

I urge my colleagues to join me in co-sponsoring H.R. 1154, introduced by AL GREEN of Texas.

WALTER REED

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Mrs. McCARTHY) is recognized for 5 minutes.

Mrs. McCARTHY of New York. Mr. Speaker, I rise today to talk about the conditions that we have been hearing about on the care of our veterans at Walter Reed Outpatient Care.

Walter Reed is the first stop for many of our brave men and women returning from Iraq. These soldiers risked their lives defending this great Nation. They have lost friends in combat, and they have seen countless comrades lose limbs and suffer horrible wounds. They expect no reward in return for their bravery.

Unfortunately, the treatment they have received when entering the outpatient care is substandard. Conditions at Walter Reed Building 18, even though they are being improved today, should have never gotten to that condition.

We have all read reports on the matter; so I will not go into all of the details.

Mr. Speaker, if these conditions existed in the public, the authorities would have quickly been notified. However, the mismanagement of care does not end with Building 18. Many of our veterans are lost in the system once they are transferred to the outpatient care. Case files are being lost. Head trauma victims are not receiving the level of managed care they require. Non-English-speaking families are left to navigate through the red tape that exists at Walter Reed and, I am sure, many other veterans' hospitals.

The management at Walter Reed is directly responsible for these conditions, and I know those are changing now. But, again, we must make sure this does not happen again.

Congress has the ability to improve the situation for our new veterans. We are all aware of the benefits of health information technology. Health IT allows patients to move throughout the health care system in an easy manner. If Health IT was implemented at Walter Reed, our veterans would be able to move from inpatient to outpatient care without the fear that their records would be lost. The benefits our veterans would receive if health IT is implemented far outreach the cost of the system.

Many of our Iraqi veterans are coming home with head injuries. Roadside bombs and IEDs are responsible for this increase. These veterans require constant care and supervision. Many of them have lost cognitive abilities. In some of the worst cases, veterans are barely aware of their surroundings.

Let me say this: I know a lot about head injuries. Going back 13 years ago, my son was shot in the head, received

traumatic head injuries, and he was left partially paralyzed. We were lucky. His mom was a nurse. She knew how to go through the system. He was also lucky that I had training in physical therapy. People understand, he was only 26 at that time, as many of our soldiers that are injured. They don't need just 3 hours of physical therapy a day; they need 4 in the morning, 4 in the afternoon, and then they need their families around them to take care of them in the evening time. It is hard. It is difficult work. But I know our young men and women are able to do this. The families need to be trained on how to work with their children that have head trauma.

But, again, it is up to us here in Congress, and I know there are hearings, but we must come up with answers on giving the treatment to these veterans with head injuries and to all our veterans that go through Walter Reed.

You cannot expect someone to go onto the campus and think that they are going to remember that they have an appointment the next day. You can't expect them to understand even sometimes where they are at that particular moment.

This has been treatment that we know how to give, and why we haven't given it to them I do not understand.

I know that Walter Reed is one of the best hospitals in the Nation, as long as you are in the hospital. But when you come out, that is where we are losing our veterans through the cracks. It is unacceptable, and we in Congress have a responsibility to make sure it doesn't happen.

During the Vietnam War, our military came home, and, unfortunately, we did not honor them the way they should have been honored. I thought we had learned our lesson.

The brave young men and women representing this country have done a wonderful job, and for us to even let down any kind of health care treatment for them is a black mark on this Congress and certainly on us, the United States of America.

I know the President has put a commission in place. I have been around here long enough to know, enough commissions. We need action. We can do it. That is what we are very good at, getting down to the bottom of it and putting in action. We can't have these veterans wait any longer.

Let me say this: Every day, Members of Congress get on the floor and say what a wonderful job our men and women are doing. Every day we honor them. And yet all of us have let them down. That is not acceptable. I hope that we will do better in the future. The future has to be now. The time has to be now. We cannot wait 2 to 3 to 4 months for a commission report.

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

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

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

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

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

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

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from the District of Columbia (Ms. NORTON) is recognized for 5 minutes.

(Ms. NORTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Florida (Ms. GINNY BROWN-WAITE) is recognized for 5 minutes.

(Ms. GINNY BROWN-WAITE of Florida addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

THE COUNTDOWN CREW: COUNTDOWN TO THE TAX INCREASE BY THE DEMOCRATIC MAJORITY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, the gentleman from Pennsylvania (Mr. SHUSTER) is recognized for 60 minutes as the designee of the minority leader.

Mr. SHUSTER. Mr. Speaker, we have come to the floor tonight again, my colleagues and I, to talk about something that is of great concern to us, great concern to the American people. And that is that, in just 1,398 days, there will be one of the largest tax increases in American history, over \$200 billion, and that is going to occur if the majority party does not extend the tax cuts that the Republicans put in place in 2001, 2003 and extended some of them in the last Congress.

But that is going to happen. This huge tax increase is going to occur in America. And the Democrats don't have to do anything but run out the clock. If they sit on their hands, sit on the ball, we will see, in 1,398 days, as I said, one of the largest tax increases that the American people will have ever experienced.

Some of my colleagues on the other side have talked about the change that took place in this body, and there was a change. But I don't know anybody in America, nobody that I talk to in the

Ninth Congressional District of Pennsylvania or across Pennsylvania, that voted to see their taxes get increased.

Over the last several months, over the last few years, several years actually, we have seen this economy move forward creating jobs. In fact, over the last 4 years, this economy has created 7.2 million jobs.

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It is because of those tax cuts that we put in place. The unemployment rate in America is at 4.6 percent. It is the lowest average unemployment rate in the four decades that we have experienced over the last three or four years.

Once again, if we don't extend these tax cuts, the American people are going to see more of their hard-earned dollars being sent off to Washington. If you look at a family of four that makes \$40,000 or so combined income, has two kids in their family, if we don't extend these tax cuts, if the majority party, the Democrats in Congress, don't extend these tax cuts, people in that income range are going to see an increase of about \$2,000 or \$2,200 a year.

Some in this body may think that is not a lot of money, but I know to the hardworking people in central Pennsylvania that earn \$40,000 in income, \$2,200 is a lot of money. You can take that money and that is a nice down payment on a car. You can buy a new washer and dryer machine. You can save that money for college for your children. If you take that \$2,000 or \$2,200 a year over the next 10 years and invest it in a mutual fund returning about 5 percent income, that would grow to \$30,000 in the next 10 years. That is a significant amount of money to send your child off to one of the higher education institutions in our country.

I think that the majority party ought to take a lesson from one of their own. Back in the 1960s when President Kennedy came into office, he cut taxes. What happened was that the economy grew and revenues to the government grew. We look back at history to President Ronald Reagan in the 1980s. He did the same thing. He cut the tax rates. The economy grew, it created jobs, and, lo and behold, more revenues flowed into the Federal Government.

That is again what we did in 2001 and 2003. We cut taxes, and history has repeated itself. This economy is one of the strongest economies in U.S. history. We are getting record levels of revenue coming into the government. So what we need to do is to continue to keep those tax rates low, extend those tax cuts.

Unfortunately for the American people, and that is one of the reasons we come to the floor on a weekly basis and talk about this, to make sure we bring the attention to the American people, make sure they are aware of what is going to happen, the Democrats, they

said it very clearly in their campaign rhetoric in 2006, that the leader of the Ways and Means Committee, the new chairman, has said time and time again during that campaign election that he didn't know of any of President Bush's or the Republican tax cuts that deserve to be extended.

One of the first things they did when they became the majority party is they made it easier, not harder, but made it easier to raise your taxes. When the Republicans controlled the House, we made it the rules of the House that you couldn't raise taxes unless you had a three-fifths vote in the House to raise taxes. One of the first things the Democrats did was to make it easier. They decreased it to a simple majority to raise your taxes.

They put in place PAYGO. It should actually be PAYTAXGO, because it is going to make it easier for them. They are not going to touch any existing programs, but on new spending they are going to have to offset any new spending; and the way to offset that, the easiest way, is to increase taxes. I believe, as I believe many Americans believe, that that is what is going to happen.

The American people need to know this. We hope that people are tuning in and listening to us as we talk about this. We call ourselves the Countdown Crew. We are 1,398 days away from this huge tax increase unless the American people speak up, unless the American people talk to their elected officials and say they are not going to stand for a tax increase.

We have created a Web site, and we would love for you to e-mail us and let us know, give us your story of how the tax cuts, whichever one, whether it was the child tax credit, or the accelerated depreciation, dividend tax cuts, the death tax, which one of these tax cuts has benefited you. We would like to hear your story so we can talk about it.

There are millions and millions of Americans out there, young and old, low and medium income, that have benefited by these tax cuts. Our Web site, I guess it is our e-mail, is countdowncrew@mail.house.gov. Once again, there are some stories tonight. Later on in the evening we will be sharing with you that people around the country have sent us e-mails about how important these tax cuts are to them and how detrimental it will be to their small business or their family or communities across America.

I am pleased to be joined tonight by one of my colleagues from Kentucky, Mr. DAVIS. I yield to Mr. DAVIS to talk about some of these issues tonight.

Mr. DAVIS of Kentucky. Thank you, BILL. I appreciate the leadership you have taken on this issue. The one thing that our group is consistent in is all of us have come from the small business world. All of us have come from that arena that creates the jobs in America, pursuing a vision, pursuing opportunity.

For those who have just joined us, you have joined the Countdown Crew. You can join us at countdowncrew@mail.house.gov. We have gotten thousands of e-mails from around the United States based on the first few evenings that we have been talking about the impact of positive, progressive, pro-growth economic policies that allow working families to keep more of what they own and create incentives for small businesses.

As we go into the time right now, the reason we are called the Countdown Crew is because of the fact that unless legislation is passed to extend the tax cuts that have been so bountiful and so beneficial to the American people, to the United States economy, in creating millions of jobs, those tax cuts will expire at the end of 2010 and every working family in the United States is going to receive a tax increase.

And 1,398 days from now, there will be a tax increase on every working family. A family of four making between \$30,000 and \$50,000 a year will have a \$2,092 tax increase imposed upon them. That doesn't come with additional legislation being passed. In fact, the chairman of the Ways and Means Committee, the gentleman from New York, has said that he is not going to introduce any tax legislation to extend those tax cuts and they will expire. So for everybody watching tonight, your tax bill is going to go up by a minimum of \$2,000.

When you think about what that means, let's look at the other side, the positive side of the Republican policy, the conservative policy of allowing people to keep more of what they earn.

First, by keeping more of what you earn, it is invested in causes that are important for you, whether it is put into your home, whether it is put into your family, whether it is saved for education, whether it is invested in a new car, in clothing. We can think about any wide variety of issues, but those are the dollars that fuel the economy.

I believe very firmly we see it in the numbers, that when people are allowed to keep their own money in the aftermath of the 9/11 attacks by extending those cuts in a time of war, that we have seen unprecedented economic growth take place in this country and a recovery that shows right now industrial productivity, our manufacturing productivity in the United States, is at an all-time record high, which is an amazing thing as the United States economy continues to churn along. In fact, the growth that has taken place in the United States economy in the last 3 years is greater than the entire economic output of China, which is the largest potential economic competitor to us in the long run.

The reason that I share this is because it has made a difference in the lives of ordinary people. When folks are allowed to keep more of what they earn, they are going to make sure that those dollars are accomplishing things

for their family, especially over the long term.

I would like to tell one story as we begin tonight that I think typifies the success that can be seen by allowing people to keep more of their own money. As BILL said, this is not a partisan issue. John Kennedy cut taxes and had economic growth take off and record revenues come into the Treasury. We have allowed people to keep more of what they earned, and what happened this past year, record revenues have come into the United States Treasury. And the real issue is controlling spending, not taking more of people's hard-earned dollars.

Well, pursuing that vision was something that BILL SHUSTER has done. It was something that I did back in the early 1990s starting my business, helping our manufacturing companies compete and keep their jobs here in the United States.

One person who I would like to highlight tonight, a man who has become my friend, but also somebody who pursued that vision himself, was a man named George Hammond. He runs Hammond's Automotive. He started with its first operation in Covington, Kentucky, over 20 years ago. He took that chance that many Americans take to pursue the American Dream.

He started off with a mechanics shop. The reason that his automotive shop grew in customers was not by popular advertising, it wasn't by media, it was by word of mouth, because the character of George and all the folks who worked with him demonstrated a desire to care for their customers and to make a difference, and they got more business and they grew. They opened a body shop.

Suddenly, the things that they began to encounter were the regulatory system that was increasing costs upon them as they were repairing cars. But even with that, he continued to grow beyond the impact of the regulatory system, hiring more people.

As a result of the tax policy that has taken place over the last 6 years, where people are allowed to keep more of their own money, unlike sending it to bureaucrats in Washington, D.C., where we may not know how it is going to be spent, George took that and he reinvested it. He reinvested it in his people, in training, and most recently opened another business in Burlington, Kentucky, moving out into the suburbs from Covington where he is reaching more and more people, all by word of mouth, and there a following that is going with that.

But I don't know what would have happened to George Hammond if he did not have that flexibility, if he had the tax increase that is coming down the road at the end of 2010, in 1,398 days. He probably wouldn't have had that opportunity to grow his business and create that opportunity.

But instead of raising taxes, we have created taxpayers with this policy. This is a family-friendly policy. That is

a policy that allows people to pay for college tuition. It allows them to invest in their children's future. And for George Hammond, not only did it benefit him, but it benefited all of the employees, now going into a second generation of employees with three different business units that are creating jobs, creating a future for folks right there in Boone County and in Kenton County, Kentucky.

Mr. SHUSTER. How many people does George employ?

Mr. DAVIS of Kentucky. It is a typical small business where he has over 25 employees.

Mr. SHUSTER. That is small business personified, that 25 people. Those are the kinds of stories that I think we need to bring out.

Mr. DAVIS of Kentucky. I think the one thing that he has experienced, too, the discussions that we have had when I have taken my F-250 pickup truck in or our Chevy Astro van to get worked on, the one thing we talk about is health insurance. And I remember as a small business owner having to deal with the issues of the high cost of health insurance, dealing with tax policies. He has gone the extra mile to help his people, probably similar to some of the experiences that you have had.

Mr. SHUSTER. Absolutely. I didn't mean to interrupt you, but I just wanted to know what size business that was and make sure the American people know that we are talking about people in their neighborhoods, in their communities, that employ 25, 30, 50, 100 people and that start from small and turn these enterprises into successful businesses. In most cases, my experience has been those small business owners, they are the backbone of the community. They are the ones that give to the local little league team. They are the ones that contribute to the hospital and the hospital boards. They are the ones making sure their communities are wonderful places to live, or are helping to make sure they are wonderful places to live.

Mr. DAVIS of Kentucky. I think that is a great point. George is an institution in the community. The one thing is that his attitude toward service has spiraled down to his employees, to their vendors, and that kind of dedication and devotion is I think not necessarily found in the very large corporations that are out there. It is those small businesses, like you say, that are connected.

For those folks who are watching, we invited you to join the Countdown Crew. You can contact us at countdowncrew@mail.house.gov. We encourage you to tell us your stories, your thoughts, your desires for policy.

In particular, what we are seeing over and over again in hundreds and hundreds and hundreds of messages that are shared back to us is the impact of a positive economic policy that allows people to keep more of what they earn. What we have coming, if we don't take action, if the House doesn't

pass legislation by the end of 2010, every working family in this country is going to have a \$2,092 increase. So many benefits are going away.

What we want to do is keep positive policies that empower people, create jobs, and create a future.

With that, I yield back to the gentleman.

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Mr. SHUSTER. As soon as next week, the Democratic majority will be introducing their budget. It is my guess that they are going to spell out exactly how they are going to increase taxes on the American people to pay for that budget. They are going to have a choice. The choice is going to be either to continue the tax policies which have resulted in record job growth, 7.2 million jobs over the last 4 years, 40 quarters of an expanding economy; or they are going to choose to put the brakes on the growth of this economy by raising taxes.

I am going to predict tonight that if they decide to choose to raise taxes, which all indications lead me to believe they will, the brakes will go on this economy in very short order.

One of the important reforms that we as Republicans made when we were in the majority was to reduce the taxes on dividends and capital gains. In past history, dividends and capital gains were sort of viewed as only the fat cats in society, only the wealthy get to benefit by a reduction in taxes on dividends and capital gains. But that is not the case today.

Over 60 percent of the American population is invested into mutual funds and the stock market, into various other financial vehicles. It is widespread in the economy who invests and who can benefit from a decrease in the tax on dividends and a cut in the tax on capital gains.

Prior to 2003, tax cut dividends were subject to individual income taxes up to 38.6 percent on top of corporate taxes of 35 percent. It was double taxation. The corporations in America that you invested in, if you invested in General Motors or you invested in Wal-Mart and they made a profit, they got hit with a 35 percent tax increase, and then they paid out their dividends to the millions of people from all walks of life who invested in those corporations, and the dividend, it was hit at a tax rate of 38.6 percent or below. Among developing countries, only Japan has had higher tax rates on investment income than us.

In 2003, the top individual tax rate on dividends was cut by more than half down to 15 percent. Starting next year, there will be no dividend tax at all for lower income Americans which is absolutely essential to continue growth in this economy.

In addition, capital gains tax increased, with the top rates on long-term capital gains dropping from 20 and 10 percent down to 15 and 5 percent. The 5 percent rate will drop to

zero next year for those in the bottom two tax brackets. Again, for families in the middle and lower income that have investments, they are not going to be taxed on those types of investments, or it is going to be significantly decreased.

Those lower tax rates have promoted a strong and growing economy, and has created 7.2 million new jobs. Our job creation in the last 4 years is greater than the European Union and the Japanese economy combined. This has been an economy that has grown strong and created millions and millions of jobs.

Again, if the Democrats fail to extend the tax relief, in 2010, those rates will return to where they were before we lowered them, and the American people are going to experience significant tax increases.

Because seniors rely on income from investments, they have benefited greatly from those lower taxes. That is why it is important. They are one of the key groups in our economy that have benefited by it.

The Treasury Department has estimated that 8.5 million seniors saved an average of \$1,144 on their 2005 taxes as a result of lower rates on dividends and long-term capital gains. And \$1,100 goes a long way towards buying something new for your home, whether it is a washer and dryer, or whether it is a senior giving it to their grandchildren to help them out as they make their way in the world and go to college and try to get an education.

According to the Tax Foundation in an analysis of IRS data, more than half of all taxpayers over the age of 65 received dividend income in 2004. Over half of the folks over 65 years of age are receiving dividend income. That is double the national average for all taxpayers.

Seniors also rely upon capital gains income. That same Tax Foundation report found that while nationally less than 13 percent of taxpayers claim capital gains income in 2004, that figure cost 30 percent, a third for taxpayers between the age of 65 and 74, and more than 27 percent for those over the age of 75. Seniors benefit greatly by the dividend and capital gains tax cuts.

On May 10, 2006, Flora Gramma Green, a national spokeswoman for the Seniors Coalition, described the importance of lower dividend tax rates for seniors living on a fixed income. She said, "When I planned for my retirement, I needed the dividend income just to have a secure retirement. I am not wealthy. I worry every day if I will have the money to buy the gas I need to get to the doctor, I worry if I will have the money I need for proper nursing care as I get older, and I worry that the monthly income I plan for will stretch far enough each month to let me pay my bills. The millions of fellow seniors who benefit from this tax reduction are in the same boat I am in. We need this tax break just to continue the safe and secure retirement that we planned for."

Those are the words of a senior who is certainly involved in the fight to continue to keep these tax rates low, to see that the tax rates are extended so that in just 1,398 days, which will be January 1, 2011, which is a short period of time away, we will see this \$200 billion tax increase, and it is going to cut across all income spectrums, from low income to high income.

These folks are going to have to send more of their money to the Federal Government and not be able to put it back in the economy, creating jobs in the most efficient way that an economy can create jobs.

Mr. DAVIS of Kentucky. One thing I would highlight, a few examples to share just from back in our district, and feel free to jump in with your experiences from Pennsylvania, growing up in the Ohio Valley and seeing our industry having problems competing. I know one of the choices I had when I left high school was to go in the mills or go in the military. I am so glad I went in the military because when I came back years later, those mills were gone. The environment had changed dramatically, and expectations had changed dramatically.

The people who are allowed to keep more of what they earn are going to invest it locally and invest it in their family. As our dollars stay in our community, there is going to be increased opportunity.

In northern Kentucky where I live, in Kentucky's Fourth District, which runs on the south side of the Ohio River, right across from Cincinnati, we have one of the largest air hubs in North America, the Cincinnati-Northern Kentucky International Airport. Being in Kentucky, we are very proud of the fact that Cincinnati's airport is located in the great commonwealth of Kentucky, but there is a story which affects the Tri-state area in a profound way that has taken place over the past couple of years.

Delta Airlines, one of the great flagship carriers of this country, has a major international hub located there. They also have a home grown regional carrier, Comair, which started out as a small commuter airline, which has grown into quite a presence.

They have gone through a very, very tough time over the past several years, since 9/11, dealing with the fluctuations in fuel prices and the issues of security costs, the challenges that have been faced in the economy turning around. The tax cuts that have been so beneficial to America's families that have created 7 million new jobs, that have allowed people to keep more of what they earn, on average between \$2,000 and \$3,000 per family in this country, has had a direct impact on this company.

The reason I want to highlight Delta and Comair and all of the businesses in our region, they have gone to great lengths to sacrifice and do something different than other airlines have. Rather than cutting their pensions for

the expediency of institutional investors on Wall Street or other creditors, they worked with their creditors and all of their vendors not only to keep the airline going at a world class level, but to make sure that they kept their benefits and pension plans in place for their employees.

The commitment of the employees have been so great through all of this. Many of them have made tremendous sacrifices. The one thing I can see is that these employees who are making 40 percent or less than what they were making 1 year ago, 2 years ago, are now suddenly faced with not only having substantial reduction in their income to keep their job moving, but, in 1,398 days, according to this regressive policy, they are going to have an additional \$2,092 on average added on top of those families.

I think it is entirely unreasonable because the impact can ripple all of the way across the economy, not only in terms of demands on those families, but the consuming families, some of the ways people spend that money, is travel. They travel for business. They buy products from companies that fuel that business travel economy. One of the great gateways to Florida, people traveling to vacation in the south from different parts of the United States, are flying on low-cost fares from Delta through Cincinnati and other gateways in the region. And that \$2,000 on average per family will have an impact on that aspect of the economy, too.

You might ask, why are you bringing this up? Our economy is so complex, so interconnected, we are so interdependent on one another, by having a significant impact on one side will eventually have an impact on the other side. It is kind of an economic butterfly effect, not in the extreme like the proposition in chaos theory, but it will create a lot of chaos in our economy.

Another benefit I will share, I have a very good friend who is head of the Manufacturers Association, a committed, small business community executive, named Rick Jordan, who is chairman of the board of our Gateway Technical Community College which focuses on advanced manufacturing and information technology education to train our next generation workforce.

He is also the president of LSI Industries, which does extremely innovative engineering for lighting systems and retail display systems. One of the companies that has been driven by an increase in consumption in a very literal and physical sense is a big client of theirs, is Dairy Queen. Because people have had a little more discretionary income, they are able to meet their needs, and they want to take their family out for that treat, that hamburger, that ice cream. It just doesn't end there. When they hit the drive-through and they get that Blizzard for their kids, then it starts through the supply chain and works its way back.

LSI, being one of our premier businesses in the Cincinnati-North Kentucky area, has their employees manufacturing all of the signage for all of the Dairy Queens in this competitive environment in the entire country. They won that contract because of the increased growth that has taken place when, over the last 4 years, when the full impact of this positive tax policy has been felt.

As we share other stories, I think those are two, one from manufacturing, from the leisure industry, from transportation, from the restaurant industry, which show this connectedness.

Mr. SHUSTER. Mr. Speaker, I don't want to mention his full name, but I had a conversation with a gentleman today who is a local businessman and employs about 120 people in one of my counties back in Pennsylvania. I am just going to call him Harold. I had a conversation with Harold on the phone today, and it was about the negative impact of these tax increases if we don't act on them.

As I was talking to Harold, he has been in business. Actually, his father started the business. Harold has been in it for 40 or 50 years. They started out with a couple of dump trucks and a bull dozer. Today they have a tremendous amount of equipment. They are an excavating business. They employ 120 people. But Harold's wife, Delores, just had a health scare, and so Harold has been looking at the business and what would happen if he were to pass away.

He said, you in Congress need to pass the death tax because if you don't, if I pass away, it is going to cost his children millions, up to several millions of dollars in taxes that they are going to have to pay in Federal and State tax, mainly Federal tax, to keep the business. He said, my children won't have access to that kind of cash, so they will have to liquidate the business if I were to die.

There are thousands of stories like that across America, that we need to make sure that we are extending the death tax and making sure that small-business owners like Harold and Delores, if they pass away, that their children will not have to liquidate a business because you have 120 families that they employ making a good living, living in rural Pennsylvania, that are potentially not going to have jobs if that were to happen.

Also, something that I think is important, as you mentioned, you were a small business owner, and I was a small business owner before I got here. Harold is the kind of guy in Pennsylvania, he is one of the pillars of the community. He is the guy that is always contributing to the community, giving back, whether he is on the hospital board or the economic development board. He is the guy making sure that he is contributing to the local Boy Scouts, to the Little League, making sure that the firemen have money, that he is supporting their efforts to raise

money as they struggle to keep their ambulance and fire service going.

Those are the kinds of people, small-business owners, that have been in business for many, many years, that give back to their community, give back to their community and give back to their community.

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Those are the kinds of people and those are the kinds of communities that are penalized with a tax like the death tax that would cause a business, one of the pillars of the community, to have to liquidate to raise the money to send it down here to Washington, to come into the Federal Treasury, and it would go out again probably 50 percent or 60 percent less of what came in. It would be less efficient than Harold being able, or Harold's family being able, to give back to the community and get the most impact out of a dollar.

Again, those are the kinds of people. I had a lunch with a gentleman in a similar business as Harold, gentleman by the name of Dave I will call him, who is the same type of person, started a business, told me about growing up on the farm in rural Pennsylvania, saying he did not have any money; he did not know any better. But he started out with a flatbed truck hauling coal from the coal region of northeastern Pennsylvania back down to central Pennsylvania. That is how he got started, and today he has 200 employees, three different businesses, and is another gentleman who gives back to the community again and again and again.

That is what we are talking about. That is what makes America great, coming from a poor farmer to a prosperous business owner and a pillar of the community. Again, that is what makes America great. These are the kinds of people all across this country we have to make sure that we are not penalizing for being successful.

I yield back to the gentleman.

Mr. DAVIS of Kentucky. I think you have hit the nail right on the head there, and for those who just joined us, you are watching the Countdown Crew. You can contact us at countdowncrew@mail.house.gov. We come to the floor the first night of every vote to talk about the positive impacts of tax policies that let people keep more of what they earn, keep more of what they own by default, and ultimately create the jobs and create a future for folks here.

Most folks do not realize that with the vote that took place, changing the House's Congress in 2006, put us on the clock for a tax increase that will come. The chairman of the Ways and Means Committee, the tax-writing committee in the House, has said that there is no tax cut that he sees that is worth keeping.

I think that shows a blindness to the dramatic economic impacts that have hit where we are at all-time manufac-

turing productivity and all-time low unemployment that is remarkable in these times, that we have created 7 million new jobs. What is going to happen in 1,398 days is a tax increase that will hit the average working family in this country with a \$2,092 tax increase, and that will happen without any legislation being introduced.

The way the prior tax cuts were drawn, we would extend them every 2 years. That extension right now appears to not be happening. On behalf of the Countdown Crew, we would encourage you to write your Member of Congress to encourage your Member for the district that is represented by you watching at home to make sure that those are extended.

More than that, we would like to hear your stories, if you would send us countdowncrew@mail.house.gov and tell us what you have done with that additional money. We have heard stories of folks who have been able to meet personal needs, start businesses and create jobs. The goal of a constructive government policy related to revenue is not to raise taxes, not to create taxes for their own sake, but to create taxpayers to have an empowering policy that lets people work, pursue their vision, and pursue opportunity in the long run.

Probably one of the most interesting stories that I can share I think has a little bit of humor in it. If we go to a shopping mall in the United States right now, you can look out and see there is always a group of kids somewhere in the mall, the Goth group, that is dressed in black, black shirts, black shoes, black pants, black hair, black garments that they will have on them.

There is a little secret that I will share with America's youth and the Goth movement tonight. The color black, the person who owned the patent on the color black comes from the Fourth District of Kentucky. A brilliant chemical energy engineer named Bill Stoepel some years ago discovered that there was a real problem in manufacturing waste in paints and in dyes for clothing and paint for the automotive industry. He developed a unique solution dispersion to carry the graphite that would be that color black. He named his little company Solution Dispersions. He took the idea from the experience that he had. He ended up buying a company that at one point he worked for. He started another facility in this business and it grew. He had an exclusivity, made a very, very small profit on processing this graphite for the large coatings and coloring companies that support our manufacturing industry around the United States.

Right there, in Cynthiana, Kentucky, is the headquarters of the color black. The reason I bring that up is there is one person, one man, who has created hundreds of jobs in different parts of the country and also is fueling a supply chain at a reduced cost to be able to compete not only domestically but

internationally as well, with strong and high-quality products.

He did not just stop there and bury his money in the ground. The profits that he made he reinvested in his community. He was one of the people that you had alluded to earlier when you talked about Harold. Well, Bill was one of those pillars of the community that worked with the hospital and the school system, was somebody that was active in the Rotary Club, made sure that the hospital board had resources and assets, and he also invested back in the land, a personal love of his. He was ranching quality, very high quality grade, again creating more jobs and opportunity and participating in the consumption economy.

Many of those opportunities literally have the chance to go away on December 31, 2007. When we talk about tax policy, oftentimes there is a misnomer, this class warfare idea, that it is always the super-rich who get off or the rich who get off and do not pay their burden, that it is always unfairly pushed down on working families and on the poor.

The truth of the matter is with these tax cuts the ceiling was actually moved up. The burden was moved up. Millions were taken off the tax rolls. A new tax bracket was created for 10 percent which will disappear, a transitional tax bracket for those who were coming into the workforce, who are moving upward.

There is a \$1,000 child tax credit that is coming. Just in my family alone, when that went from \$500, and that was set a long time ago when \$500 had a different value in the economy than it does now, to \$1,000 that made a difference. Patty and I have six children. Right there that is a \$3,000 tax increase to my family that will take place at the end of 2010.

The marriage penalty is going to be restored, and I think practically the one thing that we must do is make sure that we have policy that is friendly to families, that encourages jobs, and encourages and strengthens the family. By putting the marriage penalty back in place, it actually makes it more profitable to be single, and I think that flies in the face of our American values here.

You mentioned the estate tax earlier. It is a pernicious tax that confiscates money from families once that money has already been taxed. It is not the super, super-rich of the world, the Bill Gateses of the world, the multibillionaires of the world. They are not the ones that are going to have to worry about paying that. It is the small business owners who have capital-intensive businesses. It is going to be farmers, small manufacturers that have the most dramatic negative effect from that.

We had one took place in my county that is a perfect example of this, a farmer. When the patriarch died, they did not understand. They loved farming. They wanted to focus on that busi-

ness. They did not understand the impact of an estate tax, having a farm in a growing county with appreciating real estate values. Because they had gotten some incomplete legal advice, they came to find out that they literally were going to have to sell half of a farm that had been in the family for five generations because they wanted to keep farming just to pay the tax bill. I think that flies in the face of American values. It flies in the face of creating opportunities.

Mr. SHUSTER. Absolutely. You talked earlier about the stories that we want to have sent to us, talking about real-life stories out there in America, how these tax cuts have helped them or what they are feeling in the economy or what they are feeling about their government. You can e-mail us at countdowncrew@mail.house.gov. That is countdowncrew@mail.house.gov.

I received an e-mail, and I wanted to read some of it to you. It is from Kent Berry, who is a small business owner from Gravel Ridge, Arkansas. I have never been to Gravel Ridge, Arkansas. It is about 15 miles north of Little Rock; and over the past months, Kent has been watching us.

Kent says he is swamped by Federal tax regulations which are driving him down. He goes on further to say: "More and more I feel that the deck is stacked against me. I witness so much nonproduction being rewarded with money which I had to struggle to remit. I'm beginning to feel that the American Dream is an optical illusion. I'm starting to envision the American Dream a lot like the carrot and stick. I keep pressing but it ain't gettin' no closer."

Kent continues: "I'm no constant agitator or perpetual malcontent, but I do enjoy C-SPAN and I did hear your e-mail address several times, and I'm writing to say that I'm struggling here."

"Government, like a lot of things, is a good thing. But like all good things, moderation."

And as Kent points out there, he is struggling out there because he has got a small business. He works hard to earn the money that he earns, and then he has to turn around and pay a tax bill that is bigger than he can probably handle. If we do not extend some of these tax cuts, the tax bill is going to be even greater for Kent.

I know his story and his feelings are like millions of Americans out there that want to make certain that if they are going to invest their capital, if they are going to invest their blood, sweat and tears into a small enterprise, that they have the ability to get a return, that they have a ability to save some money, that they have an ability to make sure that their family lives a little better life than they have.

This is the American Dream, as we have talked about a couple of these folks from your district and some from mine, that they start from meager beginnings and with hard work, with ingenuity, they grow a business and be-

come significant parts of their communities, giving back to their communities. Those are the types of people that we want to make sure that they are not penalized, that they are not driven out of business because they have to have some big tax bill when they pass away, you know, whether it is taking that money and investing it into a mutual fund so they can get a nice dividend back and they are not overburdened with taxes, whether they take their company or their business or their property and sell it and do not have an oppressive capital gains tax.

As you mentioned, most Americans do not take the money and bury it in the backyard. They put it back into the economy. They invest it in a mutual fund. They invest it into another business or a property that builds something, but that money goes back into the economy to create jobs and to hopefully when they invest that money create a return for them so they can continue to live a good life.

Again, through my district, there are a number of people. I have mentioned the name before, a B.C. Stone, another one of those operations started out in a garage. I visited with those folks about a week or so ago. They started out in a garage and today with a couple of employees, and today they employ 70 people. Their business is prosperous. It is growing over the last 4 years, and Travis Collins, one of the owners, says it is directly because of the various tax cuts that we put in place. The economy is moving, booming, and so his business right along with it.

As I mentioned before, he has taken on an old hotel in my hometown of Everett, Pennsylvania, an over 110-year-old hotel, and he is restoring it and turning it into a 12-bedroom hotel with a first-rate restaurant in it. By doing this, he hopes he is going to make some money, but he really wants to give back to the community and this beautiful, small town that he grew up in and this hotel, quite frankly, was dilapidated. He is putting a fresh face on it, and he is going to try to attract people to come into the community, to spend money through tourism.

Again, these are the kinds of things that happen when you allow people to keep more of their own money. They invest it, they grow their business, they try to create jobs and make their communities better places to live and to work.

Mr. DAVIS of Kentucky. One of the things that relates to that, too, is that money just does not end at the personal savings account or even at the grocery store, the auto shop or dealership, or the Dairy Queen for that matter, as we mentioned earlier.

There are others who are very, very dependent upon the benefits, the profits of these small businesses, the revenue from salaries, from jobs that are created, and that is all of our public servants.

I have a daughter who is now doing her student teaching practicum. She is

getting ready to go out and become a public school teacher in our district. Her salary ultimately is paid by the salaries of those who are employed, who own houses, who have jobs, who can contribute to the payroll tax in the community. Our policemen, our world-class law enforcement that we have, is funded. All the training that they receive is funded by taxpayer dollars that come from folks who are out in the economy, who are in jobs that are creating that value. They are creating that tax revenue that comes into the government, that pays for them. We have to make sure in order to keep them strong and to keep them well-funded we have to have a robust and strong economy.

□ 2030

The key to keeping those services world class, whether it is in education, whether it is public safety, whether it is even funding our military at a Federal level; a strong and robust economy is critical to that in the long run, because the entire supply chain, the entire chain of individuals is interconnected. We are in a society, in an economy, where everybody is connected, one to another, in some way. It is not just a circle of folks that we interact with, but it is those that we interact with. That chain moves on and on throughout the entire economy, rippling back and forth in a very positive way, in all, ultimately, being very beneficial.

I have two friends who are in the insurance business. Ironically, they are both not only good friends and strong supporters of mine, they are extremely active in the community. I think the only place that they are not working in concert together is with insurance offices. Bob Boswell and Bob Kelly of Florence, Kentucky, are literally across a mall road together.

But they get along well together, they work together on projects to benefit the community. They see it firsthand, introducing folks to financial planning. As they are trying to build a future, they are trying to look to the future for retirement savings. My friend, Dale Viniard, who is an insurance agent in Crestwood, Kentucky, was one of the very first people that Pat and I met when we moved to East Crestwood, Kentucky, at the opposite end of the district, experiences of people having a concern over their ability to provide for their family and the future, having that ability to make sure that they can have a job, make an income and ultimately have some type of retirement, build that nest egg.

When you touched on the impact of the capital gains tax earlier, I think it's a huge, huge issue, because the majority of Americans now don't have these defined pension plans like somebody might have gotten 50 years ago, working for the large automotive company. Because most people are coming out of the small business world that creates 88 percent of the new jobs in

this country. Their retirement plans are going to be in some form of deferred compensation of 401(k). Some type of retirement savings are diversified, spread over different types of investments. In most cases, they will have some degree of control over that.

Just the change in these taxes could have a dramatic impact on senior citizens. They could literally see their tax burden double overnight when they seek to access their retirement funds just to live.

Again, once that money comes out of the economy, it is not creating jobs. That investment is there; not only is it benefitting them, but it is creating jobs for the future.

Mr. SHUSTER. Just in our closing minutes here, I want to reiterate, first of all, say we have been getting up here for the last several weeks talking about the coming tax increase, unless Congress and the Democratic majority acts, which will occur in 1,398 days, which will be January 1, 2011, and that occurs in 2008, some of the taxes, if they are not extended, will expire, 2009, 2010. Again, we want to hear from citizens around the country that have benefitted by these tax increases, tell us your story about your small business, how it has grown or how you started it.

You can get those stories to us at the countdowncrew@mail.house.gov. We want to hear those stories. Again, I want to close with just talking about what's going to happen with the dividend and the capital gains tax cuts if we don't act.

January of 2010, those rates will go back up. As I mentioned earlier, when folks think about those dividends, whether you have a mutual fund, you have an IRA, you have a 401(k), you have some pension fund out there. By and large, if not all of them, almost every one of them, is dependent on investments to put income in and pay out to the beneficiaries.

Prior to a 2003 tax cut, dividends were subject to an individual tax rate up to 38.6 percent and on top of a corporate tax rate of 35 percent. Those types of rates are coming back unless this Congress and unless this Democratic majority acts. In 2003, the top individual tax rate on dividends was cut by more than half, down to 15 percent; and starting next year, that dividend, no dividend tax on income, on lower-income Americans. That is substantial.

In addition to capital gains tax decreased with the top rates on long-term capital gains dropping from 20 and 10 percent down to 15 and 5 percent, and, again, the 5 percent rate will drop to zero next year for those in the bottom two tax brackets.

If the Democrats fail to extend this tax relief, again, in 2010, they are going to come back, and anybody out there in America that is retired, anybody out there, as I said, that has a 401(k), a mutual fund, they are going to be taxed at a higher rate on those dividends. So it is important that we act. That is,

again, why we come to the floor once a week and remind the American people that this tax increase is coming.

You need to talk to your Member of Congress. I do not believe that anybody in the November elections voted to increase their taxes, and your Member of Congress needs to hear about it. We have to stop it because we want to see this economy continue to grow and to prosper.

Does the gentleman from Kentucky wish to close? The gentleman from Texas arrived, too.

Mr. DAVIS of Kentucky. Thank you. For those of you joining us at the end here, you are with the countdowncrew@mail.house.gov. Our motto is create taxpayers, not taxes. We want to allow you to keep more of what you earn, because when your dollars are in your pocket or in your community, it is creating America's jobs and advancing the economy.

One person who has joined us tonight is a former certified public accountant from the great State of Texas, and his name is Mike Conaway. We have worked together on numerous issues in the committees, and I think that he would like to share something for a couple of minutes here.

Mr. CONAWAY. Just to set the record straight, I am still a CPA. I am keeping my license current.

Mr. DAVIS of Kentucky. We were hoping you were a recovering CPA.

Mr. CONAWAY. Because, as you know, I am only one election away from being back in public practice. So maintaining my credentials that I have used for 30-plus years is important. Part of that work I did was with taxpayers, folks who actually make money and then pay taxes on that money.

There is nothing inherently moral or immoral about a tax rate. The number in itself is not magic. We have gotten ourselves into a real ugly box in comparing or contrasting or linking spending issues with particular tax rates. In my view, those are entirely two different issues all together.

We ought to determine what we ought to spend and what that appropriate amount is and then figure out how to collect the minimum amount of taxes needed to spend that. To the extent we try to link tax cuts on one type of a taxpayer to spending in other areas is a false argument. It is a straw man that is irrelevant in the grand scheme of things. I can assure you that the Federal Government's accounting system does not put cash from this particular tax rate into this bucket that is only spent on welfare; from this tax rate into one bucket, only goes in the Defense.

Cash is fungible. I think we should reformulate the debate away from this idea that there is some link between the specific tax rates and specific spending issues, because I believe that is just a false argument, and it leads us down a bad path. Let's focus on what we ought to be spending in a variety of

areas, whether it is defense or health care whatever it might be, let's figure out what the right amount is for that area. Then let's look for a system that allows us to collect that in a straightforward, easy to comply with, fair basis. I don't think our current Tax Code meets any of those criteria.

I have made a living for a long time helping people comply with the complexity of it. You know, a lot of my colleagues are in the same boat. But this current system is unworkable, and it leads us down the wrong path.

As you have mentioned, we are now under 1,400 days away from the largest tax increase America has ever seen with the expiration of the current tax rate and the current tax schemes as it relates to the death tax.

We don't know if those are the right ones or not, but they are the ones we have got. The ones we have had in place since 2001, I think, in no small part have contributed to the growth of this economy, have contributed to taxpayers being able to have more of their own money, to put that investment back into their families, businesses and other things. The current tax rates are working, and to the extent that they expire and have automatic increases is unfortunate.

I understand we are about out of time. I appreciate getting to join you late in the hour.

Mr. SHUSTER. We certainly appreciate you coming here over the past several weeks. It is always good to have a CPA on the floor to be able to correct us when we spout off a number that is not quite accurate. You have been able to do that a number of times with us. We appreciate it.

I just want to point out again to people that may be watching tonight, such as a CPA, a small business owner. I was a small business owner. We all have children. Your children, I know, are grown now.

Mr. CONAWAY. Grandchildren.

Mr. SHUSTER. But it is important in America that small business owners and families are not burdened with these heavy taxes. We have to keep them low.

I think the gentleman from Kentucky might have a final passing word.

Mr. DAVIS of Kentucky. I want to thank everybody for joining us. For those of you who are regulars and are corresponding with us, we appreciate your joining us and contacting us at countdowncrew@mail.house.gov.

We believe that the key is not raising taxes; it is creating taxpayers to project economic growth and opportunity for the future. Our backbone is of small business owners that have created the jobs, created the vision, have created the innovation that have help make this country great. We want to continue standing by you and the working families of America.

With that, Mr. Speaker, we yield back the balance of our time.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. ARCURI). The Chair would remind Members to address their remarks to the Chair.

THE ECONOMY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, the gentleman from Maine (Mr. MICHAUD) is recognized for 60 minutes as the designee of the majority leader.

GENERAL LEAVE

Mr. MICHAUD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days with which to revise and extend their remarks and include extraneous material on the subject matter of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. MICHAUD. At this time, I know the gentleman from Wisconsin has another meeting he has to attend, so I would recognize the Congressman STEVE KAGEN from Wisconsin.

Mr. KAGEN. Thank you very much, Congressman MICHAUD. I certainly appreciate being with you this evening, especially after an enlightening hour of finding out that really they weren't borrowing and spending money.

But, indeed, this is the class of 2006. We were elected to take a positive change in a new direction. We are not the party of borrow and spend and borrow and spend. Because as you all know, the first two letters of borrow and spend are B and S. We are here this evening to talk with you about our trade policies. Indeed, our foreign trade with China has become entirely a negative number.

In this brief slide, the 2006 trade deficit will show you that the United States is losing. We have lost \$233 billion a year in 2006. In the first 2001 numbers, \$83 billion deficit has mushroomed to \$233 billion.

In 2006, China ranked as the fourth largest export market for the United States and the second largest import market. They are our trading partner. We have had the American century, and now we are moving into what will become the Chinese century. But we should be ordered in the rule of law, and unfortunately for us here in the United States, we suffer because they are not following all of the laws.

In a recent article in The New York Times, it reads in part that the Chinese's real advantage results from subsidies. They include government grants for modernization, low-cost loans, debt forgiveness, tax breaks for export or businesses and subsidies for suppliers of wood and pulp, something we are keenly aware of in Wisconsin, in my district, which used to be known as Paper Valley.

According to government data available from the Chinese government

themselves, more than 70,000 illegal seizures occurred of private property, of land in 2004. In 2003, the Chinese admit that 168,000 occurrences of seizures took place.

□ 2045

Well, this is what happens in a Communist country, and it is to their advantage.

The subsidies: According to our own U.S. Trade Representative, "The Chinese subsidies at issue are widely available and offer significant benefits, particularly through income and value added tax breaks. They make it harder for U.S. products to compete with Chinese products, not only in the U.S. and Chinese markets but in any market in the world. They accomplish this by providing a competitive advantage to a wide range of Chinese exports, including, for example, various steel products, wood products, such as hardwood, plywood and paper products, and by providing incentives for Chinese firms to purchase domestic products instead of those from the United States."

United States' manufacturers and exporters are suffering because there is another trade partner of ours that is not following the rules. Indeed, 15 to 20 percent of all products made in China are counterfeit materials. They need to follow the rules.

On this slide is a measure of their unfair trade. There are three things primarily that China is not complying with: currency manipulation, their yuan is below where market prices would bear the price; illegal subsidies; and illegal grants, grants given to companies that have no intention of paying them back. And what can we do about this? We really need balance in our trade deals. We don't need free trade; we need fair trade.

How do we fix an unfair trade deal? We need new leadership in the administration. We need a President and an administration that is interested in fair trade. And what must we do? We must establish fair trade and export our values, not our jobs. After all, if we don't make anything in America, we simply won't have anything.

Mr. MICHAUD. Thank you very much, Congressman KAGEN. This has definitely been enlightening. I really appreciate all the charts that you have. And you are absolutely right, the American people want the new direction for this country and are very pleased particularly with the freshman class, yourself leading the charge to make sure that we do have fair trade agreements. I want to thank you for your time coming to the floor this evening to talk about this very important issue.

I would now like to recognize another freshman Member of the 110th Congress class, the gentleman from Illinois who has taken a real leadership role as well on trade, but also on veterans affairs issues where he replaced a former colleague in this body, Lane Evans, who has been a mentor and has been a leader also on veterans' issues. I would like