

IN THE NEWS: **ECONOMICS & FINANCE****Small Business Champion in a Rare Maverick Role**

Manzullo leading Republican opposition to corporate tax break package

Donald Manzullo, now in his third year chairing the House Small Business Committee, has become the unlikely leader of an intraparty rebellion against this fall's Republican corporate tax bill.

Manzullo railed against the legislation (HR 2896) at a GOP caucus Oct. 29, the morning after Chairman Bill Thomas, R-Calif., pushed it to party-line approval in the House Ways and Means Committee. He and others in the caucus said they feared the package of business tax breaks amounted to a giveaway to multinational companies that could come back to haunt his party — because if enacted, the bill would provide incentives for multinationals to move jobs overseas.

"Members who have lost factories in their district should not be put in the position of voting for a bill like this," said Manzullo, who says about 1,200 of his constituents in north-west Illinois have been laid off in the past month as a result of three plant closings.

Thomas drove a wedge into the GOP opposition to his bill by adopting language similar to a rival bipartisan bill (HR 1769) that had been backed by Manzullo and another senior Illinois Republican, Philip M. Crane.

The compromise has won over Crane. But Manzullo says he remains committed to a narrower approach similar to a Senate measure (S 1637) that would provide fewer tax breaks to multinationals in an effort to make the U.S. system for taxing income earned abroad comply with international law.

The tax fight solidified Manzullo's reputation as a maverick on economic issues who has been willing to buck his party and President Bush on initiatives that he regards as threats to small businesses. His deeply felt views on protecting entrepreneurs date to his boyhood, when his family lived in a one-room apartment above a struggling grocery store his father owned in Rockford.

On Small Business and as a member of Financial Services, Manzullo has built a record as a fiscal conservative and a determined proponent of measures aimed at helping smaller firms survive competition against big companies and foreign rivals.

Manzullo has been a sharp critic of steel tariffs that Bush imposed last year, which

have raised costs for users of steel in his district. He has encouraged the administration to exert pressure on China to end the low fixed exchange rate for its currency, the yuan, which makes Chinese goods less expensive in the United States and U.S. goods more expensive in China.

Manzullo views small businesses as major players in the social and economic well-being of the nation. He has worked for changes in trade policy to encourage exports, for lower business tax rates and for reducing regulation on smaller companies. He also has pushed to make it easier for small businesses to bid on federal contracts.

While Manzullo's pro-business and socially conservative philosophy is often in harmony with Republican Party leaders, he has defied them on occasion. He voted against a GOP leadership measure in the 107th Congress to create a Medicare prescription drug benefit, worrying that it would hurt independent pharmacists.

In 2002, Manzullo faced down the chief Medicare and Medicaid administrator, Thomas A. Scully, in a rare public standoff between a top congressional Republican and the White House. When Scully refused to testify on the same panel with witnesses critical of his agency, Manzullo issued a subpoena. When Scully defied it, the chairman threatened to draft a contempt of Congress citation. In the end, Scully relented and sat with medical industry witnesses he had tried to avoid.

Manzullo is a pillar of the Republican right on a range of domestic issues, including taxation, education and abortion. A member of the conservative Republican Study Committee, earlier in his career he helped start crisis pregnancy centers in Rockford. He says his views were shaped by his father, who was generous in extending grocery store credit to new arrivals from Europe and otherwise served as a "one-man social services agency" in his community.

Freda Manzullo, a microbiologist, taught the couple's three children at home until the eighth grade, when they went to a small Christian high school in suburban Virginia. Manzullo says that home-schooling is not for everyone, but that his family decided it was the best

Rep. Donald Manzullo

Republican of Illinois

**House History:**

Elected 1992; won sixth term in 2002 with 71 percent in the 16th District, (North — Rockford, part of McHenry County)

Hometown: Egan

Born: March 24, 1944, in Rockford

Religion: Baptist

Family: Wife, Freda Manzullo; three children

Education: American U., B.A. 1967 (political science); Marquette U., J.D. 1970

Military Service: None**Career:** Lawyer

Political Highlights: Sought Republican nomination for U.S. House, 1990

Committees: Small Business, chairman; Financial Services

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way to keep everyone together under the circumstances of a congressional schedule. When Congress is in recess, the family heads for their small beef cattle farm in Illinois.

Manzullo recalls deciding, at age 4, to become a lawyer when he grew up. At age 10, he says he thought that it would be nice to be a member of Congress. He followed through on the first vow by spending 20 years in law, most of them as a small-town lawyer. When Republican Rep. Lynn Martin decided on a Senate run in 1990, Manzullo jumped into the House race. He narrowly lost the primary, but nominee John W. Hallock Jr. lost the general election — the first Republican House candidate to do so in that part of Illinois in the 20th century.

Manzullo kept right on campaigning. It was expected that Republicans would challenge John W. Cox in 1992 with state Sen. Jack Schaffer, a contender with party establishment backing and more money than Manzullo. But Manzullo and his corps of volunteers went hard after Schaffer and won the primary with 56 percent of the vote. In November, the district reverted to its GOP form, electing Manzullo by 12 percentage points over Cox. Manzullo has not been seriously challenged since.

— Adapted from *Politics in America 2004*
by Alan K. Ota