

where are the Democrats? It is the same parade we have been seeing nearly 10 years now: voting no, scaring the people back home, scaring the vulnerable members of our society by saying these budgets do horrible things.

The reality is that the budget takes care of the critical needs of our society. It takes care of defense, it takes care of Social Security, it takes care of homeland security, it takes care of unemployment. Yet the Democrats are focused in on the fact that we are asking some very wasteful government bureaucracy to reduce their budgets by one cent, one penny on the dollar.

We do that routinely to Americans back home. As families, as taxpayers, we often have to cut our budget. I find it unbelievable, and only in this town are people suggesting that bureaucracy cannot find one cent on one dollar outside of these very critical areas.

The CHAIRMAN pro tempore (Mr. DUNCAN). The Committee will rise informally.

The SPEAKER pro tempore (Mr. PENCE) assumed the Chair.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Wanda Evans, one of his secretaries.

The SPEAKER pro tempore. The Committee will resume its sitting.

#### CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2004

The Committee resumed its sitting.

□ 1630

Mr. STARK. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from New York (Mrs. MALONEY), who is fighting Republican efforts to cut \$13 billion in Medicaid funds from the State of New York.

Mrs. MALONEY. Mr. Chairman, I thank the gentleman from California (Mr. STARK) for yielding me the time and for his leadership.

Today is a solemn day, but as Americans focus on our Armed Forces abroad, here at home we face an unprecedented moment in our budget history. Never before has Congress tried to pay for a war and at the same time pass a massive tax cut. This budget also compromises future economic stability because it is so demographically blind.

If we cannot plan to address the debt now, how are we going to keep our promises to the elderly when the baby-boom generation retires? The fiscal policies of the President enacted by the Republican Congress will impose a massive deficit burden on our children and our grandchildren.

In 2000 we had not only eliminated the deficit, President Bush inherited a surplus of over \$230 billion a year, but now the projected deficit is over \$300 billion for this year alone, and at the

close of fiscal year 2002, the government debt stood at \$6.2 trillion.

The President's own numbers show that were we to enact his programs as proposed, we would grow this debt by \$2.1 trillion from 2002 to 2011, and that is before we begin to account for the war. And we know that former economic adviser to the President, Lawrence Lindsey, estimated the war would cost over \$100 billion.

We have learned that we cannot have guns and butter without negatively affecting the economy, yet the Republican budget pushes ahead with a massive long-term tax cut before we finance the war.

At the same time, they grow the deficit, the Republican budget manages to cut vital programs, including health care, Medicare, Medicaid, housing, school lunches and veterans' benefits. The impact of these Federal cuts will be magnified by the States where budgets are unbalanced, forcing additional reductions in services and local tax increases.

The Republican budget does absolutely nothing to help the States. The Democratic budget does. This irresponsible budget has long-term consequences. I disagree with the administration. Deficits do matter. Over time, the debt will lower economic growth and increase interest rates. The effect will be a hidden tax increase on our constituents in the form of higher interest rates on mortgages, credit cards and car loans.

I urge a no vote on the Republican budget and a yes vote on the responsible Democratic budget.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield 2 minutes to distinguished gentleman from Florida (Mr. PUTNAM).

Mr. PUTNAM. Mr. Chairman, I thank the gentleman for the time.

Mr. Chairman, we have been through this budget process, and I serve on the Committee on the Budget, and we have worked through a very deliberative process where there can be legitimate disagreement over how we fund these priorities, but the bottom line is this.

This country has suffered a national emergency through September 11. We are engaged in war at this time, and we have come out of a recession that has put tremendous pressures on our revenues, but there are some in this Chamber who think that Washington should be exempt from belt-tightening when every school board, every municipality, every State in America is going through the same process. Just because we print the money does not mean that we should not have to find savings.

There are people on both sides of the aisle, Mr. Chairman, who want to work towards a responsible way to save Social Security, to save Medicare. As a young Member of this Congress, I believe we have to think beyond the next election and beyond the next budget to do those kinds of things, but if we cannot find 1 percent savings, then we will never, ever be able to tell the American people that we can take the giant leaps to reform those huge programs.

The gentleman managing the floor for the other side on this debate has labeled some of us in this Chamber as henchmen for supporting our President's crusade to liberate Iraq. He has accused the President of ordering the assassination of Saddam Hussein to cover up for the fact that we have yet to find bin Laden, although we have disrupted al Qaeda. I resent that, Mr. Speaker, and I think that he should take his tongue-in-cheek tirade back to Baghdad where some of his colleagues have trod in the past. It is unacceptable when our young men and women are at war to have those kinds of character assassinations. To label Members of this body as henchmen, to go after the character of our President who has led this Nation through so much, goes above and beyond legitimate disagreement over the priorities that this budget should have, and it is unacceptable, and it should not stand.

Mr. STARK. Mr. Chairman, I think the previous speaker was a little confused.

Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Washington (Mr. MCDERMOTT) who has been to Baghdad recently and has also served in the military, but also recognizes that the State of Washington is going to lose \$1.7 billion in Medicaid funds if this budget were to pass.

Mr. MCDERMOTT. Mr. Chairman, I thank the gentleman from California for yielding me the time.

When the gentleman from Iowa (Mr. NUSSLE) heard I was coming over here, he said, are you bringing your walnut shells? Are we playing the shell game again over here? I said, no, I have got a new thing that came from the White House. It is a rubber stamp. It says "official rubber stamp." I approve of everything George Bush does.

Now that is what we have on here on the floor. You are not henchmen. You are just a rubber-stamp bunch.

What is awesome about this day is we are going to war. Maybe that message we just got in here was the war message, I do not know, from the President, but Iraq is a country where 60 percent of the people get their food through the Oil-for-Food Program. We have now told the United Nations take their people out, there is no longer any way to feed 60 percent of the 24 million people in Iraq.

They are your responsibility now. You have taken that on by saying, we are going to bring you democracy. Democracy is a pretty empty thing if you have got an empty stomach. So you are going to have to come up with some money to pay for the food program. There is not one thin dime in here.

My colleagues know that the Lord Jesus Christ went up on the Sermon on the Mount there, and he gave this sermon and said that you should feed the poor. That is in Matthew, Matthew 26, I believe, and my colleagues all know that. All good Christians know that. We are all Christians in this country, are we not? We ought to have some

money in here figuring out how we are going to pay for those people.

It is not just the Iraqis that are going to be in trouble. In Eritrea, the world food program will be out in 2 months. Burundi has enough for another 4 weeks. The beans are gone in Liberia, and by the end of May they will have no cereal. There are 1,000 refugees in Guinea with nothing after August 10.

This is a budget where we put 400- and I do not know how many billions of dollars into the defense budget, but there is not a thin dime in here for the people of Iraq. We are saying, oh, we are bringing in democracy, oh, yes. Those people in Afghanistan learned about our democracy. The first year we did not authorize anything. Then we coughed up \$300 million after a while. The U.N. said they needed \$10 billion. We put in \$300 million. The next year we are about \$270- or \$290-, and we refused to make any long-term commitments. This is a country where we spent \$4.5 billion bombing them, and we can only come up with \$300 million a year to rebuild them. Tell me how the Sermon on the Mount figures into that. Do my colleagues think that is what Jesus would want us to be doing?

The fact is that the President of Afghanistan came over here, Karzai. He went to the White House very shortly ago, last week or the week before, begging for money because he is broke. We gave him \$50 million in OPEC money, but said, by the way, \$35 million has to go to build a hotel.

Mr. RYAN of Wisconsin. Mr. Chairman, I am not sure how to respond to all that other than just to say I yield 1 minute to the gentleman from Ohio (Mr. TURNER).

Mr. TURNER of Ohio. Mr. Chairman, I want to congratulate the gentleman from Iowa (Mr. NUSSLE) for his leadership. I commend him for taking on the task of restraining spending and making certain that we move back to fiscal responsibility.

With the war on terrorism and our struggling economy, our projected budget deficits are staggering. Throughout our country, State, local, community governments and businesses are cutting their budgets to respond to declining revenues. Americans expect us to do the same.

Only the Federal Government tries to put together a budget where it looks to see how much it is going to spend first and then looks to revenues, and to some Members of this body the Federal Government can never spend enough.

This budget asked certain Federal agencies to find 1 percent in savings in waste, fraud and abuse and efficiencies. It is amazing today that we would have a discussion over an argument over 1 penny in a dollar. There is not an agency in our government, there is not an organization that we have that cannot find 1 percent in waste and efficiency even in good times. In the times that we are in, it is certainly essential that we put forth the effort.

Mr. STARK. Mr. Chairman, could I inquire of the Chair how much time remains on both sides?

The CHAIRMAN pro tempore (Mr. DUNCAN). The gentleman from California (Mr. STARK) has 10 minutes remaining. The gentleman from Wisconsin (Mr. RYAN) has 17½ minutes remaining.

Mr. STARK. Mr. Chairman, could I inquire of the distinguished gentleman how many speakers he has?

Mr. RYAN of Wisconsin. We have enough speakers to fill up the time. Would the gentleman like us to catch up?

Mr. STARK. Sure.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, today I rise in strong support of the majority budget resolution. Some critics across the aisle believe that the only answer to our Nation's challenges is to take a larger slice of the family income pie. This budget works to increase the size of that pie by growing the economy.

At a time of war, it is irresponsible to do anything else, but to get economic growth, to get better jobs, to get better wages, to get families and small businesses to risk their time and their savings on that new software idea, that transmission repair shop, they must have tax relief, and they need real and permanent tax relief.

Our plan does just that. The Democrat plan, more taxes, more waste, more fraud, more spending, more big government.

Mr. Chairman, it is not just faith that we have, but historical evidence that tax relief works. When President Reagan lowered tax rates in the 1980s, real economic growth averaged 3.2 percent a year, and Federal revenues actually increased, increased by 20 percent. President Kennedy reduced tax rates in the 1960s, and we experienced several years of 5 percent economic growth. The same is true of tax relief in the 1920s.

Some of the colleagues across the aisle criticize this budget because they do not believe it grows government fast enough. This budget is growing the government by 3 percent, almost twice the rate of inflation, but more importantly, it helps American families pay for their programs.

Forty-six million married couples would keep \$1,700 more of what they earn. That is enough to pay two mortgage payments. That is a housing program. Thirty-four million families with children would keep an additional \$1,500, enough to purchase a personal computer. That is an education program. Six million single mothers would keep \$541, enough to purchase a month of day care. That is a child care program.

Mr. Chairman, contrary to what our colleagues across the aisle believe with

their budget, we cannot tax our way into prosperity. We cannot spend our way into prosperity. We cannot sue our way into prosperity. We can only grow our way into prosperity.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield 1 minute to the gentleman from Maryland (Mr. GILCHREST).

Mr. GILCHREST. Mr. Chairman, I thank the gentleman for yielding me the time.

I would like to tell my colleagues on actually both sides of the aisle that none of us are rubber stamps over here. We are actual human beings and Members of Congress. We do not rubber-stamp what the President wants or does not want us to do.

I would also like to say to my colleagues, and, if I may, to the people of Iraq, we will stay with you to not only feed you in the interim.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore. The Chair would remind all Members that remarks are to be addressed to the Chair.

Mr. GILCHREST. Mr. Chairman, to give a man a fish, he eats a day. To teach a man how to fish, he will eat for the rest of his life, and the oil in Iraq will be used to improve the quality of life for people in Iraq.

□ 1645

Mr. Chairman, this has been one of the best, well-planned operations in the history of the world. It has been open for debate for months and months and months; and, yes, we support our troops in Iraq. The United States Government's major role is to defend this country, but also to ensure that those in need are taken care of: those that are hungry, the sick, the infirm, the homeless, and the children. And what is the government's role as far as the economy is concerned? The government's role as far as the economy is to create a structure that stimulates economic productivity in the private sector. Support the resolution.

Mr. STARK. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Chairman, if the enemies of America had a plan to slowly undermine our country and sap our economic vitality, I think it might look a lot like the plan that underlies this resolution. With bombs dropping, missiles flying, and America's brave sons and daughters in the desert preparing to march against the tyrant, Saddam Hussein, the Republican leadership buries its head in the sand, offering a budget that does not even include the costs of this war or the rebuilding and occupation, which may go on for decades, in a land as volatile as the oil beneath it.

I spent more on a cup of coffee this morning than the Republicans have included in this budget for the war—a war that every American is watching and praying about and that is unfolding as we speak.

Of course, the last Republican to estimate the cost of war, the President's top economic adviser, Lawrence Lindsey, was fired for his efforts, even though he gave a low-ball figure of a mere \$200 billion. This represents part of a deliberate strategy by this Administration to hide from the American people the true cost in blood, money, and insecurity of its reckless, new, preemptive-strike policy.

The deliberate choice to ignore the war in this budget is similar to the President's decision to ignore the last war in the budget he just proposed to us. He forgot to include any money for Afghanistan this year, absolutely nothing. Yesterday's priority and headlines, are today's forgotten footnotes.

It is not that the Republican leadership is intentionally harming our people. It is just that they are so blinded by their rigid ideology and lack of new ideas that all they can offer our people in this hour of need is more tax breaks for the few. How else can we explain the recent declaration of the Republican leader, the gentleman from Texas (Mr. DELAY), that "nothing is more important in the face of war than cutting taxes."

Today with so many staring death right in the face, is there really nothing more important than cutting taxes?

While our Defense Secretary may deride our traditional allies as "old Europe," some of us yearn for the old America, an America that when it confronted war understood the importance of shared sacrifice from all of our people, that did not say to some, go risk your life in defense of our country, and to the rest, you risk having to get a bigger pocketbook for more tax breaks; an America that did not say, we will borrow all of the money from those who pour in their Social Security and Medicare tax dollars, we will borrow from them in order to grant tax breaks to a few.

This is a Republican leadership that is AWOL on observing the duty to pay for America's needs. It is our children who will suffer from it.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield 1 minute to the gentleman from Indiana (Mr. CHOCOLA).

Mr. CHOCOLA. Mr. Chairman, today of all days, there is no greater priority than protecting Americans, supporting our troops, and supporting our Commander in Chief. In the face of unprecedented threats to our domestic and international security, this wartime budget ensures that we can win the war on terrorism, and at the same time it protects our homeland from future challenges by providing for the new Department of Homeland Security.

It also strengthens our economic security. By leaving more money in the hands of the people who earn it, we encourage Americans to invest in their families and communities, to create jobs and grow the economy.

Finally, this budget also continues our commitment to our seniors by providing for a prescription drug benefit.

Mr. Chairman, this resolution will defend our Nation. It will grow our economy. It will protect our seniors, and it will place our Nation's budget back on the path of balance. I urge this House to pass this budget resolution.

Mr. STARK. Mr. Chairman, I yield 2½ minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, I find it very surprising that the leaders of the House would schedule this important national debate today during the first 24 hours of the Nation's war against Iraq. We should be standing in respectful solidarity with the brave men and women carrying out this very difficult and dangerous assignment in Iraq.

Yet the budget before us presents two features that leap out as nothing less than bizarre given the military action under way. First, nowhere in the budget is there any cost provided for the waging of this war or the U.S. taxpayer dollars that will be spent in Iraq when we have prevailed, spent to safeguard the democratic transformation of Iraq, spent to safeguard the welfare of the Iraqi people. What will it cost? \$100 billion, \$110 billion, \$120 billion. Nobody knows. We cannot know on the first day of military action, but we all know it is not going to be cheap. It will cost, and it will cost a lot. Yet the budget plan before us which runs deficits for the next 10 years does not reserve a penny for these costs.

The second aspect of this budget is even worse in light of the mission under way in Iraq. \$28 billion is cut over the next 10 years from the budget of veterans affairs. The ultimate impact will be reduce veterans health care services, force cuts in disability benefits for those permanently disabled while serving our Nation's military. Today we have young men and women with their lives on the line. It is wrong, absolutely wrong to cut the health benefits and the disability benefits of those that have served our Nation in the military.

Later today this House is going to consider a resolution of words supporting our troops. Support of words will not provide the health care our veterans need, fund the disability checks of those forced to live with the wounds of battle. Resolutions of support offered while imposing cutbacks in veterans benefits and disability benefits ring hollow, indeed, and, in fact, represent the most hypocritical act I have seen while serving in this Congress. Our Nation's troops deserve so much better. Reject those veterans cuts; reject this budget.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to point out, the veterans budget increases in this budget. The discretionary budget increases by 6 percent; the mandatory budget increases by 7 percent. We increase veterans spending in this budget.

Mr. Chairman, I yield 2 minutes to the gentlewoman from Tennessee (Mrs. BLACKBURN).

Mrs. BLACKBURN. Mr. Chairman, the gentleman from Washington (Mr. MCDERMOTT) mentioned Jesus Christ in this budget, and I kind of think Jesus Christ would have liked it. In our house we always had a saying, if 10 percent was good enough for God, 10 percent ought to be good enough for the budget; and this budget is going to save millions of Americans billions of dollars over the next 10 years because it puts in place a new, lower 10 percent rate, and that is a good thing when we leave money in the pockets of American taxpayers.

Mr. Chairman, I rise to support this budget and am pleased that it includes funding for tax relief by the President. Implementation of the President's economic growth package would create thousands of jobs and reduce taxes for 1.7 million Tennessee taxpayers, many of who are family and small business owners. Indeed, it is important to note without enacting this package, an additional 1.4 million taxpayers will have to pay the alternative minimum tax. This tax was originally enacted in the 1960s to preserve fairness in the code; but over the last 10 years, this tax has started to affect many middle-class families. Over the next 10 years, these families would have to pay more than \$37 billion in extra taxes. I am sure they will not think that is fair, and I am sure they will not be happy with the other side of the aisle who are blocking reform because they do not think we can save even a penny on a dollar of waste, fraud, and abuse in this budget.

The President's growth package raises the exemption level of the AMT to save these taxpayers from these additional costs. Mr. Chairman, I know this House wants to provide tax relief to the families of America, especially in this time of economic uncertainty.

Mr. STARK. Mr. Chairman, I yield 1 minute to the gentlewoman from the District of Columbia (Ms. NORTON).

Ms. NORTON. Mr. Chairman, the President and the majority have put us on a budgetary equivalent of automatic pilot. No matter what the Nation faces in emergencies, wars and ups and downs of the economic cycle, only tax cuts for the rich remain stable.

Denials and delusions have taken over the majority. They now tell us that the Bush tax cuts are the only thing that saved us from a worst economy. That must be magic then, because the tax cuts have not gone into effect, only the rebate has and that ought to be called the Democratic tax cut.

This budget cheats each and every other American except wealthy Americans. The only people who have sacrificed for this country since September 10, 2001, were those who died in New York and the Pentagon and those who are now serving as Reservists abroad.

Mr. Chairman, we have to show that we can do more than what this administration has done for the last 2 years, which is to give us 2.5 million jobs lost. We must not approve a budget where the only sacred cows are not citizens, seniors or children, but tax cuts for the wealthy. Vote for the Democratic alternative.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the purpose of this hour of debate is dedicated to the Joint Economic Committee to talk about the economy, so I would like to spend a few moments to do just that.

Our economy is in trouble. Just in the last month of February, we lost 308,000 jobs. That is one of the sharpest drops in recent history. The unemployment rate at this time stands at 5.8 percent. While this is relatively low by historical standards, it is high by recent history. Unemployment was only 4 percent as recently as the year 2000.

□ 1700

Mr. Chairman, there are three parts of our economy by definition, consumption, investment and government spending. Consumption is relatively high in this country: retail sales, new refinancings on homes, car purchasing. It is why our economy grew at 2.75 percentage points last year. Government spending, even though you would not hear it from the other side, is at an all-time high. Investment on the other hand, Mr. Chairman, has declined in this economy. In fact, investment spending in this economy has declined for eight consecutive quarters, for 2 years.

What are we going to do about it? That is an important question, and that is a question that is addressed and answered in this budget.

Mr. Chairman, there are two schools of thought here in Washington. One school of thought we are seeing on the other side of the aisle is that we just need to spend more money, and that way we will grow the economy. Let me review that for a moment here with this chart, and let me explain why more government spending does not create jobs.

Number one, to spend a dollar the government first must tax or borrow that dollar from an individual or business. Second, that individual or business now has 1 less dollar to spend or invest. Third, the government then spends that dollar. But, fourth, there is no net effect in economic activity. Government spending goes up by a buck, personal private spending goes down by a buck.

What is the alternative vision to that, Mr. Chairman? The alternative vision is to create jobs and promote economic growth by reducing taxes. How does that happen? How does this work? Number one, the higher taxes are, the less incentive there is to work or invest. It is an economic principle that economists from the left and the

right agree upon. For example, an individual will invest more money when their after-tax income on each dollar invested is 80 cents than they would likely invest if their after-tax income is 50 cents. Put another way, if half of your money goes to taxes, you have less of an incentive to work and invest. If more of your money goes into your own pocket, you have a higher incentive effect to work and invest. More investment means more capital to expand, create businesses and to grow jobs. So new and expanded businesses means new jobs. That is why the net effect of reducing taxes in this budget will create jobs.

What kind of tax cuts are we talking about? How many new jobs are we looking at? To give you a quick preview of what Americans are looking at in the President's economic growth package, in the economic growth package that is accommodated in this budget, it is basically this. Under the President's proposal to speed up tax relief, 92 million American taxpayers would receive, on average, tax cuts of over \$1,000 in this year alone. Forty-six million married couples would receive an average tax cut of \$1,716. Thirty-four million families with children would benefit from an average tax cut of \$1,473. Six million single women with children would receive an average tax cut of \$541. Thirteen million elderly taxpayers would receive an average tax cut of \$1,384. Twenty-three million small business owners would receive tax cuts averaging \$2,042. For example, a typical family of four with two income earners earning a combined \$39,000 in income would receive a total of \$1,100 in tax relief and would wipe out their Federal tax liability.

Mr. Chairman, how many jobs is this going to create? This is something that has been a topic of discussion for quite a while this year, and there are a lot of estimates on this point. According to conservative estimates by the Council of Economic Advisers, this plan will generate 2.1 million jobs over the next 3 years. According to other estimates, like the Business Roundtable, they put that figure at about 3 million new jobs at the end of the year. Macroeconomic Policy Advisers from St. Louis estimates that this economic growth package would increase new jobs, create brand new jobs, to the tune of 2 million new jobs by the end of 2004.

This is what it is all about, Mr. Chairman. The reason we went into deficit is because people went from working and paying taxes to getting laid off and collecting unemployment. Sixty-eight percent of the loss of the surplus that occurred last year alone occurred because of this. We realize more spending is necessary to fight the war on terrorism, to win the war in Iraq, but we also realize that if we can get people back to work, the most moral economic policy is getting a person a job. It is becoming good economic policy, it is good fiscal policy, because if a person has a job, they are paying

taxes, and they are bringing more money to the Federal Government.

An issue that often comes around when we are talking about the tax bill is dividends. I would like to shed some light on why we are trying to repeal the double taxation of dividends. It is no secret if you go around this country and talk to manufacturers, talk to farmers, talk to small business men and women, that we are in global competition, that we are under pressure from trade from China, from Mexico, from other areas. One area where our Nation is so uncompetitive is in the area of taxes. When you take a look at how dividends are taxed, it is done basically like this. First a company makes money, and then it pays taxes on that money. Then if it wants to share its earnings with its owners, its shareholders, it passes that on to its shareholders in the form of a dividend. But in this country, that dividend gets taxed again. And so we have double taxation on dividends, which actually looks at about 60 to 70 percent of every dollar moving through our economy.

To put it another way, Mr. Chairman, we tax dividend income higher than any other industrialized country in the world except for Japan. Looking at this chart here, which shows us basically a list of all the industrialized countries in the world, the United States of America taxes dividend income more than any other country except for Japan. I would not want to be Japan because they are entering their second decade of recession right now.

What is accomplished by repealing the double taxation on dividends? Who benefits? This is a discussion that we have heard a lot. Mostly who benefits by repealing the double taxation on dividends are senior citizens. Half of all Americans who receive dividend income are senior citizens, and half of all seniors in America receive dividends. But more than just that. The people who own stocks, half of all households in America own shares in the stock market. People who have pension plans, people who have 401(k) plans, people who have IRAs will benefit from this because by repealing the double tax on dividends, you are increasing the after-tax rate of return on investment. What that means is you are increasing the value of all equities in the stock market. This is why economists from all over the spectrum, liberal and conservative, are telling us that if we repeal the double tax on dividends, we will increase the value of the stock market by anywhere from 7 to 20 percent. Imagine that, a 20 percent increase in the value of stock markets.

Mr. Chairman, we all heard the stories about seniors who have seen their savings portfolio wiped out by the losses in the stock market that have occurred over the last year or two. We have seen the stories where pensioners, where people getting close to retirement have seen their retirement go away to the point they have to go back to work or work longer than they had

planned. If we can do something that would actually improve the value of people's pension funds, IRAs, the stock market, that would be a good thing, I would think.

And so, Mr. Chairman, that is why it is important to do this kind of economic policy. If we repeal the double tax on dividends, not only will we help senior citizens, not only will we help revive the stock market, not only will we help get people their jobs back and grow the economy, but we will also help restore good corporate governance to our Nation's corporations.

One of the reasons why the stock market declined so much in this past year is because of all that corporate malfeasance that occurred. One of the reasons why we have bad decision-making in America's boardrooms is because in our Tax Code is an incentive to actually grow your corporation through borrowing, through debt financing, rather than honestly through equity growth. What I mean when I say that is we give companies a tax break if they borrow and borrow and borrow to grow their companies. And when we go into tough times, like a recession, what happens is these companies go bankrupt. That is one of the reasons why WorldCom, Global Crossing and all of these companies went bankrupt. But if we give companies an incentive to share the wealth with their shareholders, to grow their companies honestly through equity, we can strike a blow for good corporate governance.

For many reasons, this is why this economic growth plan makes sense. The most important reason, Mr. Chairman, why we are trying to pass this budget is, number one, protect our priorities, win the war on terrorism, win the war in Iraq, and get people their jobs back. The best way to get this economy growing is to let people keep more of what they earn and allow businesses to keep more of what they make.

One of the other great provisions in this tax bill is the fact that we lower the small business tax rate down to the level of large corporations. What we do not see that is being offered later in the budgets that are the alternative budgets, the Blue Dog budget, the Spratt budget, is that they raise taxes. They actually raise taxes on small businesses. What we are doing here is recognizing the fact that today, this very day, we are taxing small busi-

nesses at a higher tax rate than we tax large corporations in America. And so what we are simply trying to do is lower the tax rates on small businesses, not below the tax rate that large corporations pay, but down to the tax rate that large corporations pay.

I urge a "yes" vote on this budget, Mr. Chairman.

Mr. Chairman, I yield back the balance of my time.

Mr. STARK. Mr. Chairman, I am delighted to yield 2 minutes to the distinguished gentleman from Michigan (Mr. LEVIN), who understands that Michigan is going to lose almost \$3 billion in funds for SCHIP and Medicaid under the Republican budget.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Chairman, we have heard the siren song again, but let us look at the facts. First of all, as to veterans, this is undeniable, and I want to read it: The reconciliation instructions in the Republican plan require \$14.6 billion in unspecified reductions in veterans' benefits. This \$14.6 billion cut represents a cut of 3.8 percent in mandatory spending below the levels in current law, and we are doing this on this day.

Secondly, as to the income figures, for families with incomes below \$75,000, they are not going to receive this big boon as stated in terms of the dividend tax cut. They will receive an average tax benefit of \$42. And for the families that are in the middle 20 percent, the average is not in the thousands under the tax cut of the Republicans, but only \$246.

So what has happened here? A party that once said they had the mantle of fiscal responsibility, they are sacrificing that on the altar of irresponsible tax cuts; deficits not as far as the eye can see, but further than the eye can see. In the long run, all will be hurt except the very wealthy as interest rates go up, and, therefore, it impacts on our houses and our cars and everything we buy; in the short run, kids and their education, veterans, as I mentioned, people who need health care, and all of us who need homeland security.

This is an irresponsible budget and digs a deeper and deeper hole of deficits. We have some sound alternatives. Let us vote for them.

The CHAIRMAN pro tempore (Mr. DUNCAN). The gentleman from Cali-

fornia (Mr. STARK) has 1½ minutes remaining.

Mr. STARK. Mr. Chairman, before I yield a final minute to the ranking member of the Committee on the Budget, I would like to use part of my 30 seconds to just suggest to the Chair and thank him for his kind and considerate presiding this afternoon. I know that could only come from a gentleman with whom I served, John Duncan, Sr., for many years the ranking member of the Committee on Ways and Means. I always say that fruit does not fall very far from the tree. Thank you, Mr. Chairman.

I am going to leave it to the gentleman from South Carolina (Mr. SPRATT) with the remaining time to discuss again the tax cut. It is too bad we do not talk more about 42 million uninsured Americans and children without education and the things that are being buried by this recent war talk.

Mr. Chairman, I yield the balance of my time to the gentleman from South Carolina (Mr. SPRATT).

The CHAIRMAN pro tempore. The gentleman from South Carolina (Mr. SPRATT) is recognized for 1 minute.

(Mr. SPRATT asked and was given permission to revise and extend his remarks.)

Mr. SPRATT. Mr. Chairman, quickly let me commend to the gentleman's reading an excellent piece of work done by the Joint Economic Committee staff called an Economic Policy Brief, and in particular to page 8, because if you will turn here, we will see that the JEC staff have run these same numbers through several established mathematical economic models, including two that are used prominently by the White House.

According to these models, the Democratic alternative will add 1.6 percentage points to GDP growth in 2003. The Bush alternative, at six times the cost, would yield 1.1 percent growth.

Our proposal would yield or generate 1,122,000 jobs. Theirs, at six times the cost, would generate 600,000 jobs.

If you go down to economy.com, you will find the same results. Our proposal generates, according to their model, 1,150,000 jobs for a \$138 billion impact this year; theirs, for \$726 billion, generates 640,000 jobs.

### NOTICE

*Incomplete record of House proceedings.*

*Today's House proceedings will be continued in the next issue of the Record.*