

anniversary of ordination to the priesthood, and I extend my best wishes to him and the parishioners he serves.

**JOBS AND GROWTH
RECONCILIATION TAX ACT OF 2003**

SPEECH OF

HON. BETTY MCCOLLUM

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 9, 2003

Ms. MCCOLLUM. Mr. Speaker, the Republican tax cut threatens our nation's long-term economic future. It's not fair. It's not fast acting, and it's not fiscally responsible. That's why I am voting against it today.

Instead of this irresponsible plan, the House should be passing a bill that immediately stimulates job growth and our economy. Unfortunately, House Republican leaders silenced democratic debate by not allowing an alternative plan or any amendments to be offered in place of their reckless proposal.

I support an alternative jobs and economic growth plan that creates 1.1 million new jobs, cuts \$29 billion in taxes for working families, invests in small businesses and provides much-needed financial support to states this year. This plan also invests \$26 billion in homeland and economic security and forestalls state tax increases or service cutbacks, which would otherwise deepen the recession and destroy jobs. This is an immediate \$129 billion boost to our economy.

More importantly, this package avoids corrosive long-term deficits that harm the economy and undermine job growth. This plan pays for itself over ten years. Large long-term deficits harm the economy by driving up interest rates and undermining business investment and job growth. This plan maintains fiscal discipline so we can plan for our children's future.

Unfortunately, the House can't consider this proposal because it is being kept from the House floor today. Republican leaders are instead pushing a plan that is tilted even more toward the wealthy than the President's own proposal, adds billions to already record deficits and does nothing to create new jobs for the unemployed.

Republican leaders want to cut taxes for millionaires while leaving middle-income families behind. Their plan reduces the top tax rate on both dividends and capital gains to 15 percent. According to the non-partisan Tax Policy Center, this move saves taxpayers with incomes over 1 million an average of \$42,800. Amazingly, the top 5 percent of households receive 75 percent of this plans tax cut benefits. Under the Republican proposal, middle-income Americans will only receive \$217 this year.

We are in danger of piling up \$1.4 trillion in new debt over the next ten years if we pass these tax cuts today, a huge burden on our children's future. Bigger deficits will crowd out other national priorities like education, job training, housing and homeland security. We still must pay for the war and reconstruction in Iraq and continue the war on terror. Big deficits also leave Congress with little room to re-inforce Social Security and Medicare, especially now when baby boomers are about to retire.

I am extremely concerned about our nation's economy. I cannot support, however,

saddling our children with massive debt. That is why I will continue to support a fair, balanced plan and oppose the Republican tax cuts today.

**CREDIT FOR THE RECENT WAR
WITH IRAQ**

HON. STEVE ISRAEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 15, 2003

Mr. ISRAEL. Mr. Speaker, in the wake of the recent war with Iraq, many Americans are analyzing the battles and asking what lessons the military and its leadership learned. The Boston Globe carried an analysis on Tuesday, May 13, by Lawrence J. Korb, who was Assistant Secretary of Defense in President Reagan's administration.

In Mr. Korb's analysis, a great deal of credit for our success must go to President Clinton, who appointed many of the commanders, prepared and recruited the troops, and modernized the weapons and strategies used in the war.

Mr. Speaker, I commend Mr. Korb's work to the entire House and ask that it appear in the RECORD at this time.

[From the Boston Globe, May 13, 2003]

THANK CLINTON FOR A SPEEDY VICTORY IN
IRAQ

(By Lawrence J. Korb)

While it is understandable that President George W. Bush and his secretary of defense are receiving plaudits for the relatively swift military victory in Iraq, the fact of the matter is that most of the credit for the successful military operation should go to the Clinton administration.

As Secretary of Defense Donald Rumsfeld noted, the battle plan that led to the American success was that of General Tommy Franks, an Army officer appointed to head the Central Command by the Clinton administration. More important, the military forces that executed that plan so boldly and bravely were for the most part recruited, trained, and equipped by the Clinton administration.

The first Bush defense budget went into effect on Oct. 1, 2002, and none of the funds in that budget have yet had an impact on the quality of the men and women in the armed services, their readiness for combat, or the weapons they used to obliterate the Iraqi forces.

Given the way that Bush and his surrogates disparaged Clinton's approach to the military in his 2000 campaign, this is ironic. The president and his advisers claimed that Clinton had diminished the armed forces' fighting edge by turning them into social workers and sending them too often on "useless" nation-building exercises. These same people also claimed that Clinton had so underfunded the military that it was in a condition similar to that which existed on the eve of Pearl Harbor.

Throughout the summer and fall of 2000, Vice President Dick Cheney summed up the Bush team's sentiment toward what Clinton had done to the military: He went around the country telling the military and the nation that help and additional support were on the way for our troops.

Anyone examining the facts would know that these claims were bogus. The Clinton administration actually spent more money on defense than had the outgoing administration of the first President Bush. The

smaller outlays during the first Bush administration were developed and approved by Dick Cheney and Secretary of State Colin Powell, who were then serving as secretary of defense and chairman of the Joint Chiefs of Staff respectively.

Clinton's last secretary of defense, William Cohen, turned over to Rumsfeld a defense budget that was higher in real terms than what James Schlesinger had bequeathed to Rumsfeld when he took over the Pentagon for the first time in 1975 at the height of the Cold War.

Not only did Clinton spend a large amount of money on the military; most of it was spent wisely. In the first Persian Gulf War, less than 10 percent of the bombs and missiles that were dropped on Iraq were smart weapons. That number jumped to 70 percent during this war because the Clinton administration ordered large quantities of upgraded munitions that made these "dumb" weapons smart. The Clinton administration also invested heavily in the technology that gave the on-scene commanders a much more vivid picture of the battlefield than a decade ago.

It was the Clinton administration that improved the accuracy of the Tomahawk cruise missile and upgraded the Patriot missile, which was so much more effective this time than the original Patriot in the first Persian Gulf War. The Clinton administration also kept the quality of our military personnel high by closing the gap between military and private sector compensation, a gap that the first Bush administration had allowed to grow, and improving retirement and health benefits for military retirees.

So if this latest military effort warrants a victory parade for the troops, let's insist that Clinton and his secretaries of defense are invited. They deserve it. And if the Bush administration wants to learn how to rebuild the nation of Iraq, they might ask their predecessors how to go about it.

IWA CALLING CARDS TO TROOPS

HON. SOLOMON P. ORTIZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 15, 2003

Mr. ORTIZ. Mr. Speaker, I rise to commend the young people at Incarnate Word Academy, IWA, in Corpus Christi, TX, for their understanding and concern about international events and their concern for U.S. troops still stationed overseas fighting the war on terror.

These young people appreciate the military service of those in Iraq and Afghanistan—and elsewhere—and they are showing that concern in a substantive way. They have raised money to buy calling cards so the men and women in uniform can call their homes and families.

I am particularly proud of these young people since they are from my congressional district. As a member of the House Armed Services Committee, I know how important these amenities are for our troops stationed overseas.

First of all, this saves our troops and their families' money on telephone bills. Secondly, it demonstrates to those wearing our uniforms overseas that people understand their sacrifice and want to help in ways that they can.

IWA could help in this way, and so they have. I want to thank Sister Camelia Hertlihy, IWA's Elementary Principal; Mr. Adolfo Garza, IWA's Middle School Principal; Ms. Suzanne Coleman, IWA's High School Principal; IWA

Student Council Representatives; and the Patriotic Committees from each school level for their hard work to make this happen.

On Friday, they will present a check to Captain Paula Hinger, the Commanding Officer of the Corpus Christi Naval Air Station to formalize their gift of the heart to our warriors.

I ask my colleagues to join me in commending these young people and the school officials for their generosity and for remembering the difficult service our military offers the United States of America.

A RESOLUTION HONORING JAMIE TITUS, LEGRAND SMITH SCHOLARSHIP WINNER OF FULTON, MI

HON. NICK SMITH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 15, 2003

Mr. SMITH of Michigan. Mr. Speaker, let it be known that it is with great respect for the outstanding record of excellence she has compiled in academics, leadership and community service, that I am proud to salute Jamie Titus, winner of the 2003 LeGrand Smith Scholarship. This award is made to young adults who have demonstrated that they are truly committed to playing important roles in our Nation's future.

As a winner of the LeGrand Smith Scholarship, Jamie is being honored for demonstrating that same generosity of spirit, intelligence, responsible citizenship, and capacity for human service that distinguished the late LeGrand Smith of Somerset, Michigan.

Jamie is an exceptional student at Athens High School, and possesses an outstanding record of achievement in high school. Jamie has received numerous awards for her excellence in science as well as her volunteer activities on missions to Mexico and Canada. Jamie has been recognized for her outstanding performances in Track and Cross Country, and is a member of the Fellowship of Christian Athletes.

Therefore, I am proud to join with her many admirers in extending my highest praise and congratulations to Jamie Titus for her selection as winner of a LeGrand Smith Scholarship. This honor is a testament to the parents, teachers, and others whose personal interest, strong support and active participation contributed to her success. To this remarkable young woman, I extend my most heartfelt good wishes for all her future endeavors.

THE SECONDARY MORTGAGE MARKET FAIR COMPETITION ACT

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 15, 2003

Mr. STARK. Mr. Speaker, I rise today to introduce, the "Secondary Mortgage Market Fair Competition Act." The bill would allow states to tax Fannie Mae and Freddie Mac on their pre-tax earnings by eliminating Fannie and Freddie's state and local tax-exempt status under their federal charter.

When Congress chartered Fannie Mae and Freddie Mac (in 1968 and 1970 respectively)

there was a need to provide a steady stream of revenue for home mortgage loans in order to increase homeownership in the U.S. Congress provided certain privileges to Fannie and Freddie in their charter that would allow that stream of revenue to continue to grow. Fannie Mae and Freddie Mac corporations are now the leaders of the secondary mortgage market and have established a strong revenue source for the primary mortgage market. It is due to these successes that I believe it is time for Congress to amend the corporations' charter and repeal their local and state tax-exempt status. Due to the current state fiscal crises, Congress should not wait to enact this amendment.

A bank originates a loan to a home purchaser and turns around and sells that loan to Fannie Mae or Freddie Mac, thus allowing the bank to use the proceeds from that first loan to originate another loan. Fannie Mae and Freddie Mac finance the purchase of these loans by issuing a tradable commodity in the form of mortgage-backed securities or MBS. When Congress chartered Fannie Mae and Freddie Mac it granted them special privileges—among these is the state and local tax exemption—not available to other private-sector firms. This was done to attract investors to purchase Fannie Mae and Freddie Mac securities. This in turn provided a steady stream of revenue available for home mortgage loans and thus, increased homeownership in the U.S. In 1992, Congress refined their charter and placed new requirements on the corporations to expand homeownership opportunities to underserved communities.

Fannie and Freddie are now thriving, successful private corporations. In 2001, Fannie and Freddie earned \$10 billion in profits combined and made Fortune magazine's list of most profitable companies. Fannie ranked 13th while Freddie ranked 18th. Both have shown record profits every year during the past 10 years. Fannie and Freddie guarantee payments to bond investors for \$2.7 trillion in mortgage debt or 44% of the U.S. total. Thirty-five years after Fannie Mae's charter, these two entities are strong and profitable enough to provide a steady stream of home loan revenue without the state tax-exempt privilege.

Their income is currently taxed at the federal level. But, they do not pay state or local corporate income taxes. In addition to the state tax exemption, other advantages of their federal charter include exemptions from Securities and Exchange Commission registration fees. The implied federal guarantee on their mortgage-backed securities also gets them lower borrowing costs than their competitors. In fact, in 2001 the Congressional Budget Office found that Fannie Mae and Freddie Mac's government-chartered status translates into a subsidy of \$13.6 billion per year for these private, self-sufficient corporations.

One might think that a subsidy of this nature is justified since the corporations are supposed to provide homeownership opportunities to underserved homebuyers. However, recent reports show that despite this worthy goal, Fannie and Freddie may not be fulfilling this promise. In April 2002, the Department of Housing and Urban Development (HUD) found that, "they continue to underperform the conventional conforming market in funding the affordable home purchase loans for borrowers and neighborhoods targeted by the housing goals." The report also indicates that Fannie

and Freddie "account for a very small share of the market for important groups such as minority first-time homebuyers."

Given all of these facts, I believe it is time to withdraw the exemption from state and local taxes for these companies. At a time when states are scrambling to find solutions to their budget shortfalls, passage of this legislation would provide a much-needed new revenue source for states that choose to tax Fannie and Freddie on their corporate income. My bill in no way requires the states to tax Fannie Mae and Freddie Mac, it merely allows them to do so. It will also help to level the playing field for Fannie and Freddie's competitors by eliminating this tax advantage provided to Fannie and Freddie. At a time when states are facing fiscal crises and Fannie Mae and Freddie Mac are facing healthy profits, states should be provided the opportunity to tax these corporations just as states tax their competitors.

The fact that these corporations are doing so well is a clear indicator that Congress' charter has served the public and the home loan mortgage industry well. But these successes should not lead Congress to shelter Fannie and Freddie from the rigors of the marketplace indefinitely. The need for Fannie and Freddie's state and local tax-exempt status has come and gone. Let's be true to states' rights and allow the states to determine the tax treatment of these corporations within their borders.

I urge my colleagues to cosponsor this bill to eliminate the state and local tax-exempt status no longer needed by the Fannie Mae and Freddie Mac corporations.

RECOGNIZING CHICO STATE UNIVERSITY POLITICAL SCIENCE PROFESSOR JON SUTTON EBELING, PH.D. ON THE OCCASION OF HIS RETIREMENT

HON. MIKE THOMPSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 15, 2003

Mr. THOMPSON of California. Mr. Speaker, I rise today to recognize the significant achievements of Dr. Jon S. Ebeling, a retiring political science professor at Chico State University in Chico, California.

Jon Ebeling earned his Bachelors of Arts in History from San Jose State College in 1962. Anxious to educate and serve, Jon entered the Peace Corps after graduation and was assigned to work in the first Peace Corps project in Ethiopia.

Upon completing his Peace Corps project, Jon returned to the United States and reentered school to pursue a postgraduate degree. In 1966 he earned his Masters Degree from UCLA and went on to receive his Ph.D. from the University of Pittsburgh in 1974.

Dr. Ebeling's enthusiasm for subject matter and life are contagious. Whether teaching statistics and research methods, public sector budgeting, evaluation research methods or cost analysis, Dr. Ebeling has the unique ability to make his courses both memorable and inspirational.

It is not surprising that Dr. Ebeling is also very active outside of the classroom. In addition to his full teaching load, he has used the