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House of Representatives

The House met at 9 a.m. and was called to order by the Speaker pro tempore (Mr. BISHOP of Utah).

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,

July 20, 2004.

I hereby appoint the Honorable ROB BISHOP to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,

Speaker of the House of Representatives.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 7, 2003, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 25 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to not to exceed 5 minutes, but in no event shall debate extend beyond 9:50 a.m.

The Chair recognizes the gentleman from Illinois (Mr. EMANUEL) for 5 minutes.

MIDDLE CLASS SQUEEZE

Mr. EMANUEL. Mr. Speaker, the lead story in today's Wall Street Journal, "So Far, Economic Recovery Tilts to Highest Income Americans," provides further evidence of a two-track economy and an economic squeeze on middle class families.

While there has been a profits boom for corporations and a 16 percent increase in pay on Wall Street, there is a growing wage and benefits recession for the middle class of America. To those

who say redistribution of wealth is wrong, I agree, whether it is to the top 1 percent or to the bottom 25 percent.

For America's workers, a new study by the Economic Policy Institute reports that weekly earnings have fallen for 6 of the last 7 months. When the recovery began in November of 2001, hourly wages were actually higher than what those same jobs pay today.

Evidence of this two-track economy is evident throughout the country. As the article points out, while corporate profits have risen around 87 percent and sales at BMW and Nieman Marcus are booming, sales at Wal-Mart and Target are flat.

But don't take my word for it, Today's Wall Street Journal quotes J.P. Morgan Chase and the former Federal Reserve economist Dean Maki: "To date, the recovery's primary beneficiaries have been the upper income. Two of the main factors supporting spending over the past year, tax cuts and increases in stock wealth, have sharply benefited upper income households relative to others."

David Rosenberg, chief economist at Merrill Lynch, "The income from the recovery has been locked up in the corporate sector. We have had a redistribution of income to the corporate sector."

So if you sit in the board room, you are doing just right. For the rest of us, it is an economic squeeze.

With working families' household incomes down nearly \$1,500 over the last 2 years, people are working harder just to stay in the same place. And for the middle class, this has become a step master economy. All the while, the expense side of the ledger shows:

According to the Kaiser Foundation, that health care costs for a family of four have gone up from \$6,500 to \$9,000, a 49 percent increase from 2000 to 2003. And as health care costs have risen, corporations have shifted the burden to employees.

Millions of middle class families now carry, on average, the average American middle class family, \$9,000 in credit card debt and \$17,000 in overall household debt. The squeeze has resulted in 33 percent more bankruptcies for households.

One hundred eighty billion dollars has been evaporated from 401(k)s and retirement security for middle class families. College tuition costs have gone up 26 percent in the last 2 years.

With a record like this, only this admission could wave the banner "mission accomplished" above the economy.

The concentration of wealth and the two-track economy can be traced right back to President Bush's tax cuts. A study cited by The New York Times found that Americans are being taxed more than twice as heavy on earnings from work as they are on investment income, even though more than half of all investment goes to the wealthiest 5 percent of taxpayers.

The shifting of the tax burden from wealth to work is the essence of class warfare. And as Warren Buffet, the legendary investor said, "If class warfare is being waged in America, my class is clearly winning."

In the 1990s, we ended welfare as we know it because it was a failed system. Now this administration is bent on ending the middle class as we know it. This administration has two books, two sets of values, two sets of priorities, and a single economic strategy that divides this country along income.

If you want to live in a country without class divisions, we cannot deny the middle class families the same dreams of affordable health care, higher education, and a retirement that is secure. We have to give that dream to every American, not just to the wealthiest Americans.

Renowned Supreme Court Justice Louis Brandeis once said, "We can either have a democracy in this country

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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or we can have a great concentration of wealth in a few hands, but we cannot have both."

Today's economic policies have shifted this great economy and the benefits of this great country and this economy to the wealthiest 1 percent, as today's Wall Street Journal notes. When I look at this and think about what has happened to the middle class family, with increasing health care costs, college costs, retirement that is less secure, and jobs that pay less than they did just 3 years ago, I'm reminded, especially as I look at communities across this country, with police officers and police departments and fire departments that are under stress, schools that are closing, teachers that are being laid off, and libraries that are cutting hours, I'm reminded of when George Bush declared in 2000 that he was opposed to nation-building. Who knew it was America he was talking about.

Mr. Speaker, we have to return this economy and this country back to the people who built it and to the families and respect their values. The middle class and their values and their economic interests are under assault. It is time we turned this country around and focused our policies on the middle class and their families.

TAX SIMPLIFICATION AND REFORM WEEK

The SPEAKER pro tempore. Pursuant to the order of the House of January 20, 2004, the gentleman from Texas (Mr. DELAY) is recognized during morning hour debates.

Mr. DELAY. Mr. Speaker, the rhetoric of class warfare has never worked, and it certainly is not going to work today, particularly when we see opportunities proceeding for Americans all over this country.

So rather than sit back and enjoy the historic success of the 2001 and 2003 tax measures this Republican majority has passed into law, which have accounted for opportunities, certainly for more than 1.3 million new jobs already this year, we have developed legislative proposals to address longstanding impediments to prosperity in this Nation.

Rather than simply looking for new taxes to reduce, we looked around for other friction heaped upon the free market by this government, and we came up with an eight-part strategy to increase the competitiveness of our economy for years to come: The 21st Century Careers Initiative.

We began to look at ways to make the health care system even more flexible and responsive to the needs of American consumers. We began the process of reforming the way that the Federal Government regulates small businesses in this country. We began a rethinking of the role of the government in lifelong learning programs, so that Americans never stop increasing their skills and their earning power. And this week we began what we hope

will be a long debate about the future of taxation in the United States.

While tax relief has been part of the Republican agenda for decades, the time has come for us to not simply lower taxes but to reform the way people are taxed in the first place. And so we come to the Tax Simplification and Reform Week on the House floor.

We will begin with consideration of two bills that begin to fix our Tax Code so that it will make more sense for Americans. One will increase the income limit to qualify for filing the form 1040-EZ income tax return for the first time in more than 20 years. The other will create the first-ever short-form tax return specifically for seniors.

Now, the debate about tax reform and simplification, like the other components of the career initiative, is not designed to score partisan points, but, instead, to move our economy past the artificial shackles of over taxation, over regulation, and over litigation, which keep the American people from enjoying the full benefits of their economic competitiveness.

This week, Mr. Speaker, we will take another step closer to a friction-free environment that our economy demands and our people deserve.

LAGGING WAGES

The SPEAKER pro tempore. Pursuant to the order of the House of January 20, 2004, the gentleman from New Jersey (Mr. PALLONE) is recognized during morning hour debates for 5 minutes.

Mr. PALLONE. Mr. Speaker, this weekend, we had more proof that middle- and low-income workers are still feeling the economic squeeze when it comes to making ends meet. Last Friday, the Bureau of Labor Statistics reported that hourly earnings of production workers, non-management workers ranging from nurses and teachers to assembly-line workers, fell 1.1 percent last month. That is the steepest decline since the recession of 1991, and makes up the lowest level of weekly pay since October 2001.

While weekly pay is at its lowest levels in over a decade, middle- and lower-income workers are feeling the squeeze thanks to ever-increasing education, health care, and gas prices that are rising at rates much higher than the stagnant incomes.

Let us consider a middle-class nurse in my State of New Jersey whose income fell 1.1 percent last month. How can this nurse afford the average \$2,700 increase in health care premiums that New Jersey families face this year? How can this nurse and her family afford the \$1,600 increase in college tuition costs? How can this nurse afford the more than \$2,000 increase in child care costs? These increases would be difficult to keep up with if the nurse was actually receiving cost of living raises, however, it is impossible to meet with rising costs when you are actually seeing a cut in pay.

There is no doubt it is becoming more and more difficult for these middle-class families to make ends meet. You would think this disappointing news would concern President Bush. After all, he already has the dubious distinction as the only President since Herbert Hoover to lose jobs on his watch—1.8 million private sector jobs have been lost over the last 3 years thanks to the economic neglect of President Bush and Republicans here in Congress.

Instead of showing any concern, the President has said that our economy does not need boom or bust type growth. The President ought to tell that to the millions of families around America that are struggling to make ends meet.

The economic record of President Bush and the Republican House of Representatives has been an utter failure, and the President's statement that an economic boom is not needed today shows he is clearly out of touch by the economic realities middle-class Americans presently face.

You do not have to take my word for it, Mr. Speaker, two members of the President's own party have voiced concern about the economy and the President's inability over the last 3 years to ease the economic concerns of both the unemployed and the middle class. Last week, Senator VOINOVICH from Ohio signaled his frustration with the Bush administration when he stated, and I want you to keep in mind this is a Republican Senator from Ohio I am quoting, "Despite these overwhelming problems facing our Nation's manufacturers, I must say I have yet to see any significant action on behalf of the Bush administration to respond."

Now, that is a member of the President's own party admitting that the administration has not properly responded to the economic hardships many Americans now face. And, last week, another Republican Senator said the President's economists gave him bad advice on the impact his tax cuts would have on the economy.

I am quoting Charles Grassley, the Republican chairman of the Senate committee that writes all the tax laws. He said, "U.S. President Bush should have been more skeptical about economic predictions regarding jobs created by tax cuts totaling \$1.7 trillion over 10 years." Grassley continues: "His economists screwed up and Bush was not right in not questioning his economists."

Now, again, that is a Republican Senator admitting that the tax cuts President Bush and Congressional Republicans have been touting as the answer to our Nation's economic problems will not actually create jobs or help middle-class families.

It is nice that some within the Republican Party are finally realizing that their tax cuts for the wealthiest have not trickled down to the middle class. Maybe these statements from Republican senators will serve as a