

year tax depreciation schedule, 20% per year, for buildings.

I would also recommend that the book life of any asset be restricted to no longer than five times the tax life. For instances, an aircraft with a tax life of three years would be limited to a book life of 15 years. All too often, I have seen managements reluctant to invest in new, improved equipment because of the impact to the reported P&L of a premature write-off of already obsolete equipment.

I believe the second change that's needed to re-ignite our economy is to reward patient equity investment through a graduated reduction of capital gains taxes over the years the investment is held. Lowering the capital gains tax, preferably to zero over several years, would allow the resumption of the all important start-up and mezzanine financing of new businesses. Such a tax schedule would unlock shares of stock long-held by a company founder, a circumstance that applies to me, by the way. I am confident that the release of such stock would be a net plus to the Treasury and the markets. A new capital gains tax schedule of the current 20% for securities held for one year, then dropping 5% a year to zero after a five-year holding period, would be a real stimulus to our equity markets for companies of all sizes. Such a capital gains regime would dampen the speculative churning of securities that was a big factor in the late 1990s bubble.

Lastly, the phase-out of the double taxation of dividends would restore the balance between the "symbol" economy and the "real" economy. Companies that need to make investments would have the option of doing so with equity capital versus debt. Dividends, like interest, would be fully deductible at the corporate level. The same impulses that drove the excesses of the 1980's LBO mania occur now on a smaller scale in American boardrooms everyday. The decision to invest or not is often made and financed based on the deductibility of interest and the punitive taxation of dividends. Having dividends and equity treated the same as interest and debt respectively would offer business managers an alternative model for economic growth. Investors claims on cash flows would be a powerful discipline to invest in only the most productive and wealth-creating projects for society.

If you objectively review the various fads and cycles of the last 30 years, you will see that the unintended consequences of our business tax structure in terms of depreciation schedules, capital gains taxes, and dividends taxation are at the heart of many of our economic cycles and disappointments. While there are many excellent ideas as to how to reform the business tax system, the vast majority are politically infeasible. Valued-added taxes, and so forth all founder on the revenue stream requirements of the U.S. Treasury or the vested interests of powerful political lobbies.

The advantage of the three changes I have suggested is that they will increase federal tax revenues in short order. In the case of depreciation acceleration, I am confident that tax receipts would grow almost immediately due to the rapid increase in transactions and additional economic growth. With respect to a graduated capital gains tax, as I mentioned earlier, figures show that tax revenues rose in the years of, and following the 1983 introduction of the 20% capital gains rate, and fell again when the rate was taken back up to 28% in 1987. A similar phenomenon occurred after the rate was again reduced to 20% in 1997. In fact, according to the CBO, the actual tax revenue increases for the years 1997 through 1999 exceeded initial projected revenues gains by 40 to 50%. We can expect the same kind of impact from a graduated cap-

ital gains tax rate. I believe this is true in the case of the deductibility of dividends as well, although there are conflicting studies as to the timing of the overall benefit. In any case, the reform of dividend taxation could be phased in over several years to lessen the immediate reduction in federal taxes. The new ability of members of Congress to request a dynamic scoring of the effects of tax policy proposals should be able to demonstrate the positive effects of these tax reforms or reforms similar to them.

Most people today are surprised to learn that in fiscal '01, business income taxes only produced about \$170 billion or 8.5% of total federal revenues of slightly over \$2 trillion that year. The vast majority of U.S. tax revenues come from personal income taxes and FICA taxes. This split in revenues reflects the transition over many years to a wealthy, consumer-driven economy, nourished by substantial private investment. The relatively low percentage of federal revenue coming from the current corporate tax system means that such fundamental business tax reform as I've suggested is, in fact, possible. In other words, such a stimulus package for business investment has great upside and manageable downside risks in terms of increasing the near-term deficit.

In conclusion, we must reinvigorate business investment. This engine of future prosperity must now be re-tuned if we are to achieve adequate levels of economic growth and improved productivity to meet the income aspirations and needs of our citizenry. To these ends, the five reforms I've outlined should be the centerpiece of an immediate economic stimulus initiative by the President and Congress.

I'm confident our political leaders have the best interests of the future generations in mind. Being an optimist, I think we can muster the will to get this done. The alternative is so grave that I cannot contemplate our not doing so.

Thank you so very much for your kind attention.

#### FACING THE PROBLEM OF SHABBY TREATMENT OF AMERICA'S VETERANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. STRICKLAND) is recognized for 5 minutes.

Mr. STRICKLAND. Madam Speaker, tomorrow evening the President of our country will enter this Chamber to deliver to the American people a message concerning the state of our Union. I am sure he will talk about the strength of our military, and he will praise the brave young men and women who even tonight stand ready to defend our country against all enemies.

One of the things I hope the President talks about tomorrow night, however, is the rather shabby treatment that this administration is directing toward our Nation's veterans, those who have fought the battles in years past, many of them now quite old and many quite sick.

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Why do I call the treatment of our veterans today shabby? Could it be because for a veteran to receive an appointment at one of our health care clinics, it is not uncommon for them to have to wait 6 months just to see a doctor?

In yesterday's Columbus Dispatch newspaper, Jonathan Riskind wrote a column about veterans' health care, and he started that column with this sentence: "Warning," he wrote. "Warning: The following tale should send chills through the hundreds of thousands of American soldiers poised to go to war, and it should outrage the rest of us."

What was he talking about? He was talking about the state of veterans' health care in America today.

I would just like to point out, Madam Speaker, that approximately 1 year ago the Veterans Administration sent out a memo to all of its health care providers across this country. That memo represents a major policy change. That memo represents a gag order, because in that memo all of the health care providers are directed that they can no longer market VA services to veterans. It is almost unbelievable that at a time when we are poised on the brink of war that this administration would say to those who provide health care to our veterans, you cannot talk about the services these veterans are legally entitled to receive. You cannot go to community health fairs. You cannot go to veterans' services organizations and sign up veterans for services. You cannot make public service announcements about the services that veterans are legally entitled to receive. You cannot send out newsletters informing veterans what the Congress has provided for them.

It is a shameful policy. It is a policy which I think is illegal. I think it is contrary to law. Under the law, before an agency of this government can make such a policy change, they must come to this Congress and give us an opportunity to evaluate that policy and to approve or disapprove. But this policy was instituted without any consultation with those of us in this Congress, and I think it ought to be reversed.

Then, just literally a couple of weeks ago, the VA administration decided to create a new priority group within the veterans' groups. Priority 8, they call it. And then they hasten to say, veterans who are in priority 8 cannot sign up for the VA health care system.

Now, these are men and women who have served our Nation honorably. They have paid the price, given the time, and we are saying to them, because you may make \$26,000 or \$30,000 a year, you make too much money, and so you can no longer participate in the VA health care system. It is a shameful decision, and it is one that I hope the President speaks to tomorrow night. I hope he tells us that he is reversing these shameful policies, that he will no longer put a gag rule on our VA health care providers, that he will no longer deny the ability to enroll in the VA health care service to Priority 8 veterans.

Madam Speaker, I have spent the last several days visiting VFW halls, American Legion posts and other posts. The

veterans of this country are becoming aware of what is being done to them, and I urge this Congress to take action to reverse these policies.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.J. RES. 13, MAKING FURTHER CONTINUING APPROPRIATIONS FOR THE FISCAL YEAR 2003

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 108-3) on the resolution (H. Res. 29) providing for consideration of the joint resolution (H.J. Res. 13) making further continuing appropriations for the fiscal year 2003, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REMEMBERING WILLIE JAMES "BUDDY" CHISHOLM

The SPEAKER pro tempore (Mrs. BIGGERT). Under a previous order of the House, the gentlewoman from California (Ms. WATSON) is recognized for 5 minutes.

Ms. WATSON of California. Madam Speaker, I rise today in sadness to share the passing of a good friend and a model parent, Mr. Willie James Chisholm. He was better known to me and his other friends and family as "Buddy."

His passing will be strongly felt by all of us because he was such a dedicated and caring person. One of the many things I admired about him was his joy in being a father. He made it a priority in his life to spend quality time with his two children, William and Cheryl.

The time spent with children is priceless and something that is hard to do for most parents, given how busy our lives have become. But Buddy knew how important it was and made sure to be a strong role model for his children, grandchildren, and other young people he knew in his community.

Indeed, Buddy exhibited traits that are fast becoming relics of the past: a dedicated and fulfilling faith, commitment to his 27-year career at McDonnell Douglas as a brick mason, and a love for the outdoors, sports, and traveling.

The world is a better place with people like Buddy Chisholm in it. His presence will certainly be missed. His memory will live on spiritually in the lives of those he touched, as well as physically in the many brick-laying projects he was involved with that beautified the Los Angeles area.

I send my heartfelt condolences to the Chisholm family. My thoughts and prayers are with them.

ECONOMY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Madam Speaker, the President has the wrong plan on the economy. We need to focus on job creation and not on elimination of the tax on dividends. The President's plan only helps the wealthy and not middle-class and low-income Americans.

Fifty-five percent of Americans believe that President Bush is not paying enough attention to the economy. The economy has lost 1.7 million jobs over the last two years and there are now 8.6 million Americans out of work. The plan unveiled by the President is simply more huge tax breaks for the few that will not stimulate growth and create jobs.

As millions of people are out of work and the economy continues in a weak and jobless recovery, we must have a strong and immediate economic program that gives workers and families money immediately.

The centerpiece of the President's plan—the complete elimination of all taxes on stock dividends—will primarily benefit the wealthy rather than putting money into the hands of working class families.

The Congressional Budget Office concluded last year that "tax cuts that are targeted toward lower-income households are likely to generate more stimulus dollar for dollar of revenue loss—that is, be more cost-effective and have more bang for the buck—than those concentrated among higher-income households."

Ending the dividends tax will not provide the economy with a short-term stimulus. The Bush plan calls for a 10-year, \$600 billion tax cut package. The President's plan simply favors the wealthy. The Democrats have offered a \$136 billion plan for families and businesses and tax cuts that would take effect this year.

Projections indicate that the President's plan would boost budget deficits even higher. A study by the Urban Institute and the Brookings Institution show that a typical taxpayer with taxable annual income of \$30,000 to \$40,000 would receive a tax cut of \$42 in 2003. For a family, this does not amount to much. However, those with taxable incomes of more than \$1 million would receive on average \$27,097.

The Democratic plan provides \$55 billion in tax relief for working families, including a one-time rebate of \$300 for individuals and \$600 for married couples. It also includes \$32 billion in business tax cuts; small businesses could write off up to \$50,000 in investments; and cash-strapped state governments would be provided with \$31 billion which could be used for homeland security, roads and bridges, Medicaid and aid to the unemployed.

Unemployment is at its highest levels in a decade. Nearly 6 percent of Americans are unemployed and daily we hear about corporations laying off tens of thousands of employees. Our trade deficit stands at 14 percent.

The President's economic stimulus package and a war against Iraq would push the federal budget deficit into record levels—as high as \$350 billion.

Tax cuts cost and we are already operating under deficits—and the President has not clearly outlined who will pay for these tax cuts to the wealthy.

IRAQ

I am pleased that the United States, in seeking United Nations support for a new Security Council Resolution regarding Iraq, chose the path of multilateralism in dealing with Iraq and the potential threat of any weapons of mass destruction that it may possess.

Through strong diplomacy, we have placed weapons inspectors back on the ground, armed with greater investigative power and new technology that enables them to be more effective at their difficult task.

To date, it appears that Iraqi officials are granting access to all sites visited including presidential palaces and other sensitive locations. Now that we have re-established a system that contains all of the components that we deemed necessary in the latest resolution, it is important that we give this program a change to succeed.

The policy of the government appears confused at this point—still determined to effect regime change even as we profess to be choosing the path of peace. This is troubling because the Congress still retains the obligation to declare war should it become necessary, and the UN Security Council has been vested with the authority to evaluate the level of Iraqi cooperation prior to authorizing the use of force.

All preparations seem to be for war, and not for peace. The military buildup in the region does not appear to be countered by an equally aggressive diplomatic agenda to solve the crisis.

When our military openly speaks of planning for a war to begin in mid to late February, our foreign policy appears to be directed solely by the weather conditions in Iraq instead of serious consideration of what war will do to the region as well as to the economic and military security of our own country.

This is tantamount to holding a finger up to the wind to decide which route to take. The lives of our brave members of the armed forces are far too precious to risk based on planning that makes the weather the primary consideration on whether or not to wage war.

And now in recent weeks there has been an increasingly tense war of words between the North Korean Defense Ministry and U.S. government officials.

By all accounts, North Korea poses a more immediate threat to its neighbors and the United States than does Iraq. North Korea undisputedly has a deadly nuclear arsenal and has unabashedly pledged to reactive its nuclear weapons program.

When confronted recently with the possibility of sanctions to force its compliance with its previous non-proliferation agreement, North Korea responded by stating that sanctions are war, and that in war it would be merciless.

Today's threats are not the same as they were only months ago. Today's new threats pose new challenges to our Nation—challenges that our Congress is duty-bound to meet.

Congress is obligated to examine the new challenges that face our country and the world and to make crucial decisions based upon all of the information available. Making a truly informed decision with respect to the threats we may face today demands that we reconsider the decision we made months ago when our world was a different place.

On January 7, 2003 I introduced legislation that would repeal the Use of Force Against Iraq Resolution that was signed into law last October. Public Law 107-243 was enacted into law on October 16, 2002 prior to the deployment of United Nations weapons inspectors in Iraq, and at a time when the current nuclear crisis in North Korea had not reached its present level of dangerous tension.