

compliance with any subpoena issued by the Committee or any subcommittee under subparagraph (a)(2) may be enforced only as authorized or directed by the House.

#### RULE 13. WITNESS STATEMENTS

(a) Any prepared statement to be presented by a witness to the Committee or a subcommittee shall be submitted to the Committee or subcommittee at least 48 hours in advance of presentation and shall be distributed to all members of the Committee or subcommittee at least 24 hours in advance of presentation. A copy of any such prepared statement shall also be submitted to the committee in electronic form. If a prepared statement contains national security information bearing a classification of secret or higher, the statement shall be made available in the Committee rooms to all members of the Committee or subcommittee at least 24 hours in advance of presentation; however, no such statement shall be removed from the Committee offices. The requirement of this rule may be waived by a majority vote of the Committee or subcommittee, a quorum being present.

(b) The Committee and each subcommittee shall require each witness who is to appear before it to file with the Committee in advance of his or her appearance a written statement of the proposed testimony and to limit the oral presentation at such appearance to a brief summary of his or her argument.

#### RULE 14. ADMINISTERING OATHS TO WITNESSES

(a) The Chairman, or any member designate by the Chairman, may administer oaths to any witness.

(b) Witnesses, when sworn, shall subscribe to the following oath: "Do you solemnly swear (or affirm) that the testimony you will give before this Committee (or subcommittee) in the matters now under consideration will be the truth, the whole truth, and nothing but the truth, so help you God?"

#### RULE 15. QUESTIONING OF WITNESSES

(a) When a witness is before the Committee or a subcommittee, members of the Committee or subcommittee may put questions to the witness only when recognized by the Chairman or subcommittee chairman, as appropriate, for that purpose.

(b) Members of the Committee or subcommittee who so desire shall have not to exceed five minutes to interrogate each witness until such time as each member has had an opportunity to interrogate such witness; thereafter, additional rounds for questioning witnesses by members are discretionary with the Chairman or subcommittee chairman, as appropriate.

(c) Questions put to witnesses before the Committee or subcommittee shall be pertinent to the measure or matter that may be before the Committee or subcommittee for consideration.

#### RULE 16. PUBLICATION OF COMMITTEE HEARINGS AND MARKUPS

The transcripts of those hearings and mark-ups conducted by the Committee or a subcommittee that are decided by the Chairman to be officially published will be published in verbatim form, with the material requested for the record inserted at that place requested, or at the end of the record, as appropriate. Any requests to correct any errors, other than those in transcription, or disputed errors in transcription, will be appended to the record, and the appropriate place where the change is requested will be footnoted.

#### RULE 17. VOTING AND ROLLCALLS

(a) Voting on a measure or matter may be by record vote, division vote, voice vote, or unanimous consent.

(b) A record vote shall be ordered upon the request of one-fifth of those members present.

(c) No vote by any member of the Committee or a subcommittee with respect to any measure or matter shall be cast by proxy.

(d) In the event of a vote or votes, when a member is in attendance at any other committee, subcommittee, or conference committee meeting during that time, the necessary absence of that member shall be so noted in the record vote record, upon timely notification to the Chairman by that member.

#### RULE 18. COMMITTEE REPORTS

(a) If, at the time of approval of any measure or matter by the Committee, any member of the Committee gives timely notice of intention to file supplemental, minority, additional or dissenting views, that member shall be entitled to not less than two calendar days (excluding Saturdays, Sundays, and legal holidays except when the House is in session on such days) in which to file such views, in writing and signed by that member, with the staff director of the Committee. All such views so filed by one or more members of the Committee shall be included within, and shall be a part of, the report filed by the Committee with respect to that measure or matter.

(b) With respect to each record vote on a motion to report any measure or matter, and on any amendment offered to the measure or matter, the total number of votes cast for and against, the names of those voting for and against, and a brief description of the question, shall be included in the committee report on the measure or matter.

#### RULE 19. POINTS OF ORDER

No point of order shall lie with respect to any measure reported by the Committee or any subcommittee on the ground that hearings on such measure were not conducted in accordance with the provisions of the rules of the Committee; except that a point of order on that ground may be made by any member of the Committee or subcommittee which reported the measure if, in the Committee or subcommittee, such point of order was (a) timely made and (b) improperly overruled or not properly considered.

#### RULE 20. PUBLIC INSPECTION OF COMMITTEE ROLLCALLS

The result of each record vote in any meeting of the Committee shall be made available by the Committee for inspection by the public at reasonable times in the offices of the Committee. Information so available for public inspection shall include a description of the amendment, motion, order, or other proposition and the name of each member voting for and each member voting against such amendment, motion, order, or proposition and the names of those members present but not voting.

#### RULE 21. PROTECTION OF NATIONAL SECURITY INFORMATION

(a) Except as provided in clause 2(g) of Rule XI of the Rules of the House of Representatives, all national security information bearing a classification of secret or higher which has been received by the Committee or a subcommittee shall be deemed to have been received in executive session and shall be given appropriate safekeeping.

(b) The Chairman of the Committee shall, with the approval of a majority of the Committee, establish such procedures as in his judgment may be necessary to prevent the unauthorized disclosure of any national security information received classified as secret or higher. Such procedures shall, however, ensure access to this information by any member of the Committee or any other

Member, Delegate, or Resident Commissioner of the House of Representatives who has requested the opportunity to review such material.

#### RULE 22. COMMITTEE STAFFING

The staffing of the Committee, the standing subcommittees, and any panel designated by the Chairman shall be subject to the rules of the House of Representatives.

#### RULE 23. COMMITTEE RECORDS

The records of the Committee at the National Archives and Records Administration shall be made available for public use in accordance with rule VII of the Rules of the House of Representatives. The Chairman shall notify the ranking minority member of any decision, pursuant to clause 3(b)(3) or clause 4(b) of rule VII, to withhold a record otherwise available, and the matter shall be presented to the Committee for a determination on the written request of any member of the Committee.

#### RULE 24. HEARING PROCEDURES

Clause 2(k) of rule XI of the Rules of the House of Representatives shall apply to the Committee.

### NIGHTSIDE CHAT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Colorado (Mr. MCINNIS) is recognized for 60 minutes as the designee of the majority leader.

Mr. MCINNIS. Mr. Speaker, I thought I would spend a little time this evening in another nightside chat. There are three areas I would like to address my colleagues about.

First of all, we have heard a lot of news in the last couple of weeks about the pardon that former President Clinton granted to an individual named Marc Rich, and I thought tonight I would take time to clarify that with my colleagues because it appears that this pardon will go down as the most egregious, most offending pardon in the history of this country. Never in our study of American history have we seen a pardon that so flagrantly violated the principles of our Constitution and against which the citizens of this country expected a President to follow before he issued a pardon.

When I go through this, I think you will be appalled, be stunned by the amount of money that traded hands, by where that money went, for example to the Clinton library, about the coordination and the coincidence of that money going to the Clinton library and the money going to close Clinton friends, and all of a sudden what would be a usual pattern of oversight on a pardon by the Department of Justice and other agencies was avoided, and then one of the world's most sought-after fugitives all of a sudden, after bilking the American taxpayers, after trading with the enemy during a war, and then bilking the American taxpayers of hundreds of million of dollars when you consider the penalties, now can walk free on American soil. He will have more freedom as a result of this pardon from Clinton, more freedom than one of our constituents who walks

into a Wal-Mart and steals a 50-cent candy bar.

As every day goes by, we find out that there is more and more underneath the surface of the Marc Rich pardon.

The second thing that I think is important to discuss this evening is the energy crisis in California. The State of California is very important to the economy of this Nation, but the State of California is going to have to stand up on its own two feet to help itself when it comes to this energy crisis. California is going to have to abandon the long-adopted concept in California "not in my backyard, let somebody else build it and let me have the benefits."

I think we will have an interesting discussion this evening about the energy crisis in the State of California.

Finally, we will take a look at the economy. I had the opportunity and the privilege today to listen to the Secretary of the Treasury. Over on the Senate side, Alan Greenspan spoke. Look, we have a lot of concerns about our economy; and every citizen in this country, every constituent of ours needs to worry about the future of this economy. A very critical part of that economy is, number one, the Federal interest rate and how the Feds deal with it; number two, how the President deals with it; and number three, how the Congress deals with it.

Alan Greenspan lowered the rate by 1 percent last month. The President has stepped forward and said here is a tax cut proposal, and this evening I want to go into some of the details about that tax cut proposal because I think that is one arm of our strategy to keep this economy from collapsing on us. It is not near collapse right now, but it is headed toward a significant slow down. We have to be able to throw some water on this small fire before it becomes a bonfire. If it is left without attention, I assure you that fire will only grow.

I think that President Bush has extended a very well-thought-out plan that will work in a very efficient manner through the tax cut, which will first of all reduce the debt that this country has incurred over years and years of some, in great part, mismanagement, as my colleagues know.

But first of all let us go to the pardon of Marc Rich. Let me quote from the "Wall Street Journal." "This story," speaking about Marc Rich, "This story will go down as an extraordinary feat in the annals of Washington lobbying, illustrating in a dramatic fashion how money begets access, access begets influence, and influence begets results."

Marc Rich and his partner, Mr. Green, were fugitives from American justice. Marc Rich was, I think, the sixth most sought-after fugitive in the world. Marc Rich bilked the American taxpayer, when you consider the penalties and interest, of hundreds of millions of dollars. It was Marc Rich when our American citizens were being held

hostage in Iran, when we were trying to put a blockade around the country of Iran, when we were trying to go right to the heart of the economy of Iran to force them to release our hostages, i.e. stop the sale of oil with Iran, Marc Rich was trading with the enemy. A U.S. citizen who subsequently renounced his U.S. citizenship, Marc Rich was trading with Iran while Iran was holding American hostages; and this is the man that Clinton has given a pardon to.

We are going to track about how that occurred. I think of some merit, I would like to read an article called "The Clinton Indulgences" from today's "Washington Post," Tuesday, February 13.

"The more that is learned about some of the pardons former President Clinton granted on his final day of office, particularly the pardon of financier Marc Rich, the more it appears that they constituted a major abuse of power. We learned, for example, that the Rich pardon, if not facilitated, at least preceded by gifts of nearly a half a million dollars from Mr. Rich's former wife to the Clinton Presidential Foundation and Library Fund. Ms. Rich was also a major campaign contributor, not just to the President but to the President's wife in her Senatorial campaign.

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The Rich pardon has been thoroughly denounced by almost everyone, except of course the lawyers who were paid by Mr. Rich to lobby for it. Leaving the article for a minute, that would be Mr. Quinn. Right down here, Mr. Quinn. So let me go through this again.

The Rich pardon has been thoroughly denounced by almost everyone except the lawyers who were paid by Mr. Rich to lobby for it and various others to whose organizations Mr. Rich made contributions over the years. The denunciation has been thoroughly bipartisan. Mr. Clinton's only public response has been to say that he spent a lot of time on that case, and he thinks there are very good reasons for it. Once the facts are out, the public will understand, he said.

What are those facts, if not that money talked and that Mr. Clinton may have benefited? He would do well to find a way to say and to explain the other questionable pardons on his list. This a classic Clinton case. The facts suggest that he first abused then wrapped himself protectively in a Presidential prerogative.

The public has a legitimate interest in determining the extent of the abuse. The question is how to conduct the necessary inquiry without, at the same time, weakening the prerogative if only by undercutting the public sense of its legitimacy. Mr. Clinton could solve the problem by being forthcoming, providing an explanation of the questionable pardon and a full list of contributors to his foundation; but he will not, or so far has not.

The issue is whether the public trust was violated. Enough valid questions should have been raised about some of those pardons to warrant a full accounting. Mr. Clinton should volunteer it and not force the country to extract from him.

So I ask my colleagues to follow with me a little this evening as we go through some of these points and they can make their own decision of how legitimate this looked; about what kind of prerogative was abused in the granting of the pardon for Marc Rich. And keep in mind, as I said earlier in my comments, that Marc Rich will walk a freer man in the United States than will one of our constituents who might steal a 50 cent candy bar from Kmart or Wal-Mart.

Let us take a look at the pardon. Denise Rich. Who is Denise Rich? Denise Rich is a very, very wealthy individual in this country. She also happens to be the ex-wife of Marc Rich and, apparently, is on very, very good terms with her ex-husband. In addition, Denise Rich has refused to testify in front of a congressional committee, invoking the fifth amendment against self-incrimination.

Denise Rich has given over \$1 million in donations to the Democratic National Committee. I thought she gave \$190,000 to the Clintons in gifts; but every day that goes by, this figure becomes more and more inaccurate. We now know, for example, that to the Clinton library this amount of money: \$450,000 was given to the Clinton library by Denise Rich. We also know that Denise Rich said other friends who were solicited say Clinton fund-raisers pressed Denise Rich for a much greater amount, as much as \$25 million for the library fund.

A source familiar said that it is at this point \$450,000, although a lawyer, Carol Elder Bruce, told committee staffers that Rich had contributed "enormous" amounts of money to the Arkansas foundation seeking to raise some \$200 million to build the Clinton Presidential library.

In addition to that, of course, on the gift registry, before the President's wife became a Senator, there was \$7,800 in furniture she bought for one of their homes, \$7,000 for furniture for another home, and the public saxophone to the President.

Now, this goes back to that Wall Street statement, and let me read the Wall Street article again about this influence and money. Let me read the quote again. The story will go down as an extraordinary feat in the annals of Washington lobbying illustrating in a dramatic fashion how money begets access, access begets influence, and influence begets results. That is exactly what happens.

Do my colleagues think, as Bill Clinton now says when he made the statement, that politics did not play a part in this? Oh, yes; right. I am sure that that is a very solid statement, considering the fact that a request was made

to Denise Rich to donate \$25 million to the Clinton library; that in fact she gave \$450,000; that in fact she wrote a personal letter to the President asking the President to pardon Mr. Rich; that in fact Mr. Rich is one of the most sought-after fugitives in the history of this country and, until recently, until he got the pardon, but prior to President Clinton's acting, he was one of the most sought-after fugitives in the world.

How interesting that this is one of those pardons, one of those suspicious pardons that goes around. Supposedly it is supposed to go to the Justice Department, to the Securities Exchange, and to the other parties involved for an assessment of whether or not that pardon should be granted. For example, Milken. Milken, by the way, refused a request to make a donation to the Clinton Presidential library; and as a result, well we do not know as a result, but he refused to do that and the consequences may have been that he did not get a pardon.

We know for some odd reason in the last few hours that this pardon for Marc Rich did not go through the customary channels; that it was handled in a highly unusual fashion. In fact, we have e-mails from one lawyer to another that says keep it secret; it would not be to our benefit to find out what we are asking from the President.

We also know that the lawyer representing Marc Rich is a close friend and confidant of then-President Clinton. We also know that the attorney received hundreds of thousands of dollars, hundreds of thousands of dollars from Marc Rich to help Marc Rich get this pardon. We also know this attorney represented the President on other matters of the President.

So let us start to put the combination together and see what we have. We have Denise Rich, who is lobbying very hard for the pardon for Marc Rich. She gives well over \$1 million. We may find out more than that, much more than that, to the Democratic National Committee. She donates \$450,000 that we know of so far, and we suspect there is a lot more. She was asked for \$25 million. She helps furnish two Clinton homes, and she provides other gifts for the Clintons.

Then we combine that with one of the Clintons' close confidants, who previously represented Bill Clinton, who has been paid hundreds and hundreds of thousands of dollars to represent Marc Rich. On top of that, we combine some of the organizations overseas that Marc Rich contributed to, charities and so on, who then sent letters, lobbying letters, to the President to grant this pardon for this fugitive, who as I have reminded my colleagues of before and I remind them again because it really leaves a bitter taste on my tongue, traded with the enemy.

What does that all spell? Well, that all goes over to the Clintons. And look what happens. Here they go. In 65 counts they granted a pardon. Where is the fairness?

It was interesting to hear the Democrats talk about this pardon. Every Democrat in these House Chambers that I have heard speak about it, every Democrat I have heard on national talk shows speak about it deplores what has occurred here. I am not saying every Democrat does, because I have not heard from all of my Democrat colleagues; but the ones I have heard from and the talk shows I have seen, they all deplore this. There is no way that this can be justified.

What kind of message does this send out there; what kind of reputation? Why would the President do this and leave with this kind of reputation? I can tell my colleagues this, and I speak from the earnestness of my heart, the granting of this pardon, in my opinion, was a disgrace. There is no pardon like it to the best of our knowledge in the study of American history. We cannot find another pardon like this, that so clearly shows connections of money, monetary contributions being made to a Presidential library; the connections with close confidants of the President; that the pardon request bypasses the normal channels for reviews.

And by the way, some of the best testimony I have heard on this came on this case from the former prosecutors, the U.S. attorneys who spoke the other day in front of the committee. One of the prosecuting attorneys, former U.S. Attorney, stated clearly that he voted twice for Bill Clinton as President. I wish my colleagues had heard that testimony. I felt that testimony was extraordinary. It was right on point.

He broke down in significant detail, detail that is far and above any kind of explanation I could give this evening from the House floor. He broke down in significant detail and rebutted every possible point made by this attorney, Mr. Quinn, who was paid hundreds of thousands of dollars.

This thing stinks. Now, that sounds like a strong word to use on the floor of the House of Representatives, but somebody needs to stand up on this floor, as I am doing right now and many of my colleagues have done in their own followings, and talk about just how wrong that is. This pardon should not have been granted.

Let us move on to the next issue. There are two other issues I want to address this evening. One of them, of course, is the energy crisis that we have in the State of California.

Now, a lot of us would like to say, California, if anybody had it coming, you had it coming. This is a State that has not allowed a power plant to be built in its State in the last 10 years. This is a State that today has 2 percent less capacity to produce power than they did 11 years ago. In other words, in 1990 they had 2 percent more capability to produce power than they do today in 2001. They had more capability to produce power in 1990 than they did in 2001. But what happened to the demand in power during that 10-year period of time? What happened

with demand? Demand went up 11 percent. So demand goes up and capability to provide it goes down.

We need to talk a little about that. Clearly, California provides to the United States about one-sixth of our economy. It is huge. I need to correct that statement. California, if it were a country, would be the sixth most powerful country in the world from an economic point of view. We cannot allow California to just go down the drain. We cannot ignore our neighbor to the west and just say that their problem ought to just be their problem and we are going to walk away from it.

Unfortunately, the political leaders of the State of California have pulled every State in the Union into this mess. Unfortunately, many of our constituents out there, whether they live in the State of Colorado, New Mexico or wherever, they are going to get pulled into this as a ratepayer. In the State of Colorado, for example, Excel Energy, what used to be our public service company, has sold energy to the State of California, some of it under what I consider an illegitimate order by the previous administration forcing it to sell power to a customer, number one, under a Wartime Powers Act, which we are not engaged in that type of threat right now; but they were concerned, so they used the excuse that it may affect the bases in California. So they ordered our utility in Colorado, for example, to sell energy to the State of California with no assurance that the State of California could pay for that.

This means that prices will go up for the ratepayers in Colorado to cover this loss to the State of California, while the ratepayers in the State of California enjoy a freeze on their rates put in by their political leaders. And that is not all. Take a look at some of the other things. The city of Denver. Now, I just have to say that part of this is gross negligence on behalf of the city of Denver. They invested \$32 million, and the citizens of the city of Denver ought to be aware of this. The city management team invested \$32 million after, not before, after they had received warning that these power companies in California may not be able to pay and in fact in all probability could not pay them back.

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So part of that is gross negligence on the part of the city of Denver. But this is to point out that this is not isolated to the ratepayers and the taxpayers in the State of California, this spreads across the Nation.

How do we get there? How did California get there? Well, it is Economics 101. We have in our system of economics a capitalist type of system. We have what we call the private marketplace. And it is really fairly simple. We have the private marketplace.

Now, on the private marketplace, we have a seller and a buyer. Now, I know that this sounds kind of fundamental.

But as my colleagues walk through this with me, they will understand where I am going with this.

Now, the buyer over here knows exactly what they are looking for. The seller is trying to meet this demand. The seller wants to sell to the buyer at a mutually-agreed price. That price is negotiated. Every one of us goes through those transactions. We started out selling a piece of bubble gum when we were young. That is what we call a bargain, an agreement, a consent, an acceptance.

So we have got the seller and the buyer. Now, the seller tries to determine what it is he or she can provide to the buyer and at what cost. The buyer, of course, knows what they want.

Well, then we have the next transaction, which is the closure of the agreement. Let us call it consumption. On the consumption part of it, the money that comes from the consumption, the buyer gets the service of the product and the seller gets some type of compensation, generally cash.

Now, what does the seller do with the cash? This is very important. One, what the seller has to do with the cash is it has to make a profit. If the seller cannot make a profit, the seller will not be in business and the buyer will not get what they need. It is to the buyer's interest to have the seller in business as much as it is to the seller's interest to have the buyer in business or in the marketplace.

So what happens is the seller has to have a profit. Now, what happens with the profit in the system balances out. The seller has a cost to the product. So they have got the product, in this case, electricity. They have got the cost. The seller did not get the product, the electricity, free of charge. The seller had to either buy the power or generate the power. So it has a cost involved.

So, in order to pay for the power, the seller has to recover from the buyer at least that amount of money to cover cost. That is called "break even." But if the seller wants to be able to continue to sell this power in the future, especially if the buyer demands more and more from the seller, then the seller has got to reinvest in its ability to produce what the buyer desires. And that is one of the important aspects of profit.

The seller also has to have willing investors in the seller, which means that there has to be some type of enticement to bring people in the marketplace to invest in the capital structure of the seller.

Well, this all begins to work well. And, by the way, and I heard this in California, nobody deserves to make a profit on selling basic power to the American people, that there should not be a product out there where there are excess profits being made.

Well, what happens when excess profit comes into the marketplace? Do the bright political leaders have to go in and take over the marketplace? No. The marketplace self-corrects.

Let us look at an example. Let us say we have a hamburger stand in our community and that hamburger stand sells a hamburger for 50 cents and the cost of the product is 5 cents. So the hamburger stand makes 45 cents. And then pretty soon the hamburger stand finds out there are a lot more customers that want those hamburgers, so they raise the price to a dollar, then pretty soon they raise the price to \$2. Then pretty soon they cannot buy a hamburger except at this place for \$5 and the cost for making a hamburger, everybody knows, is five cents.

What is going to happen in the private marketplace? They are going to have competition. Somebody else is going to come in and say, wait a minute, Joe over there is selling his hamburgers for \$5 apiece. He is taking advantage of the public. His profits are excessive. I can go in and sell a hamburger for \$2 apiece and I still make a handsome product. I make enough money to reinvest into the capital that I have to make that hamburger, so I am going to go into competition. I am going to go into competition with Joe and I am going to force him to lower the price from \$5 to \$2; and if he does not, I am going to force him out of business. That is the private marketplace working. That is not what happened in California.

What has happened in California, in my opinion, is their State-elected leaders, including State legislators and including the Governor of California, do not have enough gumption to stand up to the consumers in California and say a couple of things.

Number one, look, we cannot have it both ways. We cannot say anymore "not in my backyard," but I want power to my house when I want electricity.

It was interesting, I read a Wall Street Journal article the other day that talked about Cisco Systems, Cisco Corporation. Many of my colleagues are investors or have constituents who own shares of stock and know about how Cisco did not want to power a plant. Even though they are a large consumer of power, they did not want to power a plant and they objected to a power plant being built near their facility because it partially obstructed their view of the ocean.

Do they know what? Face reality. We need power and all of us take advantage of power. Tonight, here in Washington, D.C., the outside temperature is probably in the low 40s, maybe under 40 degrees. But the temperature in these Chambers is probably 70 degrees. We have plenty of lights. We all know that. We need our power.

But the citizens of California need to understand that the other States of this Union, while we are colleagues, we are neighbors, we are fellow States, we cannot carry their weight for them. They need to agree to build some power plants out there. They need to agree to some reasonable access for grids to transfer that power from place to place.

They need to agree that, in order to build power plants, they themselves, the ratepayers out there, are going to have to invest.

Years ago somebody should have had enough guts to stand up to the political establishment in California and say to them, look, you cannot go into a so-called deregulation, in other words, enter the private marketplace, but go out to the consumer, the buyer, and go out to that buyer and say, no matter what the cost to the seller, no matter what it costs the seller, they are always going to get the same price. Here is the price cap, \$55 dollars per megawatt hour.

That is exactly what happened. California several years ago decided to "deregulate" their power production. And in order to deregulate, they decided to enter into the free marketplace; and in entering the free marketplace, they only made one mistake, and that mistake was they only partially entered the free marketplace. They did not want to upset their voters in the State of California. They did not want to be frank with their constituents and say, look, we are either in or out. If they are going to get into the marketplace, they have got to be willing to pay the marketplace so that the seller can reinvest to continue to generate, in this case, electricity.

No, California did not do that. California went to the citizens of California and said, hey, we have got something that defies the private marketplace. We have got something that never in the history of capitalism, never in the history of a free economy has it worked. But we in California have figured it out. We do not have to build any more power plants in our State, or we can make it so tough or miserable on them that nobody will want to build a power plant in California. We will go ahead and let the sellers in some of these power companies in California walk away or have some time to make a profit, we will let them sell the power producers, the generation facilities to out-of-state providers, and to the buyer we are going to give the sweetest deal of all. To our consumers of electricity in California, we are going to freeze the price. In fact, not only are we going to freeze the price just as an act of goodwill, we are going to reduce the price 10 percent.

That is exactly what the elected officials in California did. We will reduce the price 10 percent, buyer; and, guess what, use all of the power you want because in the future, the price that you are going to have to pay is frozen.

Well, what happened to it? Well, it led to a shipwreck. I will tell my colleagues what happened. The seller agreed, those power companies in California agreed because they made a lot of money on this transaction. The buyer agreed because it was a sweet deal. The consumers in California were persuaded by the politicians that, in effect, at some point they were going to get something for nothing, that they

could use all the power they wanted, they could waste power regardless of what they did, power would always be sold with a cap on it, they could not raise the power.

Then they made a mistake. They brought in a third party, power generation. They sold the generation facility to out-of-state producers and they expected these power generators to always come back to the State of California and say, California, because you are such a nice pal, we are going to go ahead and sell you electricity for just a little tiny bit more than what it cost us to produce it, not for what the marketplace would bring us, but for a little over what it could cost us to produce it.

Well, they did not want to play that game, these power generators. They were in the marketplace. In other words, what will the market bear? They charged what the market would bear.

California, in the meantime, goes on this binge of not allowing power plants in its State. I would love to have the opportunity to debate the Governor of the State of California. Mr. Governor, I plead upon you to stand up to the ratepayers in the State of California and say, look, we got a problem here. We have got to bring more power plants on-line. And I think, by the way, the Governor is edging that way. But more important than that, you have got to be frank with your ratepayers. You have got to be straightforward and say to them, look, if we are going to have investment, we have got to have profit.

Now, I think instead what the answer of many elected officials in the State of California is going to be, let the Government take over. Let us let the Government be the power supplier in California. Let us let the Government run this operation.

Take a look. Without exception, take a look at any point in history. What happens when we allow the Government to enter into the private marketplace and run business? Government cannot do it. Look at what we do with the Federal Government, my colleagues. Take a look at how efficiently the Social Security system is run. Take a look at how efficiently Medicare is run. I mean, we have huge inefficiencies.

Why? Why are the inefficiencies higher at the Government level than they are in the private marketplace? Because the Government does not have competition. In the private marketplace, efficiencies come as a result of the market because they have got competition.

Remember the hamburger guy I was talking about? That guy or gal decided to come in and he or she cannot sell those hamburgers for \$5 for very long because they have got competition that will come in and sell it for \$2.

I say to some of my colleagues from California, do not let your constituents buy off on the proposition that they are going to be able to get power at a

capped price. Do not let them buy off on the proposition that they are not going to have to pay for an increase.

Let me talk about what I think is the solution for the State of California and a big part of it. Number one, in California and across this country, we have got to conserve. And conservation really is pretty easy.

My wife and I, for example, in our home in Colorado, we live high in the Rocky Mountains, in our home, except for the area that we are working in, the area we are working in we leave at 70 or 72 degrees. The rest of the house is at 55 degrees.

In California, they have got to begin to conserve. They cannot conserve when they cap the price that the user is going to pay.

Let me give my colleagues an example. Colleagues, if any one of you ever rented a place from a landlord and the landlord agreed to pay all of the utilities, and by the way, that does not happen very often except for the Government, what incentive would you have to shut off the air conditioning during the summer or reduce the heat during the winter if the landlord paid the bill regardless of the usage you had on the air-conditioning or the heat? There is no incentive to conserve.

California has got to take this price cap off.

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California has got to say to the electrical users in its own State, and I know politically it is not popular to do, but it is going to take some courage and some guts to stand up to the consumers in California. And frankly I think a lot of consumers will agree with this. Look, we have got to put a price. The more you use or if you are going to waste it, there is going to be a price to pay. We cannot cap it at \$55, especially when the marketplace out there is selling it at \$1,000, and that is what happened at points during this energy crisis.

So conservation is issue number one. All of us can conserve energy. I feel an obligation to conserve it in Colorado. And for gosh sakes in California you need to be led by your State political leaders to conserve.

The second thing that you have got to do in California is you have got to build production facilities. You have to provide for generation. The days of looking to your neighbors to the east and saying, well, put the power plants in Oregon or put the hydropower plants over in Arizona or let Colorado put the power generation plants in their State. We do not want power generation plants because it has an impact on the environment.

It does have an impact on the environment. You have got to balance that out. Having lights in here this evening, having 70 degrees on the House floor, it has an impact on the environment. We are using energy to provide this. But, California, you are going to have to carry a fair share of that. Or if you

want to depend on out-of-State suppliers, then you are going to be subject to the price variations of the market. And if the market knows that you do not have the capability to provide your own power, the market will be very punishing to you. The market has its own checks and balances. You cannot defy through political movement the marketplace or the punishment of the marketplace for ignoring the basic concepts of supply and demand. It will not work. You have tried it and it has been a disaster.

You have hit a brick wall in California. The elected officials in California need to stand up and understand the private marketplace, stand up and conserve and take that price cap off so that you have got some kind of incentive to build generation. And for gosh sakes, I urge the electrical users in California, do not buy into this dream that the government of the State of California can run an electrical system more efficiently than the private marketplace. Oh, temporarily it will be like that 10 percent discount you got when they first deregulated. They will make it sound as sweet as roses, sugar, and honey. But down the road, you will pay the price because the government cannot operate an electrical facility with efficiency.

Let me move on very briefly about the next subject that I think is critical and we are going to hear a lot about and that is the tax plan from President Bush. I think it is very, very critical that we put in place a tax cut.

I think our first priority, colleagues, has to be to reduce the debt. So the argument here on the Bush tax cut is not about reduction of the debt. I think most of my colleagues out here agree that we need to reduce the debt. The argument is the structure of how we go about it. Now, frankly some of the people opposed to this, i.e., the left wing of the Democratic Party, the more liberal element, and I say this with due respect, the liberal philosophy appears to be, keep the money in Washington.

I will tell you any time you keep money within reach of these Chambers, it is in high danger of being spent or dedicated to a new spending program. Do not kid yourself. Money sitting in Washington, D.C. is like setting a piece of pie in front of somebody that has not eaten for a long time. It is going to get eaten up very quickly. It is going to be committed.

If you want to reduce that debt, put that money back in the pockets of the people that made it. That is exactly what President Bush is focusing on. That theory is a theory that has been proved time and time and time again. Give the money not to the government to reinvest because, remember, the government does not create capital. The government transfers capital. Those men and women out there, working away, they are the ones that create capital. All the government does is reach into their pockets and transfer their hard-earned money to Washington, D.C.

Frankly as you know as a result of this surplus, you have had a lot more money than we need transferred out of a worker's pocket to Washington, D.C. You have got a lot of people that did not have to earn that money that have great ideas on how to spend your money. They want it kept in Washington. This new program, this new program, more for this program.

President Bush has it right. We have got an economy that faces a heck of a challenge. We have got an economy that threatens millions and millions of jobs. We have got an economy that just in the last month we have seen tens and tens of thousands of people lose their jobs.

We have got to come up with a recovery plan. The recovery plan is not to keep that surplus in Washington, D.C. for more spending. That recovery plan is to get that money quickly back out to the people who earned it. Get that money back out to the people who made it. That is how you create capital. And when you create capital, you create more taxable transactions. And when you create more taxable transactions, you reduce the Federal debt.

Today in the Committee on Ways and Means, I sat and listened to the Secretary of Treasury and heard a questioner imply that a tax cut was going to add to the national debt. A tax cut if appropriately put into place will reduce the national debt. Because you are putting money out and it creates capital out there in the free marketplace.

I also heard out there today about how this is a rich man's tax cut. Let us take a look at some hard facts here very briefly. This is who pays Federal income taxes. By the way, as you can tell, this is my homemade chart, colleagues, so forgive me for it but I think you can get the basics of it.

All taxpayers, of course, pay 100 percent. All taxpayers pay 100 percent of the taxes. The top 1 percent of the taxpayers in the country pay 34 percent of the taxes. The top 5 percent pay 53 percent of taxes. The top 10 percent of taxpayers in the country pay 65 percent of the taxes. Right down here, the top 50 percent, half of the taxpayers in this country, pay 95 percent of the taxes. The bottom 50 percent pay less than 4 percent of the taxes. I will go ahead and leave this up so you can take a look at it.

The bottom half pays less than 4 percent of the taxes. So if you are going to have an impact, if you are going to put dollars back out there, number one, the principle of a tax cut should go to people who pay taxes. Bush's plan is not a welfare plan. President Bush's plan is to go to the people who pay taxes, every taxpayer out there, regardless of their wealth and reduce marginal rates, get those dollars out here where they are going to work. Get those dollars out into that community. Get it out there where it is going to be reinvested under President Bush's income tax cut.

Under President Bush's income tax cut, there are several key issues. One in five tax-paying families with children will no longer pay any income tax at all. So out of every five families out there that are paying income taxes today, out of every five, they are paying taxes today, one of them after this program will no longer have to pay those taxes. By the way, all five of them will have their taxes reduced. A family of four who make \$35,000 a year will pay no Federal income taxes under this plan. So if you have got constituents out there, colleagues, who have a family of four, mom and dad, boy and girl, and they are making \$35,000 a year, under President Bush's plan they will no longer pay Federal income taxes.

What do you think happens to that money, colleagues? They do not go take the money that they are no longer transferring to Washington, D.C. and bury it in the ground. They go out and use that money. They either put it into savings or they go put it as a down payment or they go buy a washer or a dryer. That money begins to circulate in the environment that creates capital, that also creates taxable transactions, that also helps reduce the Federal debt.

Let me go on. A family of four making \$50,000 a year, so if you have mom and dad and boy and girl, and they are making \$50,000 a year, their taxes will be reduced by 50 percent. A 50 percent tax cut. A reduction of \$1,600. And a family of four who makes \$75,000 a year will receive a 25 percent tax cut.

On top of that, there are some other important issues that are being reduced and addressed by President Bush's tax plan. Let me start with one that hits me right in the heart and hits a lot of American families out there. And that is the elimination of the death tax.

Death should not be a taxable event in a country like the United States of America. Our forefathers never intended for a family to be taxed because of the tragedy of a death. What happened and where that tax was created was around the early 1900s as a tool to punish the Rockefellers and the Carnegies and so on and so forth, the Morgan Stanleys, those are the people they wanted to penalize, so it was put in purely as a penalty, as a punitive measure by the government, completely contrary to the philosophy of our government, that is, those who work hard should be able to save something for future generations.

What the Bush plan does is over an 8-year period of time, it eliminates that death tax. It actually goes out and says, wait a minute, the government is going the wrong way. What President Bush says the government should be doing is encouraging family business to go from one generation to the next generation.

President Bush says we should not have a government that discourages business and family farms and family

ranches from going from one generation to the next generation. This should be a government that encourages it. This should be a government that goes out there and says death is not a taxable event. President Bush does not believe that death should be a taxable event. This deserves the support of everybody in here.

Now, I hear some people say, well, all it does is support the wealthy. I am so sick of hearing that. You know something, if you go out there and you work hard and you save a few bucks, all of a sudden, some of my colleagues in here call you rich and for some reason despite the fact you worked for it, despite the fact you did something that brought that to you, you do not deserve it or somebody else who did not work quite as hard, who did not come up with a better mousetrap should have it from you. This tax plan is what we need for a recovery in our economy.

I will tell you what else President Bush does in this tax plan. And finally, finally, we have got somebody that will talk about the death tax and say death is not a taxable event. And finally we have got a President who incorporates within his tax cut plan an elimination, or a significant downsizing of the marriage penalty. Do you think that our forefathers ever imagined that this government would go to the point in time where it would tax a family for a marriage? Do you think that they thought that this government would go so far as to say, "We'll tax you when you marry, and we'll tax you when you die"? That is where the government is.

Finally, we have got a President who is standing up to this and saying, look, every taxpayer deserves a tax cut. Death is not a taxable event. Marriage is not a taxable event. We have also got a President who has proposed a tax cut that is not aimed at business. This is not aimed at big business. This is aimed at individual taxpayers, regardless, every taxpayer in America, every taxpayer in America will benefit from this tax cut because it cuts the marginal rates. President Bush in his tax cut, he does not go out and pick a special, heavily lobbied organization or group or business to get the tax cut at the expense of every other taxpayer. He does not do that. President Bush goes out there and puts together a plan that benefits every taxpayer. That is what is beautiful about this tax plan. This country needs a significant tax cut.

The danger of a tax cut is if you do not do enough, then it will not help reduce the national debt. It will not work. It will not help give a jump-start to that economy. By the way, the tax cut alone will not jump-start the economy. It takes a combination of strategies. One of the strategies is you have got to have the Fed lower the interest rate and that strategy has been put into place. And I believe that Greenspan will lower those rates again within the very near future. Strategy number one, arm number one.

Arm number two, strategy number two, put a tax cut into place that has



some significance. It has got to be large enough to have some kind of impact on the economy. That is what has to happen. You put those two strategies in there and you have got one other one you have got to think about, and that is our responsibility on this House floor.

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You have got to control Federal spending. You have got to control spending. If you control spending, you reduce taxes and you lower the interest rate; that is the kind of formula that makes a very, very potent medicine to fight this slowdown that we are now facing.

So I am asking all of my colleagues, look, put partisan politics aside. Stand with the President. President Bush needs our support. President Bush has been willing to take the lead on this. We ought to stand up in unison; and we ought to help the President, because if we do not, this economy could continue to spiral in a downward fashion. We have time to save the economy, we have time to correct this downturn, but if we do not work with the kind of strategy that I think is now being deployed, one, by Greenspan, two, by the President, and, three, by us to control Federal spending, then, frankly, we are going to get what we ask for.

So, in conclusion this evening, let me recap the three topics.

Number one, the Mark Rich pardon. If you look at your history books, it will go down in history as one of the most disgraceful pardons in the history of this country, the most disgraceful pardon in the history of this country. Take a look at it. Watch it with interest.

Number two, the energy crisis in California. California, you are going to have to build generation in your own backyard. You are going to have to conserve. You are going to have to lift your price cap. And, for gosh sakes, Californians, do not let the government run your electrical distribution facility and entire electrical enterprise. It may sound sweet today; but for a short-term benefit, you will have a very, very long-term cost.

Number three, I urge my colleagues and the citizens and their constituents, urge your constituents to take a careful look at what the President has proposed. It does eliminate the death tax, it does reduce the marriage penalty, it does put tax dollars back to every taxpayer in this country, individual taxpayers in this country; and that is exactly the kind of formula we need, if we can deliver our part, and that is to control Federal spending.

#### HEALTH CARE REFORM

The SPEAKER pro tempore (Mr. CULBERSON). Under the Speaker's announced policy of January 3, 2001, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I did want to indicate that I only plan to use about 20 minutes of the hour this evening, and then I would like to turn over the rest of the hour and yield to the gentlewoman, one of my colleagues from Ohio, who will be out here later, who is going to be talking, I believe, about Black History Month.

Mr. Speaker, I wanted to take to the floor, to the well, this evening, to talk about health care, and essentially to map out why I believe very strongly in this session of Congress we have an opportunity, hopefully on a bipartisan basis, to enact some health care reforms that will ensure more access to health insurance to more Americans, many of whom, about 40 million, do not have any kind of health insurance right now; and, secondly, that we enact a true HMO reform, along the lines of the Patients' Bill of Rights, a bipartisan bill that passed the House of Representatives last session, unfortunately, it did not become law, in order to reform HMOs. Third, I think that we should enact a Medicare prescription drug benefit for all Medicare beneficiaries.

I believe very strongly, Mr. Speaker, that these measures can pass in this Congress on a bipartisan basis.

I have to say I was a little concerned, I did not plan to talk about tax cuts tonight, but when I heard my colleague on the other side of the aisle who was here in the well before me, I do become concerned that if the tax cuts that are being proposed by the President become too large, so that the entire surplus, or most of the surplus that we now have, is used up, we not only face the potential of having a deficit situation again, with all the bad ramifications for its economy, but it would make it impossible for the types of things that I am talking about tonight, a Medicare prescription drug benefit, increased access to health insurance for many who do not have it, these types of things would be impossible to pass.

So I would ask my colleagues, when they look at these tax cuts, which all of us support tax cuts, and I certainly would like to see one passed, that it not be so large that it puts us back into a deficit situation or does not allow us to implement some of these needed health care reforms.

What I want to start out, if I could, Mr. Speaker, is by saying that when I talk about expanding health insurance and access to health insurance, I think you know in previous Congresses we have worked, for example, to expand health insurance for children, the so-called CHIP program, which now allows children whose parents make more than would be eligible for Medicaid, and who mostly are working, are now allowed in their individual States to enroll in a Federal program so their kids are covered by health insurance.

However, during the course of the last campaign it was quite clear that the Democrats felt very strongly and

still feel strongly that the CHIP program needs to be expanded to include adults, the parents of those children who are in the CHIP program.

It was very interesting, because during his confirmation hearings the new HHS Secretary, Secretary Thompson, actually said that he would like to see parents whose children are in the CHIP program be allowed to enroll in the program as well.

I mention that because I think even though this was a Democratic idea, it is something obviously that is supported by the current Health and Human Services Secretary, who is a Republican. So, again, I hope that we see some of our Republicans coming along with this proposal.

The other thing the Democrats have been championing for some time is the idea that people between the ages of 55 and 65 who are not eligible for Medicare now be able to buy into Medicare, the so-called "near-elderly." I would venture to say, Mr. Speaker, that if you were able to enroll all the kids that are now eligible for CHIP, and then expand the CHIP program to include all the parents whose children are in CHIP, and then expand Medicare so that the near-elderly, 55 to 65, could sign up, we would go a long way towards solving the problem of those 40 million Americans who work but who have no health insurance. I would like to see that done on a bipartisan basis.

Let me also mention the Patients' Bill of Rights, the HMO reform. It is abundantly clear to me that in the last Congress, even though the Patients' Bill of Rights was a Democratic initiative, the HMO reform, we had a number of Republicans who came forward and voted for it here in the House; and we had some very prominent Republicans who took the lead on it, the gentleman from Iowa (Mr. GANSKE) and the gentleman from Georgia (Mr. NORWOOD), who took the lead on it.

Why can we not pass that bill? We should be able to in this Congress. I know that most of the Republicans did not vote for it in the last Congress in the House, but there is no reason why we cannot do it.

President Bush comes from the State of Texas. Texas has a Patients' Bill of Rights, or an HMO reform, very similar to the Democratic Patients' Bill of Rights proposal. Let us see what we can do to get it passed on a bipartisan basis.

Finally, let me talk about the prescription drug benefit. I know when I go home and talk to my constituents, the seniors in my district, the biggest concern they have is the fact that Medicare does not cover prescription drugs, and many of them cannot sign up for Medigap programs or cannot get into an HMO where prescription drugs are covered, or may have been in such an HMO and had their coverage dropped as of January 1 of this year.

So we need to enact a prescription drug program under Medicare. Everyone in Medicare should be eligible for