



INTERVIEW

The Hon. Dan Rostenkowski

By Jasper L. Cummings, Jr. and Alan J.J. Swirski*

Authors' Note: Dan Rostenkowski died August 11, 2010. The interview below, reprinted from the Section of Taxation *Newsletter*, Winter 1996 issue, took place in a back office of an Illinois State legislator in Chicago shortly before Mr. Rostenkowski entered prison. That brief visit was enough to explain to the interviewers why he was such a well liked and powerful congressman: he was charming, friendly, seemingly humble, and smart. We genuinely liked Dan and he seemed to delight in telling the stories of the TRA 86, about which we had also recently interviewed Bob Packwood. Congress now faces the possibility of another dramatic rewriting of the Internal Revenue Code. Therefore it may be useful to be reminded how one of the principal actors in the last major Code revision viewed the process. As the nation faces another possible round of “tax reform,” we can wish for another Dan Rostenkowski. But, alas, those were gentler times, believe it or not.

The Honorable Dan Rostenkowski served as Chairman of the Committee on Ways and Means, United States House of Representatives, 1981-1994. Mr. Rostenkowski was first elected to Congress in 1958 from the 8th District of Illinois. Before assuming Chairmanship of the Ways and Means Committee, Mr. Rostenkowski held numerous House Democratic leadership positions, including Chairman of the Democratic Caucus (90th and 91st Congresses) and Chief Deputy Majority Whip (95th and 96th Congresses). Mr. Rostenkowski was a member of the Illinois General Assembly, 1952-1954, and the Illinois Senate, 1954-1958. Mr. Rostenkowski attended Loyola University, 1948-1951, and served with the 7th Infantry Division, United States Army, 1946-1948.

Q Many view the Tax Reform Act of 1986 as one of your major legislative achievements. Could you comment on how you got this legislation accomplished?

A It's a pleasant reflection, now that we're in the year 1995. But in 1986, I don't think that a lot of people

ever thought that they were going to see a tax bill. I often remark that the '86 Tax Bill is one piece of legislation that had a lot of wakes but never a funeral. It was a peak-and-valley experience because so many times everybody thought that it was all over.

The first turnaround that I had was the beginning of why there was a book written about Tax Reform.¹ One of the first items up before my Committee involved banks' bad debt reserves. And—in one of the first days of negotiations—they beat me so badly it was pitiful.² That happened in the morning.

That afternoon two of my colleagues who were sponsors of this came to see me. They said “You know, we'll move to reconsider.”³

And I thought about that for a while, and I said, “No, I don't think so. We're not going to take that up.”

My staff was excited about the offer. “Mr. Chairman, we can do this. The Members will change their vote,”—because bad publicity was starting to evolve.

That's when I said, “No, we'll get all those people with their Gucci shoes and those pin-stripe suits. We'll let them

suffer a little bit.” And I did not reconvene the Committee for about seven days.

In the meantime, the unpopular bankers were getting slashed in the press. So much so, that, when we did reconvene the Committee, I think we had set the tone with the Membership: “If you're serious about eliminating tax shelters and loopholes, we can write a bill. But if you don't want to eliminate shelters, you're going to have to stand up to the public's ire and the press's investigations.”

I think that was probably the first step in the direction of really working out a bill.

Q How about your working relationship with President Reagan during this process?

A Before we started, I went to see President Reagan. It was really a great experience. I said to Don Regan, who was Chief of Staff to the President, “I'd like to see the President.”

He said, “Oh, well, I don't know that we can arrange that.”

I knew Don Regan as Secretary of Treasury, and I like Don. I think he's a

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1 Jeffrey H. Birnbaum and Alan S. Murray, *Showdown at Gucci Gulch*, Random House, New York, 1987.

2 In one of its first votes on Tax Reform, the Ways and Means Committee voted to delete the Chairman's recommended cut-back of deductions for banks' bad debt reserves.

3 This means they offered to re-open the bank vote, which they were permitted to do because they had originally voted on the prevailing side.

wonderful guy. I said, “Don, I want to talk to the President. I’m not coming up there with any complicated memoranda. I just want to sit down. I want the President to know who he’s dealing with.”

Don Regan said, “Well, he knows *you*, by God.”

I said, “Don, please let me get in to see the President.”

He said, “Well, what is it about?”

“It’s something that I want to talk to the President about.”

He said, “Well, could I get an idea?”

“It’s nothing complicated. I want 15 minutes.”

“Well, Dan, I don’t know. The President’s going to Bittburg and we’re trying to prepare him.”

I said, “Don, do me a favor. Get up tomorrow morning and watch The Today Show, because I am going to be on The Today Show and I am going to tell the American people that here is the chief forecaster for where the country could be going in the tax reform process and I can’t get in to see the President of the United States.”

Regan said, “You wouldn’t do that to me.”

And I said, “Well, Don, I’m telling you.”

And he said, “Listen, slow down, I’ll get you in to see him.”

At any rate it was funny, because I went in the diplomatic entrance and they had me go through the back door. I went into his private quarters and I said to the President, “Mr. President, I don’t know how serious you are about wanting Tax Reform, but if you want to really revise the Code, then I’ll work with you. And if I can get you to agree with certain principles that I’ll lay down, I’ll do it. I don’t know how successful we’ll be. But the big thing is that I have to have a commitment from you.”

And he said, “Well, Dan, what kind of a commitment do you want?”

I said, “I want you to promise me that you will not expose yourself to questions from the press about particular parts of the bill. That you will say, ‘I will wait

until the bill is completed and then I’ll make a judgment.”

And he said, “Why’s that?”

“Mr. President, if there is something in the bill in the beginning of the mark-up, it doesn’t necessarily mean that it’s going to be in the bill in the end of the mark-up. But if you’re going to say, ‘I’ll veto that’ right at the beginning, then school’s out—no bill! If, however, you’ll say, ‘I’m going to wait until I see a bill in its completed form and then I’ll make a judgment as to what I’m going to do with it,’ then we can work.”

He put his hand out and we shook hands, and he said “You will have my fullest cooperation. You call me any time you need me—I’ll be there. I want to see a bill.”

Now the President didn’t say “the Administration’s” fullest cooperation. He said “my” fullest cooperation.

I can still remember the President sitting there and saying, “Well, you’re from Illinois aren’t you, Dan?”

And I said, “Yes, Sir.”

“Well, you know I was born and raised in Illinois.” And he got to telling me about all of his experiences in the union that he headed. He loved to talk about the Screen Actors’ Guild. And during this part of the conversation, Don Regan must have opened the sliding doors to the private quarters three times. And the President—whom I was committed to have 15 minutes with, and we were at 45 minutes by then—kept saying, “Not yet, Don. Not yet, Don.”

I don’t know if I can put into words the association that I had with Don. Don Regan’s a good friend, a decent person, determined and very disciplined. As I walked out, he said, “What the hell were you talking about with the President?” “You’ll find out,” I said.

He said, “You son of a gun.”

At any rate, that was kind of that attitude that I had with the Administration. I could rib them. I could tease them. They knew that I wanted to write law and history. I knew that they wanted the credit to fall on the President

of the United States. And I was never so selfish that I thought that it would be a Rostenkowski bill. The President has the pen and he has the Rose garden. Once the President goes into that Rose garden and signs that bill—it’s the Reagan Administration proposal.

And I was never jealous of that. I figured that in the ‘86 Act I was going to prove that I could be Chairman of the Ways and Means Committee. Because I had some failures—failures in that I didn’t have a united Democratic front in ‘81, or in ‘82. But, in ‘86 I had to prove we could get a bill out of the Committee on Ways and Means and through the House of Representatives, and get it over to the Senate.

Q How important was public input to the process?

A I think if there was anything critical that we convinced Members of the Ways and Means Committee that we had to do, it was to go into executive session.⁴ It’s not that you want to ignore the public. It’s just that the lobbyists, the pressure groups, the trade associations—they have all their pet projects. If you put together something in public, the Members are looking over at the lobbyists, and the lobbyists are giving the “yes” and “no” signs.

I think the major stroke of writing legislation in executive session, and yet not have anybody feel that it was a covert operation, was that immediately after the day’s session, we would have a press conference. I’d have the technical staff get up before the press and explain to them just what happened during that day’s work. In my opinion, the press was better served by that activity than by sitting in the Committee room trying to interpret things for themselves, because the technical advisors and the people who draft the law will accurately explain what happened. There is a pride among both Members and staff that they accurately explain the intent of the law.

⁴ I.e., no public allowed.

Plus the fact that reporters aren't the most energetic people in the world, and they don't like to sit around all day waiting for a bit or a byte of news. This way they know that they can be doing something else and come back when the press conference is going to take place.

Now that was my idea, because I am a true believer in the fact that you can't really write law with everybody screaming and hollering in the room.

I'll never forget the first day that Jim Baker, who was then Secretary of the Treasury, walked into my office. "Danny," he said, "we'll get this bill done." This was after we reconvened in '85.⁵

And I said, "Jim, You're talking about this bill as though it was a conference report. This is the people's House, Jim. I'm going to take testimony on this for a month or two. I'm going to give everybody an opportunity to say what they have to say about it. And if you think it's a pleasure for me to be sitting in that Committee Room and taking all this testimony..."—because I always did that—"It's not. But, as Chairman, I don't want to be exposed to the claim that 'Rostenkowski isn't giving us an opportunity to be heard.'"

And that was why the health bill last year and the year before didn't go anywhere. The one thing as Chairman, in my opinion, is that you have to be patient and willing to listen. And I think, too, that if you're going to be talking to industry, to the financial giants in this country, to the corporate leaders, I think what you've got to do is assure them that—when the Chairman of the Committee says, "Tell me, what's your bottom line? What can you live with?"—if they tell you what their bottom line really is, then you will protect that confidence and you will try to work it out.

At that point in time, I think corporate America had a great deal of faith in me, and they would say, "Listen, Dan, we can do this," or "we can't do that."

I find the input that the business community makes, the lobbyists make, is not only necessary but extremely helpful. A good lobbyist is willing to come in and make his position known, and also tell you what the arguments against his position are. That's when I would become the court of appeals. That's when I would say, "Now wait a while, we're not going to injure this group of people. We don't want to do this," and go directly to the staff, to Joe Dowley when he worked for me, to Rob Leonard, to Janice Mays, and say "Listen, we're not in here to put people out of business." I mean, that's not the activity of government.

I think that this is the real job of a Member of the Ways and Means Committee, and it happens constantly. If I'm writing law and there are some unintended circumstances that are created by the law that I've written, I think that I have an obligation to come back in two years and have a technical corrections bill. I think we should be able to say, "Wait just a minute. This is unfair to this group of people," without the so-called discovery that Rostenkowski is "taking care of a constituency."

That is the madness in reporting today. The press wants to report so-called "smoke-filled rooms," and "midnight oil operations." That's very unfair. Because of this, we have not passed a technical corrections bill for several years. There are many, many people injured by this and it's wrong! Plus the fact that in the whole legislative process—not exclusively in the tax area—legislators have not really reinforced the steel in their tummies and taken the bitter pill and done the right thing by sacrificing a popular position in their congressional district.

Q Rep. Archer says that we should "tear out the income tax system by its roots and throw it by the side of the road." Do you agree?

A No. "Eliminate the tax code" is very popular to read. But what are the sacrifices that we are making? Where do we raise the revenue? What is the alternative?

Q For a while after the defeat of Al Ullman, it looked as if the VAT was dead forever. Now there are a lot of VAT-type tax proposals. What do you think about the possibility of a VAT type tax?

A I'd like to see the value added tax. With the world shrinking and trade becoming a large ingredient in our daily affairs, a value added tax is something that I think will come to pass. I think that it has a better chance than anything else at the present time.

By the way, my predecessor, Al Ullman, in my opinion was not defeated because he was for a value added tax. Al had other problems in his congressional district. One of them was that he didn't even have a residence there. People from Oregon just didn't appreciate that.

Q Would you see the VAT as an add-on tax, or as a replacement of the income tax?

A I think it would have to replace some type of tax, but I don't see it taking the place of the income tax. I just don't see how we can survive in this country without the fairness of an income tax. Whether we like it or not, sales taxes, purchase taxes, value added taxes—they're regressive as hell. And you know the legislative process. You give me in the beginning a 4% sales tax, and then that incrementally increases by a half penny, and then by a penny, and then by two cents. All that comes so easily with the legislative process, because it's hidden. And all of a sudden you're at 17, 18, 20 percent, and nobody really knows that it's happening, or how it happened.

⁵ The President sent "Tax Proposals for Fairness, Growth and Simplicity" to the Congress in early 1985.

Q Under the Republicans, the House has changed dramatically. Could you comment on the effects of this?

A I'm somewhat disappointed that the emphasis on the Committee structure isn't as great under the Gingrich Speakership as it was with the Democrats. I think the Committee system is a useful sifting process. Members don't get on Ways and Means in their first term. Members are around for two or three terms, and then they get on the Ways and Means Committee. So they have given up something else and they have learned the process.

The Gingrich leadership focuses on what they want to do, and Members of the Committees just rubber-stamp it. Now that's a two-edged sword: If you're a Chairman not willing to take responsibility for a particular piece of legislation, it's always nice to say, "Well, hell, the Speaker needs to do it."

But I don't know how long the Republicans are going to be able to control their Membership with such discipline. It's one thing, to have the discipline which Gingrich is enjoying for a short period of time, but that disintegrates. These new Members are going to have to come back and be accountable for what they are doing with respect to those billions in reductions in social services.

Members of Congress, when they lose their quality of leadership because they want to keep the job, are no longer effective. That's why the Committee system, I think, is so good. Without the Committee system, a lot of the issues that were taken to the floor of the House of Representatives in the last 20 years would never have even seen the light of day. They would not have been exposed on the floor to votes. Members on the floor want popular issues. The Committee structure protects them on the unpopular vote.

And, you know, I don't mean that governing is not always doing what your

constituencies think is the right thing to do. Governing is looking at the long range effect of what your legislation is going to do. They don't elect me to represent them; they elect me to make a judgment about how I should represent them. And my judgment should be based on the outcome of the legislation that I voted on.

I also think that you get to be expert if you are on a Committee. I remember when we had to amend Social Security to save the trust funds. There was a Social Security Commission set up. All these commissions are umbrella organizations to tell the Ways and Means Committee exactly what the Ways and Means Committee knows they should do. The Chairman of the Social Security Commission would call up, and ask "What do you want us to do? What can you live with?"

I would say, "I'll tell you. I know what we can live with. We've got to postpone the COLA."

And we did that.

Q You mentioned lobbyists. In '93, the deductibility of business expenses for lobbying was eliminated. Did you think that was a good idea from a policy standpoint?

A It was definitely a political decision. I don't know that we could avoid it. The argument for it was that poor little businessmen can't afford hired guns in Washington. And that's kind of unfair.

But, you know, that's why I always thought that I was the lawyer for the 8th Congressional District. I was never embarrassed to call an agency for a business in my community. I was never embarrassed to shake up an agency.

I've got to admit that when I was Chairman of the Ways and Means Committee and I called an agency, the activity was much more fierce than when I was a freshman Member of the House of Representatives and called the agency. But I always thought that the

people have a perfect right to walk in that door and to say, "Mr. Rostenkowski, I'm in small business, and I think that what you're doing here is unfair, and I think that I'm not getting the action downtown that I deserve." I'd call downtown and raise holy hell and get some activity.

Today if you did that, the newspapers would report, "Oh my God, Rostenkowski's using political pressure!" But I'm their lawyer!

I was always amazed when Chicagoans who I know on a first name basis would come in to see me in Washington, with a lobbyist. I'd say, "Mr. Jones, we played golf last week. You didn't mention this to me."

They would say, "Well, I didn't want to impose on our friendship."

I would say, "You hire these guys, and I'm not suggesting that you don't, but why wouldn't you mention it to me? I'm a Chicagoan, too! This is our city, our state. Friendship, my sister! I'm your representative! That's my job—I'm your representative!"

Q What do you hope to see as your legacy as Ways and Means Committee Chairman?

A It's known in Committee that I felt that whenever there was a difficult decision, or whenever something raised the color of a rifle shot for somebody, I didn't care so much about whether it was a rifle shot as whether it was good law—whether it was fair. Because I think that is what the Committee on Ways and Means' responsibility is. It is to write good law, and be the judge of whether people are injured by law that you write. And I've always said, when I meet my great reward, on my tombstone—because it was Rob Leonard who was more than anyone the person over my shoulder—I want it to say, "Rob, is this good law?" ■