

spend in the economy, and that we will invest in those critical homeland security measures that are absolutely necessary for us to move forward as a country.

This is an opportunity to get it right. This is an opportunity for us to take action, action to keep us safe in airports and on airlines, action to keep us safe whether it relates to bioterrorism or food safety or other critical measures that have been proposed for action by the Democratic caucus, and action as it relates to focusing on those who are unemployed and those who are low- and moderate-income families who need to have money in their pocket to help stimulate this economy.

The time to act is now. I call on my colleagues, this week, to put that at the top of the agenda for both of those items.

Madam President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAUCUS. Madam President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. STABENOW). Without objection, it is so ordered.

THE ECONOMIC RECOVERY BILL

Mr. BAUCUS. Madam President, I would like to speak a little about the stimulus economic recovery bill that is now pending, particularly from the point of view of what the provisions are that affect small business.

In the aftermath of September 11, it became clear that our economy generally was going to suffer. I remember reading an article. It was kind of stunning in a certain aspect; that is, if the terrorists were aiming the planes at the "masters of the universe"—New York bond traders, and so forth—it did wreak tremendous devastation and tragedy for so many people who do trade in securities, but to an even greater degree it has affected the economic livelihood of small businesses, shop owners, different communities in the city of New York. It is middle-income and lower-income people, who live in New York and across the country, who are hurt the most, who are hurt more than higher income people.

The loss of life is beyond description. But, in addition, the economic devastation has hit small business more than it has hit big business. And small businesspeople have a much harder time adjusting than do big businesses. So for that reason, because we have limited resources, we want to make sure we have a balanced solution that very much helps small business.

When the President spoke about an economic stimulus, he made three basic points. One, he wanted us to stimulate the economy. He suggested that it be short-term. He also suggested that any stimulus not have ad-

verse long-term consequences on future budgets. These are principles with which we all agree.

Let me speak now about small business. We say this many times, and I think it is very important to say it again. Small business really is the backbone of America. More new jobs are created by small business than by big business. That is a fact. We tend to forget that. We read reports that such-and-such company is laying off so many people and another company is laying off another thousand people, or several thousand people. We hear that, and those are big companies that have lots of employees, and unfortunately they are laying off relatively large numbers. We don't hear a word about the mom-and-pop businesses in our communities that had to lay off a few people. It is happening all over the country. The numbers are so great. They are also the same businesses that create more jobs. They create more jobs than does big business.

Small business is also the genesis and the fountain of more business ideas. More business ideas are developed by small business than by big business. There is probably a reason for that. A small business has to fight to survive; the margins are so low. If you are opening up a small business, you have to pay that payroll tax the first day, even though you don't have any income. It is very tough. Lots of people have new ideas and they want to start a business. That is the American way.

It is critically important that we not lose sight of small business. In fact, I think we should help small business because in many ways it is the bedrock of our country. Here is what we have done. Let's look at some of the provisions of the bill. One is to increase the amount a business can expense. It is called section 179 of the Tax Code. That section allows businesses to expense rather than depreciate assets, right now, this year, instead of writing it off over a period of time. We increase the limit. By increasing that limit, small business can write off more and invest more than they otherwise could.

Section 179 of the code provides an exception to the normal depreciation rule. That is the limit that a small business can expense. It allows up to \$24,000 in business purchases to be deducted in the year of purchase. The amount is reduced once a business makes \$200,000 worth of purchases in a given year. That is not a lot of money, but that is the limit. We want to allow businesses to deduct more so they purchase more products upfront.

Increasing the amount that can be expensed is the simplest way to stimulate small business to try to expansion. It helps small business keep up with rapid growth and change in the technology sector by reducing the capital costs of the company.

The bill reported by the Finance Committee includes a provision that increases the amount a business can expense from \$24,000 to \$35,000 over a 12-

month period. This also raises the maximum amount of qualified purchases from \$200,000 to \$325,000. This provision provides an immediate and focused stimulus. It is only available to companies purchasing equipment, and only if they make the purchases within a 12-month period. I might say that this is a bipartisan provision.

There are a lot of bipartisan provisions in this bill. We hear sometimes about the partisan provisions, but much more in this bill is more bipartisan than not. One is the rebate checks. Both sides agree to that. Both sides agree to the small business 179 expensing limit being raised. Both sides agree to bonus depreciation; it is just a question of how much. Both sides agree to extending unemployment compensation benefits; it is just a question of how much. Both sides agree that we should probably help the people who have lost their health insurance because they have lost their jobs.

Over the last year, more than half of the people who have lost their jobs as a consequence have also lost their health insurance. That is because most people who are laid off had health benefits as part of the job, but they don't anymore.

So this expensing is one of the other bipartisan provisions.

A couple of statistics about small business. In 1996, there were about 5 million corporations, partnerships, and sole proprietorships that had potential 179 investments. Of those 5 million, about 96 percent had gross receipts of \$5 million or below. We are talking small business, not big business. Expanding the amount of investments these companies can make and expense immediately would give these small businesses real incentive to invest and give the economy a needed lift. In Lower Manhattan alone, there are between 14,000 and 16,000 businesses directly affected by the collapse of the Trade Towers. That is according to the Empire State Development Corporation. I daresay there are many more indirectly affected. It is estimated that as many as 105,000 businesses may ultimately be impacted directly or indirectly in New York as a consequence of the disaster of September 11. Those businesses need to bounce back, and this provision, along with other specific provisions in the bill, will go a long way to provide that assistance.

I might say that the 179 provision, where businesses can expense more, is not only targeted to New York, but to the whole country, because this economic downturn we are experiencing really began about a year or so ago, and it was accelerated by September 11; but the whole country has experienced an economic downturn. That is why this provision will help New York and also the rest of the country.

Madam President, I also believe that tomorrow morning, in the spirit of bipartisanship, we are finally going to sit down and work out an agreement on the stimulus/economic recovery bill. I

think the leadership on both sides of the aisle is going to meet with senior tax-writing Senators and House Members and we are going to say: We have had our say, and each party scored its points. Now let's get on to business and do what the American people want—that is, write an economic recovery bill on a bipartisan basis as quickly as possible and help get this country moving.

As the President said recently, in reference to a fellow who helped prevent an airplane disaster in Pennsylvania when he said, "Let's roll," I say to all my friends and colleagues that I very much hope tomorrow, when we have this meeting, we start to roll and put together a bipartisan bill. This section 179 small business expensing provision is one of many which I know we are going to agree to in helping our economy.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAUCUS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

HEALTH INSURANCE FOR THE UNEMPLOYED

Mr. BAUCUS. Madam President, I want to speak a little bit about health insurance. As I mentioned before, our country's economic downturn has put millions of American workers and their families at risk.

The unemployment rate has increased by 25 percent over the same time last year. In October alone, we lost 415,000 jobs. That is 1 month alone. That is the highest single jump since 1980.

In addition to losing jobs and income, many Americans have lost their health insurance. Clearly, this is something we need to address. Health insurance is necessary because it gives us access to needed health care services and it gives families financial security from medical bills.

Uninsured workers and their families often delay or skip needed treatment. When they do seek care, they often end up heavily in debt. Many of us serving in this body have encountered many people deeply in debt because of needed health care. Many families even go bankrupt as a result. In fact, half of all bankruptcies are a direct result of health or medical bills, not out-of-control spending by families.

I believe very strongly that giving laid-off workers assistance so they might keep their health insurance is of utmost importance. In my view, helping Americans who lose their jobs hold on to their health insurance is the right thing to do, not just for the families put at risk but for the economy as well.

Some critics have said we should include health insurance coverage in the

economic stimulus package. Some say we should not. Some have gone so far as suggesting the President should veto a bill that includes these provisions. It is not stimulus, they say; therefore, the President should veto the bill. I have heard that many times from representatives of the President.

I am the first to admit the arguments that health care coverage is stimulative are not as strong as the arguments for some of the other provisions of the bill. For example, virtually everyone agrees unemployment insurance, while helping people supplement lost income, is also stimulative. In fact, the multiplier effect is \$2.50 for every \$1 spent on unemployment insurance. Nevertheless, there are several reasons I believe health care does represent stimulus, and I would like to review them for my colleagues and for the benefit of the critics.

First, the rate of health insurance coverage is sensitive to economic conditions. Over the past several years, a strong economy has helped to moderate the growth of the uninsured population. The number of uninsured Americans has been growing. In the past several years, the strong economy has helped moderate that growth of uninsured population. Many employers use health care benefits as a way to attract and keep workers in a competitive market.

During the same period, we created CHIP, the Children's Health Insurance Program, to make health insurance coverage available to more children. In times of recession, though, things are much different. Simply put, a downturn in the economy means many more people go uninsured. Employer-sponsored insurance declines, and States struggle to pay their share of the cost of public programs, such as Medicaid and CHIP. I know that is true in my State.

According to a recent study, a 2-percent increase in unemployment will lead to an additional 3.2 million people eligible for Medicaid. That means the October jump in the unemployment rate alone will lead to an additional 800,000 people on Medicaid.

We do not need a report to tell us this. We know this from past experience. In the recession of the early 1990s, more than half of the workers who lost their jobs became uninsured. Let me repeat that. In the recession of the nineties, more than half of the workers who lost their jobs also as a consequence became uninsured. We cannot let that happen again.

Second, personal spending on health care means less consumer spending. Families with health insurance are able to spend more on other priorities. Families without health insurance spend more out of pocket on health care, making it harder for them to spend on other things.

A study by the Kaiser Family Foundation tells us that nearly one in five uninsured cannot meet their essential expenses. Nearly one in four uninsured

cannot pay their full gas, electric, or oil bills; one in seven persons who do not have health insurance cannot pay their full rent or mortgage.

Third, States are facing serious fiscal problems. State budgets are more unstable in the wake of the September 11 attacks. Revenues are declining while the need for spending on important programs is increasing. Sales tax revenues have dropped in States that rely on tourism at the same time disaster relief efforts and unemployment are increasing.

Last month, the Washington Post reported a number of States particularly hard hit by the recession are already calling special legislative sessions and taking dramatic action to reduce spending. Many of these States are thinking about making reductions in Medicaid benefits or cutting eligibility to alleviate budget pressures, despite the fact that more people will likely be turning to States for help with health insurance.

Putting money into the health care system, which represents 13 percent of the national economy and employs millions of people, will itself stimulate the economy. This is particularly true in rural areas where the local hospitals are often the biggest employer.

Including health insurance in an economic stimulus package is of critical importance both to the economy and to the American people.

What about the specifics of my proposal? The health provisions in my package are short term; they are temporary. My bill provides direct subsidies to the purchase of private COBRA coverage. It would give a 75-percent Federal premium subsidy for those eligible for COBRA coverage. Anyone who lost their job after September 11 would be eligible to receive this assistance for up to 12 months. The program would be strictly short term and would end December 31, 2002.

Why focus on COBRA? Because COBRA coverage was specifically designed to help workers maintain their health coverage when they change or lose their jobs. Unfortunately, though, this coverage is very expensive: \$2,600 a year for individuals and a full \$7,000 for families. That is almost \$600 a month for family coverage.

Consider the average unemployment check is just over \$800 a month, and one realizes why fewer than 20 percent of displaced workers actually sign up for COBRA. It is just too expensive. They cannot afford it.

According to the Congressional Budget Office, the COBRA subsidy will help up to 7 million Americans hold on to their health insurance even after they lose their jobs. But COBRA subsidies will not help everyone who loses their job. It will not help those who are not eligible for COBRA either because they worked for a small employer who is exempt from COBRA or that firm went bankrupt.