

COMMITTEE ON WAYS AND MEANS
SET TO PASS THE PRESIDENT'S
ECONOMIC PLAN

The SPEAKER pro tempore (Mr. ISSA). Pursuant to the order of the House of January 7, 2003, the gentleman from Illinois (Mr. WELLER) is recognized during morning hour debates for 5 minutes.

Mr. WELLER. Mr. Speaker, I want to take a moment as I begin my remarks and talk about an issue that is so important. I first begin by commending President Bush for his strong leadership on the economy. While so much of our Nation's attention, in fact attention around the globe, has been focused on President Bush's successful leadership as well as the successful efforts of our American men and women to liberate the oppressed people of Iraq from the brutality of Saddam Hussein, President Bush and House Republicans have been working to get this economy moving again. It is so important that we focus attention today on the economy. Today we are going to have action in the House Committee on Ways and Means to create jobs and give Americans the opportunity to go back to work.

Let me tell you why it is important to the people of Illinois. In Illinois we have 6.6 percent unemployment. Unfortunately in the district that I represent, an agricultural-industrial district in the south suburbs of Chicago, our unemployment is actually higher. Grundy County, the county that is my home county, has almost 12 percent unemployment; LaSalle has 9.8 percent unemployment; Will County has 7.9 percent unemployment; Bureau, 8.7; Kankakee, 8.5 percent. Clearly we need to get the economy moving again because it affects folks back home. The philosophy of what we are going to pursue today is following the direction the President laid out for us earlier as we work to get this economy moving again, creating jobs, giving those who are unemployed the opportunity to get a good-paying job and go back to work. Our strategy is to put extra money in the pocketbooks of workers so they can meet their families' needs and raise their take-home pay by cutting their individual taxes. We want to give business the incentive to invest in the creation of jobs.

Economists have analyzed the plan that is before us today and they project that the plan that we will be debating and passing out of the Committee on Ways and Means and hopefully out of the House this week with bipartisan support will create 1 million jobs over the next 16 months. Two-thirds of this package benefits individual taxpayers. In fact, if you pay Federal income taxes, you benefit. We double the child tax credit, from \$600 to \$1,000. That benefits 1.1 million families with children in Illinois. We eliminate effective immediately the marriage tax penalty. We make effective immediately the Bush individual rate reductions and expand the lowest tax bracket for low-in-

come Americans so more low-income Americans will have their taxes lowered in that new 10 percent tax bracket created for low-income Americans. I note that we also provide additional alternative minimum tax relief, one of the consequences of a bad policy we are still living with from the 1980s. The bottom line is two-thirds of this package benefits average taxpayers, putting extra money in the pocketbooks of workers for their families' needs.

We also jump-start the economy by providing incentives for business to invest, providing for what some people call bonus depreciation, that others like myself call accelerated depreciation, but allowing business to deduct at least 50 percent or more this year of the cost of buying a company car, an office computer, telecommunications or machine tool equipment, or if they are making their office or business more secure, investing in security and equipment, they would be able to recover the cost of that much more quickly. When you think about it, when you encourage a business to buy a company car, there is an autoworker in Chicago or the south suburbs whose job is created. We also allow companies losing money this year to go back and recover some revenue and capital from previous years so they have capital to invest in the creation of jobs.

And due to the President's leadership, we work to provide assistance and relief for those who invest for their retirement. Today, 84 million taxpayers are stockholders. That is over half of American households. Many are senior citizens who have saved for their retirement. Today they are taxed twice on their dividends from their stock holdings. That is not right. It is not fair. I realize my Democratic friends think that is okay because they want to keep the money here in Washington and they think they can spend it better than these stockholders can. The President says we should eliminate that double taxation. We make a big step with the proposal before us today by equalizing the tax treatment between capital gains and stock dividends. Those in the 10 and 15 percent bracket will only pay a 5 percent tax rate. Those in the higher brackets will pay 15. This is a good plan. It puts extra money in the pocketbooks of consumers as well as encourages businesses to invest.

I want to draw attention to one issue which I have been so involved in, which is a key part of the plan that is going to be debated and passed out of the Committee on Ways and Means today, and that is the issue of the marriage tax penalty. There are 42 million married working couples, like Jose and Magdalena Castillo of Joliet, Illinois, two laborers, and, of course, their children Eduardo and Carolina. They live in Joliet, Illinois. They work hard for their living. They benefit from this plan today. When we worked 2 years ago to pass legislation to eliminate the marriage tax penalty because of the

rules in the other body, we had to phase it in. Today we are going to pass legislation to make marriage tax penalty relief effective this year. It is wrong to tax marriage. We benefit the Castillo family by eliminating the marriage tax penalty this year. When you think about it, that is \$1,400 they can spend in Joliet, Illinois.

ANOTHER VIEW OF THE
PRESIDENT'S ECONOMIC PLAN

The SPEAKER pro tempore. Pursuant to the order of the House of January 7, 2003, the gentleman from Ohio (Mr. BROWN) is recognized during morning hour debates for 5 minutes.

Mr. BROWN of Ohio. Mr. Speaker, recently President Bush traveled to my home State of Ohio to sell his tax cuts. He went to a manufacturing company of I believe the largest Republican contributor in Ohio to extol the value of his tax cuts. He met with the executives of that company who will enjoy large tax cuts. He did not talk specifically about what individual workers who make 20 and 30 and 40 and \$50,000 a year will get, but understand as the President came to Ohio and talked about this tax cut, his 500-plus-billion-dollar tax cut, that half of that tax cut will go to people whose average income is \$968,000 a year. So half of that tax cut will go to people who on the average make about \$1 million a year.

The President now has shifted from talking about the tax cut because that has fallen on deaf ears, even on the ears of a Republican Senator in Ohio who has said "no" to this tax cut, thinking it throws the budget way out of balance, thinking that the tax cuts go far too much to the wealthiest citizens and not enough to middle-income Americans. The President now has shifted his talk to talk about jobs, saying that the Bush economic plan is not so much about tax cuts but is about job creation. What he does not say is since he took office, we have lost 2.6 million jobs in this country, most of them manufacturing jobs. We have lost manufacturing jobs literally every single month of the Bush presidency, something that has never happened since we have been keeping records on those kinds of things. There has been negative economic growth and negative economic job activity since the President has taken office. That has not happened in the last 50 years. At the same time the President's similar kind of tax cut which passed his first year in office is not paying the kind of benefits that he hoped. He 2 years ago asked Congress, asked the American people for a similar economic package to the one he asks for today. Yet today he is asking for it again even though we have lost 2.6 million jobs and we have lost manufacturing jobs in this country every single month since the President took office. The President wants to give tax cuts to the wealthiest citizens in this country, leaving a few hundred dollars for people making 40 or 50 or 60

or \$70,000 a year, giving 10 to \$15,000 to people making \$1 million a year.

At the same time the President wants to restrict one of the best bipartisan both job creation and poverty programs that this country has had rewarding work, and that is the earned income tax credit. The earned income tax credit was passed by a Democratic Congress with a Republican President in 1975, expanded in the eighties by a Republican President and a Democratic Congress, and now President Bush wants to restrict the earned income tax credit. People making 20, 25, \$30,000 a year under the earned income tax credit will get about \$1,000 a year more back in their taxes than they would get otherwise. It is a way to reward work. These are people that have full-time jobs, often without health care, often single parents, people that are struggling that need that kind of help. So the President wants to give huge tax cuts to people making \$1 million a year and take away much of the tax benefits under the earned income tax credit that people making 20, 25, \$30,000 a year make.

Get this, though. The IRS now has decided to change in the last 5 years, under Republican leadership in this House and Senate, to change the frequency by which they audit tax returns. If you are making \$30,000 a year and you have filed for the earned income tax credit, one out of 64 of you will be audited by the IRS. But if you make \$100,000, only one out of 120 of you will be audited by the IRS. If you are even higher income than that, then only one out of 400 of you will be audited by the IRS. So the IRS is going after people making 20, 30, 40, \$50,000 a year while allowing people by and large to skate if they are making a half million or a million dollars a year. Then on top of that the President wants to give a tax cut to the wealthiest people in this country.

The largest newspaper in my district, the Akron Beacon Journal, had this to say about the earned income tax credit this morning: "The President wants Americans to spend their money to boost the economy. He wants to create jobs. The earned income tax credit delivers on both fronts." That is the importance of the earned income tax credit, of keeping it in place, of keeping the eligibility standards where they are, of encouraging more people to file for the earned income tax credit. That will help stimulate the economy. That goes with the general Democratic plan on economic stimulus, not simply giving tax breaks to the richest people in the country hoping that some of the money trickles down for job creation. That clearly has not worked. Instead, the Democratic plan through extending unemployment, through middle-class tax breaks, through helping small businesses, through economic stimulus of building highways and bridges and all that, that is what will put people back to work.

THE MOUNTING FEDERAL DEBT

The SPEAKER pro tempore. Pursuant to the order of the House of January 7, 2003, the gentleman from Michigan (Mr. SMITH) is recognized during morning hour debates for 5 minutes.

Mr. SMITH of Michigan. Mr. Speaker, I want to talk for a couple of moments on the financial situation of the Federal Government. This chart shows what is happening to gross Federal debt. The debt held by the public, the debt held by government accounts, mostly Social Security, what we are borrowing from Social Security, added together, equal the total amount of debt. The only way debt can be increased in the United States Government is if the House and the Senate pass legislation increasing the debt limit and then the President signs it. That is what we are doing again this year and that is partially because of the increase in Federal spending.

As you can see on this chart, by 2013 we are approaching a debt of \$10 trillion; \$10 trillion debt compared to a budget for next year that is going to amount to about \$2.2 trillion. Let me tell you one of the big problems of why we are going so deep in debt. That is because of the overzealousness of this legislative body and the White House to spend more and more money.

This next chart shows the increase in spending. As you can see, the discretionary spending increases have averaged 6.3 percent each year since 1996. Since 1997, we have increased spending by 7.7 percent. Even in what is called a very frugal budget this year, with increased spending about 4.2 to 4.4 percent, still again it is about twice the rate of inflation. So if we are going to keep increasing spending, then what we are doing in effect is leaving a larger and larger debt to our kids and our grandkids.

I am a farmer from Michigan. Our goal has been on the farm to try to pay down some of that mortgage in order for our kids to have a better chance at success and the good life than maybe their parents had. Here in this body, in Congress, we keep increasing the debt on our kids. It is sort of a hidden tax. If you will a future tax increase.

Increasing taxes outright is going to increase the chance that you are not going to be reelected.

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But increasing spending by increased borrowing means that they are cutting a ribbon on some jogging trail or some library or other pork project. It probably increases the chance that they are going to be reelected. So the propensity to spend more and more money is one of the failures of this legislative system. Simply leaving this mortgage to our kids is in effect saying that our problems today are more important than the problems that our kids and our grandkids are going to face when they are responsible for paying their taxes into this Federal Government.

Let me say that I was disappointed last week in another demonstration of

the unwillingness of this Chamber to stay within the budget. Last week we had an HIV/AIDS bill coming before the body that we passed out of the House and sent to the Senate. That bill increased by 50 percent the HIV/AIDS money that was in the budget to be spent internationally to help cure AIDS. So it was an increase of 50 percent over and above what the President suggested, 50 percent over and above what we passed in the budget resolution. So the discipline of this body to reduce spending and live within our budget leaves much to be desired.

How do we get this kind of discipline? We are talking this week about tax cuts, and certainly we cannot pay for tax cuts with increased borrowing. However, we have a system in this country where those who work hard, save and invest and try to start a business and make money producing something that other people want to buy has ended up with the kind of incentives that has made this country the strongest economically in the world. And it is not Government that decides whether we are going to have a good economy. It is the people that decide that it is going to be to their advantage and the advantage of their family if they decide to work hard and try to produce talent or some products that other people want to buy.

So the goal and the key, the bottom line, Mr. Speaker, is that somehow, someplace, sometime this body and the White House have got to come up with the discipline to hold down spending if we want to keep a strong economy and those incentives that cause people to expand business and therefore expand jobs.

THE EFFECTS OF TAX CUTS ON GUAM

The SPEAKER pro tempore (Mr. ISSA). Pursuant to the order of the House of January 7, 2003, the gentleman from Guam (Mr. BORDALLO) is recognized during morning hour debates for 5 minutes.

Ms. BORDALLO. Mr. Speaker, I rise today to enlighten my colleagues on how the tax cuts legislation will affect my district, the Territory of Guam. Because Guam follows the mirror tax code, tax changes enacted by Congress are mirrored by the Guam tax code, and the tax cuts being contemplated by Congress this week would have a substantial effect on our island's tax revenues.

On Guam we face great challenges due to a recession that continues and a slowdown in visitors to our island. Allow me, Mr. Speaker, to present the Members with the picture of the current fiscal troubles encountered by the government of Guam. The governor and the legislature are poised to enact a bill that will authorize the borrowing of in excess of \$200 million from the bond market to deal with our deficit. We learned just today that Standard and Poor's recently downgraded its