that the influence that the party leadership can bring to bear on his behavior is bound to be limited, and the utility of party as an instrument of responsible government badly impaired.\textsuperscript{15}


\textsuperscript{15}Burns, \textit{Deadlock of Democracy}, pp. 241-49. The classic attack on American parties is the American Political Science Association's Committee on Political Parties, \textit{Toward a More Responsible Two-Party System} (New York, 1950).
It is necessary to scrutinize these arguments in the light of the findings of this and other studies. Recent studies employing aggregate data have indicated that situations that put a Congressman in the cross fire of conflicting viewpoints between his party leadership and his constituents frequently get resolved on the side of the constituents.\textsuperscript{16} Moreover, Charles O. Jones, in a study of the House Agriculture Committee,\textsuperscript{17} reported that members shrewdly perceived constituency interests and worked on committee primarily to solve commodity problems in their districts.\textsuperscript{18} This study showed that Ways and Means members were careful to see that the costs of tax reform to their own constituents were kept at reasonably tolerable limits, and to do this many Democrats had to help defeat or dilute the reform proposals of a Democratic President.

Unquestionably, complete party unity is impossible to achieve in a vastly complicated political system that provides multiple points of access for varied interests and which makes representatives depend in part on good constituency relationships for job security. No realist ever expects to get it. Party leaders in the House simply would not expect a member from, say, an oil constituency to support a proposal to slash deeply the oil depletion allowance. Hard pressure to support an issue is seldom put on a member who cannot reasonably be expected to do so.


\textsuperscript{18} Ibid., pp. 363-67.
Where the district interests of a member are vitally concerned the general understanding between the leadership and the member is that he should "vote the district."

With this kind of situation what is surprising is not that party cohesion is less than absolute, but that "the party label evidently is the single most reliable indicator of Congressional voting behavior." When his district is not directly affected -- and as Miller and Stokes and V. O. Key have pointed out, this is on a majority of roll call votes -- the member is highly likely to look to his party leaders for a voting cue. In the last six Congresses (83rd-88th), the following average party unity scores have been produced:

**TABLE 12**

<table>
<thead>
<tr>
<th>Congress</th>
<th>House G.O.P.</th>
<th>House Democrats</th>
</tr>
</thead>
<tbody>
<tr>
<td>83rd</td>
<td>84%</td>
<td>77%</td>
</tr>
<tr>
<td>84th</td>
<td>70</td>
<td>71</td>
</tr>
<tr>
<td>85th</td>
<td>66</td>
<td>68</td>
</tr>
<tr>
<td>86th</td>
<td>73</td>
<td>72</td>
</tr>
<tr>
<td>87th</td>
<td>72</td>
<td>71</td>
</tr>
<tr>
<td>88th</td>
<td>72</td>
<td>71</td>
</tr>
</tbody>
</table>

Average all Congresses 73% 72%


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Jones reported that House Agriculture Committee members looked to party leaders for voting cues on matters of little or no bearing on their constituencies, \(^{22}\) and the relatively high party support scores of Ways and Means members over the last six Congresses, illustrated in Table 13, indicate the same for members of that committee (not to mention their highly party oriented behavior during the tax controversy of 1963, with respect to both cuts and reforms).

**TABLE 13**

<table>
<thead>
<tr>
<th>Congress</th>
<th>Committee G.O.P.</th>
<th>Committee Democrats</th>
</tr>
</thead>
<tbody>
<tr>
<td>83rd</td>
<td>75%</td>
<td>70%</td>
</tr>
<tr>
<td>84th</td>
<td>66</td>
<td>75</td>
</tr>
<tr>
<td>85th</td>
<td>61</td>
<td>68</td>
</tr>
<tr>
<td>86th</td>
<td>76</td>
<td>73</td>
</tr>
<tr>
<td>87th</td>
<td>78</td>
<td>82</td>
</tr>
<tr>
<td>88th</td>
<td>80</td>
<td>78</td>
</tr>
<tr>
<td><strong>Average all Congresses</strong></td>
<td><strong>73%</strong></td>
<td><strong>74%</strong></td>
</tr>
</tbody>
</table>

Sources: Same as Table 12.

Upon closer inspection, the data reveal that party support is a vastly more frequent occurrence than the critics of party in Congress would appear to have others believe, desertion of party being the exception not the rule. There can be no question that strong district pressure is a significant variable in explaining a member's voting behavior, but the cumulative effect of district oriented voting behavior in any particular Congress or over several Congresses, while it taxes party strength, \(^{22}\) _op. cit._
by no means destroys it. The significant feature of the parties is not their weakness, but their strength.

Seniority system. The second major whipping boy of those unhappy with Congressional performances is the seniority system. With respect to seniority it has been argued that: (1) the system does not guarantee that committee chairmen will be well qualified, fit, and willing or able to defend bills on the floor; (2) the system strengthens the conservative bias of Congress by producing chairmen from safe districts, mostly rural and conservative themselves, and; (3) because of this, committee chairmen are likely to be unrepresentative of their party, and opposed to its programs and to the President because they are insulated from nationalizing influences in American politics.\(^\text{23}\)

These changes have been made and answered in a variety of ways. While it is not the purpose here to review the subject in length, it would be useful to examine some important claims and counterclaims.

As for qualifications, it is true that the seniority system does not guarantee that committee chairmen will be well qualified, or able and willing to undertake the task of navigating legislation through the shoals of Congress. There have been examples of advanced senility in committee chairmen. And anyone who thinks that all committee and subcommittee

chairmen do their best to protect unimpaired legislation under their custody has never been treated to the performance of Representative Otto Passman's broadsides against the annual foreign aid appropriation bill for whose safe passage he is presumably responsible.

But the case of senility has been a very infrequent one. As for Passman, it is known that his opposition to foreign aid ends when he finishes performing his annual ritual. In the end the Administration gets its money.

The fact is that by-and-large the seniority system has consistently produced chairmen who have been well experienced in the subject matter of their respective committees and in the ways of Congress, and who have performed competently. And the system is capable of producing brilliant chairmen, men like J. William Fulbright, Wilbur D. Mills, and the recently retired Carl Vinson.

There is also the question of what is meant by "well qualified." For example, many members of the House who disagree on principles with the Chairman of the Rules Committee, Howard W. Smith of Virginia -- and there is a considerable number who do not -- will admit that the passing of the late Speaker Rayburn has left Smith as the most skillful man in the House of Representatives; a man whose exquisitely refined talents as a parliamentary tactician must be admired and respected. 24

A serious question remains as to whether any of the alternatives that have been advanced for naming committee chairmen would produce better results. Election by the majority party caucus, the majority Committee

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on Committees, or the committee majorities themselves would not seem to
guarantee any more than seniority that the "best men" would be selected,
or for that matter that the kind of men who become chairmen under seniority
would not also become chairmen under these other devises. For one thing,
men will forever disagree over whom the "best men" are and why. That
members of Congress consider as the "best men" those who jealously guard
the prerogatives of Congress and the perquisites of Congressional office
is a reasonable assumption. That is why the seniority system is not un-
popular on Capitol Hill: if nothing else, the men who become chairmen are
creatures of Congress, sensitive to the requirements of Congressional life,
and committed to the retention of Congressional perquisites. As long as
Congress selects its own chairmen, no matter what the method, individuals
of this type are most likely to be selected.

Any realistic appraisal of the problem must recognize that respect
for tenure in office and advancement in years are Congressional customs,
a way of life. The seniority system is the primary manifestation of this.
By House standards, the "responsible" legislator is one who has familiarity
with the formal and informal rules of the institution; one who has demon-
strated over time a willingness to conform to its ways. 25 On most com-
mittees, freshmen members are admonished to listen quietly and observe
from their elders the proprieties of committee conduct. Older members
are accorded greater deference on the floor, get greater attention by

25 Nicholas A. Masters, "Committee Assignments in the House of Repre-
sentatives," American Political Science Review, Vol. 55, June, 1961,
pp. 345-57.
Congressional staff, and get better office space. Respect for length in office "is a spirit pervading the total behavior of Congress."

It is worth recalling that the practice of appointing senior members of the House to committee chairmanships preceded the revolt against Speaker Cannon, at which time the seniority system became the official, though unwritten method. During Cannon's heyday, seniority was a carefully considered factor, even though the Speaker of the House presumably had full power to appoint committee members and chairmen.

In the last analysis, talk about changing the seniority system is talk about changing Congressional customs, of which the seniority system is a manifestation. This is a far deeper and more difficult thing. Congress has indicated some willingness to change its structures, but only if the customs remain, only if the old equilibrium is not permanently disturbed.

An interesting case in point is the Legislative Reorganization Act of 1946, an examination of which is a digression from the main point here, but a useful one. "Hailed at its passage as a legislative miracle," says George Galloway, the Act was intended to streamline and modernize Congress by simplifying committee structures, reducing jurisdictional disputes, eliminating the use of special or select committees, and reducing


28 History of the House, p. 54.
the workload on individual members of Congress by cutting down on their number of Committee assignments. Among the important provisions of the Act were the following: standing committees were reduced in the House from 48 to 19, and in the Senate from 33 to 15; the spirit of the Act supposedly frowned on the creation of special committees; the duties of the reorganized standing committees were defined to indicate jurisdiction with greater precision; a Joint Committee on the Budget was established to strengthen Congressional power of the purse; and House members were generally restricted to membership on one standing committee. 29

The effects of the Act apparently were less of a miracle than its passage. Less than fifteen years later Congress had about 300 committees of all types (full committees and subcommittees); jurisdiction in many areas has remained scattered and disputed; the Joint Committee on the Budget floundered for a while and passed out of existence in 1949; and since the 83rd Congress, the number of members of the House on more than one committee has increased steadily. Such is the endurance of Congressional customs.

There are those members of Congress who maintain that it was generally appreciated at the time that enactment of structural reorganization wouldn't change the substance of things very much, and that passage was secured only because the bill contained a pay raise and pension provisions for members of Congress.

29 Ibid., pp. 54-57.
What of the charge that a disproportionate share of committee chairmanships have been in the hands of men from safe constituencies so well insulated from the mainstream of national political life that they have been least likely to agree with the party's program and most likely to disagree with the President?

George Goodwin has made the most recent comprehensive attempt to analyze these charges statistically. Goodwin's data covered the period from the 80th through the 85th Congresses. His study covered both House and Senate. This review of his article will cover House data only.

From the 80th through the 85th Congresses there were 76 Democrats and 38 Republican chairmen in the House (counting each chairmanship for each Congress separately). Of the Democratic chairmen, 62 percent came from the South; for the Republicans, 66 percent of their chairmen were from the Midwest. Ranking the states according to degree of urbanism, Goodwin found that the 24 most urban states produced 70 percent of the Republican chairmen, and 43 percent of the Democratic chairmen. Using a more clearly political index, he discovered that 50 percent of all House chairmen came from states possessing two-party systems.

On voting, Goodwin found that the chairmen's party unity score was not appreciably below that of the average party member's score -- 6 percent below; and in the Republican controlled 80th and 83rd Congresses,

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31 Ibid., p. 421.
32 Ibid., p. 424.
33 Ibid., p. 425.
House chairmen had a party unity score higher than the members' average. The Presidential support score of the chairmen or ranking minority members also was not far below the average party member's score -- 4 percent below. 

Goodwin concluded that his analysis did not make "as clear a case against seniority as many of the critics of the system seem to claim." Even though a majority of committee chairmen of both parties came from areas of traditional party strength in Congress, it clearly did not make them unrepresentative of the rest of their party or place them in unalterable opposition to the President. To the contrary, committee chairmen and ranking minority members resembled very much in voting behavior the rank and file of their respective parties.

Moving away from the aggregate data that show party unity to be better than some critics claim, and seniority not as debilitating in its effects as some claim, the findings of the present study demonstrate what the Congressional system at its best is capable of producing. On Ways and Means the seniority system has produced intelligent and skilled leadership on both sides. And the habit of both parties of selecting for committee membership individuals from reasonably "safe" districts has yielded members who score high as "party regulars," and who seek to define and defend responsible party stands on the issues. It is well worth noting here that Wilbur Mills, chairman since 1959, had an average party unity score for the last six Congresses that was seven percentage points higher than the average.

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34 Ibid., p. 428.
36 Ibid., p. 430.
for all House Democrats during the same period. And John Byrnes, who
would be chairman if the Republicans were a majority, had an average
party unity score for the same period that was ten percentage points
higher than his party's average. Table 14 is illustrative.

TABLE 14

<table>
<thead>
<tr>
<th>Congress</th>
<th>Mills' Score</th>
<th>House Dem. Score</th>
<th>Byrnes' Score</th>
<th>House G.O.P. Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>83rd</td>
<td>71%</td>
<td>77%</td>
<td>86%</td>
<td>84%</td>
</tr>
<tr>
<td>84th</td>
<td>83%</td>
<td>71%</td>
<td>86%</td>
<td>70%</td>
</tr>
<tr>
<td>85th</td>
<td>72%</td>
<td>68%</td>
<td>86%</td>
<td>66%</td>
</tr>
<tr>
<td>86th</td>
<td>82%</td>
<td>72%</td>
<td>89%</td>
<td>73%</td>
</tr>
<tr>
<td>87th</td>
<td>86%</td>
<td>71%</td>
<td>75%</td>
<td>72%</td>
</tr>
<tr>
<td>88th</td>
<td>78%</td>
<td>71%</td>
<td>79%</td>
<td>72%</td>
</tr>
<tr>
<td>Avg. all</td>
<td>79%</td>
<td>72%</td>
<td>82%</td>
<td>72%</td>
</tr>
</tbody>
</table>

Sources: Congressional Quarterly Almanac, 1954-1964.

If party organization and the seniority system were hopeless impediments to the functioning of parties and committees in Congress, then Ways and Means would defy explanation. What the findings of this study suggest is that the seniority system can succeed admirably in accomplishing its objective of producing respected, well informed, skillful and loyal committee leaders, and that the practice may be a wise one of both parties in the House appointing men from "safer" districts to sensitive and powerful committees on the assumption that these men are better able than members from marginal districts to be independent of district constituency and freer
to forge a party stand. This is not to say that they are expected to ignore completely district interests -- no one is. It is to say that they are reasonably certain to remain in office, to have the trust and confidence of their constituents, and thus to be in a better position to lead instead of follow.

Summary and Conclusions

General findings. The general findings of this study can be stated and summarized as follows:

1. Congress and policy-making. While Congress, for the most part, may have lost the capacity to initiate legislative proposals of major significance, its capacity to make meaningful contributions to policy by careful examination of Executive requests and by presentation of alternative methods of implementation and alternative policy choices may still be substantial. At least this was true of the tax proposal of 1963. Ways and Means went substantially beyond simply "legitimating" the Administration's requests, or, conversely, sabotaging them. By carefully reviewing the President's tax proposals, taking soundings in the House on them, offering alternative methods for implementing tax cuts and reforming the tax laws, and joining in the work of drafting the tax bill, the committee assumed responsibility for a constructive role in policy-making. Moreover, the leadership on both sides of the committee played commanding roles on the floor of the House during debate on passage: the majority members rallying support in favor of the bill; the minority members registering dissent with the fiscal policies of the Administration.
2. **Representation in Congress.** A good deal of light can be shed on the nature and process of representation in Congress by focusing on policy issues and how committees undertake to resolve conflict over them. That Ways and Means was subject to the pressures of the group conflict was evident by the awareness of committee members of the pulling and hauling of groups seeking the economic advantages of deductions and differentials in the tax laws, and by the assiduity with which the committee received requests by a multitude of groups to be heard, and actually listened to them. That members were also concerned to protect the claims of groups important for their constituencies, or with whom they saw "eye-to-eye" ideologically, was evidenced during the struggle over tax reform. The outcome of that struggle, however, was not simply the sum of the efforts of the contesting groups. The perceptions that committee members held of the nature of the group contest, and the importance of specific groups measured against the importance of other factors was equally decisive. Members saw themselves as presiding over the group struggle as its regulators. What this meant, in a sense, was that they defined the situation, judging the merits of particular claims and weighing them against other priorities -- their conceptions of the national interest, and, most importantly, the need to forge a party stand consistent with their conceptions of party ideology and needs. For the Democrats this meant that there was a limit beyond which opposition to a measure of tax reform could not go, independent of group demands. The Administration was insisting on some reforms to regain partially the revenue lost by tax cuts, and Wilbur Mills was a doubtful supporter of any tax cuts in the total absence of reform. Above all, the President had called tax revision the top priority
item of the session, necessary if the Democratic party was to retain its record as the party of economic growth. The committee Democrats were neither willing to deny the President his victory, nor to blemish the image they had of their party as unwilling to stand idly by while economic growth remained sluggish and people remained out of work. Thus, while helping to defeat some specific reforms, committee Democrats supported others, even introducing new ones to supplant the defeated ones. Some of their votes might have been difficult to defend to constituents -- for example, Mrs. Griffiths' vote to repeal the dividend tax credit -- but were deemed necessary to the success of the President's tax program. For the Republicans the problem was reversed: it was how to remain opposed to the bitter end in the name of Republican fiscal orthodoxy to a tax cut program whose probable economic benefits even conservative interests had acknowledged. Though it was no mean task, all committee Republicans, and a vast majority of House Republicans, withstood the temptation to endorse economic growth in order to retain their doctrinal purity.

All of this suggests the strength of party difference, sentiment and allegiance in Congress, at least with respect to fiscal policy. It also suggests the extent to which a party oriented representational role can be used as a devise to explain and analyze at least a certain kind of Congressional behavior, despite the absence of much mention of such a role in the literature on American politics.

3. Party in Congress. In addition to the findings relating to party positions on fiscal policy, this study presents other findings relating to the nature of party in Congress. For one thing, the seniority system and "safeness" of district do not appear to be as disintegrative
of party unity on Ways and Means as they are sometimes pictured to be in Congress generally. For the most part, members of Ways and Means are senior members of their party in the House from districts safe for themselves or their party -- the very types that the critics claim to be generally unrepresentative of their parties because of their insulation from the nationalizing influences of American politics. From the 80th through the 88th Congresses, Ways and Means members on both sides had respectable party unity support scores, in a majority of Congresses higher than their party's average scores. Chairman Mills, unbeatable and usually unopposed in his district, consistently scored higher than the Democratic average in party support during those Congresses, and the ranking minority member, John Byrnes, almost equally as unbeatable, scored even higher above his party's average support scores than did Mills. It anything, the seniority system has placed party leadership on Ways and Means in the hands of men unusually loyal to their parties. In addition, not only are these men loyal, they are extremely competent and effective as subject matter experts and as party leaders.

This study also suggests that the roots of party in the House, the inputs of party support, so to speak, are to be found in committees. Party leaders on Ways and Means forged the stands of their parties in the House on the tax bill, then worked with the formal leadership of their parties to rally strong support for their stands.

4. The competence of Congressional institutions. The findings summarized under the three general headings above point to a fourth finding: the competence, even excellence, of Ways and Means as a meaningful contributor to the policy process by carefully examining legislative proposals,
presenting worthwhile alternatives, resolving conflict and building consensus behind party stands, and working diligently and effectively to uphold those positions among party members in the House. These are the criteria of value and effectiveness against which institutions of the Congressional system are judged; Ways and Means appears to fulfill them admirably, at least with respect to issues of fiscal policy.

**Hypotheses.** This study has been guided throughout by some implicit notions culled from the literature on organization theory applied to a Congressional committee as a work group. For the most part, these notions apply to modes of operation that are successful to group success. They are stated below as formal hypotheses. The findings are summarized.

1. **The larger the role a committee seeks to play in policy making,** the more apt it is to adopt procedures placing limitations on executive discretion, and the discretion of its parent chamber. Because it asserts co-equality with the Treasury in the making of tax policy, Ways and Means insists that it be presented with tax proposals, not tax bills, and that the exploration of alternatives and drafting of legislative language take place in executive sessions in which committee members and the staffs of Ways and Means and the Joint Committee can fully participate. Thus, while the initiative may lie with the executive branch in the first instance, Ways and Means seeks to recapture at least part of it. At the conclusion of public hearings, the committee goes into executive session, where the Treasury Department's proposals are debated generally, and with respect to methods of implementation. Legislative language is drafted, and a tentative bill devised, each section of which is then voted on separately. The process is careful and extended. Contact between the Treasury and the
committee and its staffs is close and constant. The process is probably as close to a partnership between the two branches of government as is achieved in American government.

Not only does the committee keep a close check on the "downtown" branch; it holds the House in check also by employing a closed rule for consideration on the floor of tax legislation. As shall be mentioned shortly, acceptance of the closed rule is conditioned partly on the ability of committee leaders to anticipate difficulties within the House and to react effectively before bringing legislation to the floor. It is an important fact, nevertheless, that the procedure prevents eleventh-hour attempts to alter the carefully wrought efforts of the committee, and puts the minority party, if it opposes, in the unenviable position of trying to pass a motion to recommit, a more difficult task, as seen, than an attempt at ordinary amendment.

2. The larger the role a committee seeks to play in policy making, the more apt it is to develop a bureaucracy for purposes of obtaining information and technical competence. Significantly, the first staff of genuine professionals serving a congressional committee was the staff of the Joint Committee on Internal Revenue Taxation. With a growth in complexity in the tax laws and the national economy, it was discovered, in Senator Millikan's words, that "Congress...could not draft a sound tax bill on the basis of oratory."\(^{37}\) Unlike some Congressional committees, Ways and Means has not permitted itself to become technologically outstripped by the executive establishment. In an era in which knowledge is

\(^{37}\) Bailey and Samuel, op. cit.
power, the committee has tried to keep pace by building its own professional bureaucracy to collect, analyze and disperse the necessary information, and to provide technical skills. Under Wilbur Mills, the growth of the Ways and Means staff represents a significant effort to provide junior members with the equivalent professional assistance once reserved only for senior members serving on the Joint Committee. Moreover, Mills, an ardent tax reformer, has made increasing use of the Ways and Means staff himself. This may be indicative of his dissatisfaction with the conservative, anti-reform bent of the Joint Committee, and an attempt on his part to build Ways and Means into a powerful countervailing force.

3. Pride in the committee, agreement on the ground rules for the conduct of committee business, and agreement on the nature of the committee’s job and norms of behavior increase the capacity of the committee to be productive. Social psychologists studying group behavior have found that communication of ideas, coordination of efforts, and friendliness and pride in the group make for group harmony, and that group harmony, in turn, yields greater group productivity.\(^{38}\) Because a Congressional committee is a work group, these properties should have impact.

Ways and means is a highly productive and successful committee. Members are proud of their selection to it and its esteemed position in the House; there is a good deal of friendliness among members on both an inter-party and intra-party basis; ideas are freely communicated between members, and there is a coordination of efforts with regard to such things

as setting the committee agenda, allowing time for interrogating witnesses, proposing amendments and changes in legislative drafts during executive sessions, and a variety of other things affecting committee operations.

The committee is able to expedite its business because its ground rules are firmly established, predictable and widely agreed on. Hearings on proposals and executive sessions on drafting legislation are conducted by the full committee (there are no subcommittees for legislative purposes); ample time is made available for interrogating witnesses; committee staff assistance for individual members is plentiful; and there is agreement on going to the Rules Committee for a "closed rule" barring floor amendments to committee legislation.

Moreover, there is agreement on the nature of the committee's job and how members should conduct themselves in getting it done. Members see their committee as a policy making body concerned essentially with the relationship between taxation and the performance of the national economy, and the regulation of the struggle by individuals and groups to get preferential tax treatment. To do this job well committee members believe they must subscribe to the norms of hard work and study, and diligent and intelligent inquiry. In this respect it is worth reporting that a speed reading course was taken by committee members a few years ago with the objective of making them more proficient at getting through masses of printed information. To this author's knowledge this was the first committee effort to acquire this skill.
The combination of group pride, and agreement on the ground rules, the nature of the committee's job and behavior norms paves the way for the committee to arrive at crucial decisions without flying apart at the seams.  

4. The legislative success of a committee is contingent on its network of communications and the skill of its leadership in using the formal party apparatus. Ways and Means has been extremely successful at passing its legislation, and its party leaders have also been successful at drawing party lines tight on crucial votes. In combination this means that much of its legislation has passed because on crucial votes the majority party has produced the necessary edge. For devotees of strong party government this would have to be considered an admirable accomplishment. Table 15 testifies to the remarkable success of Ways and Means at enforcing its decisions in the House from the 80th through the 87th Congresses.

39 For an example of a House Committee with an absence of these characteristics and its effects on the functioning of the committee, see Richard F. Fenno, Jr., "The House of Representatives and Federal Aid to Education," Robert L. Peabody and Nelson W. Polsby (Eds.), New Perspectives on the House of Representatives (Chicago, 1963), pp. 195-235.
TABLE 15

Ways and Means Legislation Reported and Passed
80th-87th Congresses

<table>
<thead>
<tr>
<th>Congress</th>
<th>No. of Bills Reported</th>
<th>No. of Bills Passed by House</th>
</tr>
</thead>
<tbody>
<tr>
<td>80th</td>
<td>52</td>
<td>51</td>
</tr>
<tr>
<td>81st</td>
<td>39</td>
<td>36</td>
</tr>
<tr>
<td>82nd</td>
<td>58</td>
<td>53</td>
</tr>
<tr>
<td>83rd</td>
<td>48</td>
<td>44</td>
</tr>
<tr>
<td>84th</td>
<td>98</td>
<td>89</td>
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<tr>
<td>85th</td>
<td>101</td>
<td>94</td>
</tr>
<tr>
<td>86th</td>
<td>97</td>
<td>91</td>
</tr>
<tr>
<td>87th</td>
<td>84</td>
<td>80</td>
</tr>
<tr>
<td>Totals</td>
<td>577</td>
<td>538</td>
</tr>
<tr>
<td>Percent passed</td>
<td></td>
<td>93%</td>
</tr>
</tbody>
</table>


It would be impossible to attribute this success to luck, and highly improbable that it was due exclusively to the prestige the committee has in the House or the "closed rule" under which the committee operates. Both of these are conditional. The committee's prestige would erode and acceptance of the "closed rule" would be threatened if members of the House became widely discontented with the committee's efforts and products. This study suggests that success is based on the ability of the committee's leadership to gauge the "sense of the House," so to speak; to make certain that important segments of opinion, especially within the majority party, do not go unheeded, and to draft legislation that can command widespread support.

To do this effectively lines of communication between committee members
and House members must not be allowed to clog. Ways and Means members make special efforts to keep communication flowing, and to accommodate it when it speaks with authority.

No less important for a successful mission than the lines of communication would be the use of the party apparatus for taking an accurate vote count and trying to convince the last recalcitrant or wavering members to vote "right." As seen, Mills made frequent and masterful use of the formal apparatus, especially the whip's office, to corroborate vote tallies, spot undecideds, and to circulate information he hoped would be persuasive. Committee Republicans, meanwhile, demonstrated their own capacity for effective communication and use of the party apparatus by using the party conference (caucus) to devise a motion to recommit, and then "whipping" the Republican membership of the House in line behind the motion. While not carrying the day, it was an instruction in effective opposition. Only one Republican member of the House refused to support the motion.
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