

A WEAKER DOLLAR

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

Mr. SMITH of Michigan. Mr. Speaker, I would like to make some comments on the weakening dollar. A weak dollar that is too weak has certain dangers but a weak dollar sounds worse than it is. The dollar is strong when the dollar purchases more foreign currency than it had previously, but as there are many other currencies, it is quite possible for the dollar to be getting stronger against some currencies and weaker against others.

For example, looking at the Canadian dollar, the Japanese yen and the European euro over the last 2½ years, it is clear that the dollar has weakened against two of these currencies and strengthened against the other. At the beginning of 2001, the U.S. dollar bought 1.05 euros, 1.49 Canadian dollars and 14.75 Japanese yen. On June 11 of this year, the U.S. dollar bought .849 euros, down 19 percent; 1.35 Canadian dollars, down 10.4 percent; and 117.68 Japanese yen, up about 2.5 percent.

I present these facts on the dollar simply to say that in some cases, depending on the other foreign countries, the dollar goes up in value and sometimes it goes down.

The dollar becomes strong when the demand for the dollar increases relative to the supply of dollars, a supply-and-demand situation. There are several ways for this to happen. For example, and it looks like it has happened, if Japan wished to make its exports cheaper, its Central Bank could buy U.S. dollars, strengthening the dollar against the yen, or if the Federal Reserve increases the U.S. money supply, there will be more dollars relative to other currencies, and the value of the dollar is going to decline. Also, the lowering of interest rates by the Fed tends to push down the value of the dollar.

What happens when all of this occurs, because the question is whether a strong dollar is good or bad for the U.S. economy?

In reality, it is that a strong dollar is good for some Americans and bad for others. I think it is important that we learn about what is happening to the value of the dollar because it affects our lives. Suppose that one is an auto maker in Michigan. Their company sells cars in the U.S. and exports to Europe and Japan. Japanese companies and European companies also sell cars to the U.S. and Japan and Europe. If the U.S. dollar weakens against the yen and the euro, then the U.S. cars will be less expensive for Japanese and European consumers, and the Japanese and European cars will be more expensive for U.S. customers. This will result in more profit and higher employment in the U.S. auto industry.

In other words, as the dollar weakens, it is easier to export our products because in relative terms, to other

countries' currencies, those products become less expensive.

On the other hand, if one buys foreign made products, the weaker dollar means that they have to pay more or suppose that they work for a company that uses German and Japanese steel to produce, let us say, washing machines. A weaker dollar will make foreign steel more costly, thus making their company's product more expensive, and this is going to result in fewer jobs and probably less employment.

In the last 2 years, we have seen an increase in the U.S. money supply, a lowering of U.S. interest rates in a U.S. economy that is now outperforming the European Canadian Japanese economies. However, inflation is a risk with an increasing money supply, and foreign investors have less interest in leaving their money in U.S. stocks, and all of these things are consistent with a weaker dollar.

So we are not totally on safe ground as it becomes easier to export.

Economists have long been divided over how much the money supply could be increased which would influence the strength of the U.S. dollar.

In conclusion, in practice, the dollar is likely to gain strength against some currencies and lose strength against others. The effect on the U.S. economy will depend on which countries we are importing from and which countries we are exporting to and a myriad of other factors, including the strength of the foreign economies relative to ours. The current weaker U.S. dollar means that consumers will tend to pay a little more, but it will be good for producers and, therefore, better for job growth than otherwise.

The danger is in concerning our balance of trade. If we are importing so much more than we export, that means other countries will have extra dollars to spend, and they are going to continue to use those dollars to buy our equities.

INVESTMENT IN OUR NATION'S INFRASTRUCTURE

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

Mr. LIPINSKI. Mr. Speaker, our transportation system is second to none, but let us not sit on our hands. We still have room to improve.

Thanks to the leadership of President Eisenhower, and thanks to his experience under the vision of General John Pershing, we have the interstate highway system. Just as this Nation made a choice a half century ago, we need to make a choice again today. We need to make a decision. We must decide if we want to continue the legacy of President Eisenhower, General Pershing and other leaders who came before us. We must decide to make a major commitment to fund our Nation's infrastructure needs.

As I have said before, I will say it again tonight, we have study after

study. We have pages and pages of numbers. We have the proof. The issue is no different now than it was 50 years ago under President Eisenhower. Our transportation needs continue to grow, and we need to find a way to adequately fund those needs.

The needs are many, but the answer is simple. We need to invest more in our transportation system. Here, however, in today's economy, the problems and needs are not only just with our transportation system.

In today's economy, where corporate profits inch up, we still have a 6 percent unemployment rate. The other numbers are even grimmer: 9 million unemployed Americans; 5 million underemployed Americans; and 2 million Americans have been out of a job for 6 months; 4.4 million Americans have just completely given up even looking for a job, and they have left the workforce altogether.

In today's economy, we simply have to think about more than just TRB studies, government lingo, conditions and performance reports and bureaucratic infighting, things that probably do not matter a great deal to many Americans. What we must do is to start thinking about the sluggish economy. We have to start thinking about and talking about how the loss of jobs and the 6 percent unemployment rate creates real problems and real economic hardships in the lives of millions of Americans, American workers who just are not working because they cannot find good jobs. There are not good jobs out there.

Even better yet, let us start doing something about it because we are in a position to do just that. The concept of the expansionary fiscal policy is nothing new. It has worked before and it will work again. It is the basic economics of pump-priming the economy.

According to the U.S. Department of Transportation, each \$1 billion invested in infrastructure creates 47,500 jobs and 6.1 billion in related economic activity. With a 6 percent overall unemployment rate and an 8.3 unemployment rate for construction workers, there is no better economic stimulus package than the \$375 billion public works bill, plain and simple.

It is a jobs bill that will put jobs back in the American economy and put American workers back to work.

KILL THE DEATH TAX

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

Mr. HENSARLING. Mr. Speaker, I rise today as a cosponsor of H.R. 8, the permanent repeal of the estate tax, more honestly described as the death tax.

Mr. Speaker, I believe as most Americans do that it is unacceptable for a grieving family who has recently lost a loved one to get a visit from the undertaker and the IRS agent on the same

day. It is simply unconscionable and it ought to be illegal.

The death tax is really a tax on the American dream. Americans work hard their whole lives, they save, they invest. They build farms and shops and factories, hoping to pass along their dream to their families once they are gone, but after years of paying payroll taxes and income taxes and sales taxes and property taxes, many businesses do not make it, and those that do, the government can step in and take over half of what someone worked their whole life to build.

Mr. Speaker, I grew up working on a farm. I represent a large portion of rural Texas, and rural Texas is a great place to live, but it can on occasion be a challenge to be a good place to earn a living. I know firsthand that farmers and ranchers and small business owners have to work extremely hard to provide for their families.

A while back ago, I heard from a constituent, a rancher in Leon County. He told me how he had worked hard for over 30 years to build a cattle ranch. He almost lost it once or twice through draught and low beef prices, but he persevered, and with his family by his side, he made it into a great success. His greatest dream was to leave this ranch to his son and his daughter who had worked alongside of him, but with sadness in his voice, he told me by the time the government takes its share, there is just not enough to go around.

Many of my colleagues like to talk about tax fairness, but Mr. Speaker, is it fair to take this man's ranch away from him? Is it fair that Americans are being taxed twice on the same income? Is it fair that after a family member is gone that his loved ones are presented with a tax bill? Is it fair that the Federal Government can automatically inherit 55 percent of the family farm, business or nest egg? Aside from the fact that the death tax is inherently unfair, what about its impact on our economy?

Mr. Speaker, while small businesses create two out of every three new jobs in our Nation, death taxes can kill those small businesses and the jobs that they represent. In fact, death taxes are the leading cause of dissolution for small businesses in America.

According to the Center for the Study of Taxation, 70 percent of businesses never make it past the first generation because of death taxes. Eighty-seven percent do not make it beyond the third generation.

How do death taxes kill American jobs? With the death of a small business owner, many employees often lose their jobs when the relatives of the deceased are forced to liquidate the business just to pay the taxes.

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One-third of small businesses are sold or liquidated to pay death taxes, and half of those businesses are forced to eliminate 30 or more jobs. Furthermore, small and mid-sized manufactur-

ers spend \$52,000, on average, just for death tax planning. Now, \$52,000, that is a good paycheck that could be going home to somebody back in the fifth district of Texas.

On the other hand, Mr. Speaker, repealing the death tax can create 200,000 extra jobs a year helping more Americans get back to work, giving them a paycheck instead of an unemployment check, and giving yet another boost to our recovering economy. According to the National Federation of Independent Businesses, nearly 60 percent of business owners say they would add jobs in the near future if the death taxes were eliminated.

And what does our society get for the death tax? Nothing. According to the Joint Economic Committee, the cost of compliance with the death tax to the economy is roughly equivalent to the tax shield. All of those family businesses liquidated, all of those jobs lost, all of those family farms sold and all of those nest eggs cut in half. For what?

Mr. Speaker, I have heard those on the other side of the aisle use the same old tired class warfare rhetoric again and again in dealing with the death tax issue. The politics of envy. But when something is wrong, Mr. Speaker, it is simply wrong; and it does not matter if the death tax only affected one person in America. Taxing anyone twice for the same work, for the same income, for the same savings is unconscionable; and it ought to be illegal.

Mr. Speaker, I urge all my colleagues to support the permanent repeal of the death tax. It is time to end the death tax so we can resurrect the American Dream.

The SPEAKER pro tempore (Mr. FRANKS of Arizona). Under a previous order of the House, the gentleman from Texas (Mr. STENHOLM) is recognized for 5 minutes.

(Mr. STENHOLM addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

FREE SARAH SAGA

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

Mr. PENCE. Mr. Speaker, the Bible tells us that pure religion is this: "To look after widows and orphans in their distress." And I rise tonight, preparing to catch up with my wife and our three small children for dinner, feeling compelled in my heart to stand up on behalf of a young American woman and her two small children who at this very hour are hold up in the U.S. consulate in Jeddah in Saudi Arabia.

I rise to tell the story of Sarah Saga and her two little girls, this American woman, and to demand State Department action. As a member of the Committee on International Relations, I am obviously fascinated to see the House of Saud and the Government of

Saudi Arabia engaging in a public relations campaign here in America. In markets across the country, our television screens are being flooded with a message that Saudi Arabia is a "modern nation"; that America and Saudi Arabia have "shared values."

Prince Bandar Bin Sultan, the Saudi Arabia Ambassador to the United States, is part of a public relations offensive to change the image of the Saudi Government. But I would offer today, as is documented in today's editorial page of the Wall Street Journal, we do not need words, Mr. Speaker; we need actions by the House of Saud.

Sarah Saga's story began long ago. She found herself trapped in Saudi Arabia at the age of 6 when her Saudi father defied a U.S. custody agreement by simply refusing to return her to America after she visited her father in 1985. There she has languished ever since. Yet she never gave up on America or her American mom. This 6-year-old, now grown into a 23-year-old mother of two, used a computer to track her long-lost mother via the Internet and to tell her of her hopes for escape. She has made her way to the U.S. consulate in Jeddah, and there she languishes. Absent aggressive State Department actions and negotiations, there she will languish still.

Sadly, hers is just another story of another American woman who is trapped in Saudi Arabia, told that she is able to leave so long as she leaves her children behind. That is outrageous and utterly unacceptable. Prince Bandar told the Wall Street Journal back in September that it was "absolutely not true" that any American women were held against their will in Saudi Arabia. But the story of Sarah Saga tells otherwise.

So I rise tonight not to speak to the House of Saud, but rather to speak to the State Department of the United States of America and to the Bush administration and to Secretary of State Powell. As we negotiate a road map for peace in the Middle East, let us speak plainly to our allies in Saudi Arabia about the minimal expectations we have about American citizens and their progeny in their midst.

Sarah Saga and her two small children must be permitted to leave Saudi Arabia and make that long, at last, homecoming, delayed 17 years, to be in the home of her birth, the United States of America.

DESTRUCTION OF MEDICARE

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

Ms. JACKSON-LEE of Texas. Mr. Speaker, the good news is that seniors are living longer. President Lyndon Baines Johnson, a Texan, signed the 1965 legislation entitled Medicare, which opened the doors of life to seniors of America, the same senior citizens who prior to World War II were