drop veterans from what was once a guaranteed health care system, increase veterans prescription drug copayments, and propose massive cuts to veterans pensions and health care. In fact, there has been no outrage by the Republicans over these actions against our veterans, but cut their tax in half, and we can hear their scream of pain.

Actions speak louder than words, and so far, this Congress has shown regardless of what they say, in fact they have no shame. Unfortunately, it appears that the Republicans are once again playing an April Fool's joke on our veterans, and this is not a laughing matter.

CONDITION OF THE U.S. ECONOMY

The SPEAKER pro tempore (Ms. GINNY BROWN-WAITE of Florida). Under the Speaker's announced policy of January 7, 2003, the gentleman from New Mexico (Mr. PEARCE) is recognized for 60 minutes as the designee of the majority leader.

Mr. PEARCE. Madam Speaker, we have been talking about the budget in this body for several weeks now. As I visit back in the district, I find it instructive to deal with the questions that the voters are bringing to me, and so I have brought a series of slides tonight where we can discuss the budget, take a calm look at it, look at some of the factors that surround it and help voters make an assessment of the truth on the budget and the condition of the U.S. economy.

First of all, one of the most pressing questions is a concern of exactly what is the state of the economy today. I have got a chart here that shows the last 10 years of gross domestic product in the U.S., and we see a fairly consistent line of, generally, a 4.9 percent average. We had a slight recession in the period that I have marked here, 2001. It does not show up on the chart, but if we had an expanded chart, we would see that the recession flattened out and caused a depression in the receipts into the treasuries of the United States.

So basically, we can say overall that the economy in the United States is solid, it is in good shape. But people want to know exactly why did we go through this period in the last couple of years.

First of all, the stock market back with the dot-com expansions, we found stocks that were overvalued. They were based not on recognized profit or recognized product, but on the hopes and on some speculation. The stocks were overvalued, and it was necessary at some point for those stocks to collapse back down. They did that and put us into a mild recession that would not have lasted very long, except 9/11 came along.

We had a pretty big shock to our economy on 9/11. Forgetting the human impact, just talking about the impact financially on the country, the estimates range anywhere from a hundred billion to several hundred billion, depending on how it is evaluated.

So first we had the collapse of the dot-coms and the stock market, and then we had 9/11.

Just about the time we were to come into a recovery, then the corporate scandals, the governance issues of Global Crossing and Enron and other corporations that had misused their accounting methods did not actually cause that much financial difficulty in the market, but actually did affect the confidence. So we found that our economy went into slight recession that was accentuated by later factors. Those factors are the reasons that we are running deficits today.

If we look at the next chart, Members can see the revenue line. This is revenue and taxes, and we see the bulge there in 2000–2001. It is interesting to note, if we were able to extend this line directly up, we would find that in fact our tax revenues are actually very stable, but our capital gains in that period where it deviates upward, were creating an anomaly, a bubble in revenues, that could not be sustained; and when the market collapsed back down, then our revenues fell right back in line with the predetermined historic perspective that we had established.

That is an interesting note because people want to assume that our economy is in bad shape, and our friends on the other side of the aisle talk in horrific, frightening terms to people, who are just paying their rent every month, about how desperate our economy is and the reasons for it. I think this chart begins to show that we have been quite predictable except for a little bit of a bubble that was on the positive side, frankly.

People want to know why are we running deficits. The deficits are caused because we oriented our spending to an increased revenue that could not be sustained, and now that our revenue has collapsed back down, we have got a problem with our spending exceeding the revenues that we are bringing in. That is the short answer to why we have a deficit.

People want to know, are we running historic high deficits. They are hearing the talk coming from Washington, and it causes fear among people who do not watch these figures closely. If the postwar average of 1.5 percent, the red line across here, is looked at, we can see that our deficits right now are nowhere near historic highs.

We also see that our surpluses in the period that just preceded us, our surpluses actually reached a very high level, but they were artificial, created by the capital gains on that overinflated stock market.

So again, as we take a patient, honest look, we see that deficits are existing, but they do not necessarily mean that our economy is in horrific shape or that there is reason for fear and concern. There is reason for fiscal discipline.

A lot of people wonder that with deficits, then we create debt; that is, we do not have the money to pay for the bills today, we spend negatively, we borrow money and we create longer-lasting debt. A lot of Americans ask, are we facing a skyrocketing debt. That again is an interesting question that deserves an answer.

Looking at the next chart, we again see the median line of 42.9 since World War II, and we find that our debt is actually quite low, somewhere around 36 percent. The projections there from 2002–2007 would show that if the projections are right that come from the economists, if we do in fact pass the tax relief, if we do in fact cause the economy to grow, that we can hold our debt at the level of 36 percent.

After World War II, our debt was almost 100 percent. Japan today has a debt of almost 160 percent. Our debt is approximately $3.8 trillion. If we had the same percent of debt as Japan, then we would have $17 trillion. As we look at some of these numbers that come from other developed economies, then we begin to put our numbers into perspective.

Madam Speaker, I would say that, so far, the discussions that come from our colleagues on the other side of the aisle are intended mostly to cause alarm rather than to cause understanding. I would say that right now our debt service, that amount that we pay for the debt is at an historic low. It is approximately 3 percent of our budget.

So if we have a period of deficits and we have a period of debt, why are Republicans calling for spending cuts? The next chart would show us that one of the critical elements, one of the critical measures that most economists agree on is that the level of growth in the private economy is going to be created by the level of spending as a percent of our gross domestic product, that is, how much the government spends as a percent of the overall economy in the United States should fall in a target of anywhere from 16 to 22 percent. As it exceeds above that, we find stagnation. We find that capital is not available for reinvestment by private firms because they are having to compete with the Federal Government, and we find that new jobs are not created.

We in this body have opted to keep our spending within restraints, understanding that if we just continue to spend without the tax revenues, that we will actually cause a dampening effect in our economy. And so a lot of people ask that question, and it is justified to ask why we would be seeking budget cuts at a time like this, and it is because we need to maintain that target in the range of 20–22 percent. We can see from this chart, we have had, historically, far less amounts and far greater amounts, but right now we do not have a situation in our economy that is due alarm.

There are those who complain that this Congress is cutting budgets tremendously, that we do not feel the needs of those people in society, and I have a series of charts all of which are

going to show about the same thing, that under Republican rule the actual amount spent on many budgets have increased dramatically from what it was previous to Republican control.

□ 1730

I will simply go through these charts and take a brief look at them to get an understanding of some of the historic perspectives in our spending to date.

We have complaints that we have cut in the agriculture sector, but we see the spending in 1996 versus 2003. Who among us would say that we are actually penalizing the agriculture market? I think reasonable people would assure themselves that we do need fiscal discipline and we need to be careful how we spend our money, but to say that we have not adequately invested in this program is lacking in full truth.

Similar arguments have been made about Medicaid and Medicare, that we have restricted spending, that we have given deep cuts. Again since 1995, about the time that Republicans took over, we can see the tremendous increase in spending in Medicaid and likewise in Medicare. We again find that we have had abrupt increases in the level of investment in these programs. If we are not getting the output in the programs that we need, it is because the programs themselves have flaws in their design, that the processes in which they choose how much and to whom to pay are the problems rather than the level of spending by the Republican Congress.

Much has been made of the situation of veterans. Again we would see that in 1995 we had $20 billion and today we have $30.6 billion. The slope of the line simply tells us that we have increased spending dramatically. This one abrupt drop here is simply due to an accounting anomaly where we had 13 payments in this period and 11 payments in the other period, and so those would even themselves out to show a fairly steady increase of almost 5.1 percent per year. President Clinton before he left office expanded the number of people who are able to tap into the veterans system. Prior to his regulatory change, veterans who were disabled in the line of duty were able to collect benefits, but those who were disabled in some other way were not allowed to collect benefits. That one change has created a tremendous demand for services that did not previously exist and so you can see that we are investing almost one-third more in the past 6 years, but the drains on it have kept the incremental amounts going to individuals, the amounts that people feel have been kept at a low level because of the increased demand by regulation change. If we have problems with veterans and if we have problems with other programs, the problems are problems of process. They are not problems of a failure to invest.

Many people wonder why we are asking for tax cuts at this time when we have deficits. Tax cuts are the way that we grow our economy. Tax cuts become money that are placed back into the hands of investors. They allow businesses to increase their production, to increase their employment. The estimates if we pass the tax plans that the President has submitted are that we would create 500,000 jobs per year. Those are not insignificant in times of higher unemployment. We must cut taxes in order to reinvest in our economy to create growth. We are finding at this point that because of taxes, many of our corporations are not competitive in the international market. We are losing jobs because of our tax plans which penalize companies located in this country.

One of the things that our colleagues often talk about is the fact that we had corporations that have misused their accounting methods. Enron would be the example used most often. I would bring Global Crossing up as an extreme example. One of the things that happens when we cause companies to keep cash and not pay out dividends is that that cash builds up and there is stimulation to try to spend it, there is stimulation to try to create different sections of the company that would shelter and hide that cash from taxation.

It would be much easier if we simply gave the money back to stockholders in the form of dividends. That particular tax cut, which has been accused of being only for the extremely wealthy, needs closer inspection. Almost half of the savings of the dividend taxes would go to seniors 65 and older. The average tax saving for seniors receiving dividends would be $936 per year. More than half of all American families today own stock. Eighty-four million Americans are invested in the stock market. Over half receive dividends. Over half of the ones who receive dividends have an income level of less than $50,000, but that story is not told in this body, Mr. Speaker.

That story is not told because we are not always after the truth in this body, that we want to create fear and that we want to create illusions. But the truth is that many, many Americans would benefit from this dividend tax cut, the creation of jobs, the return of dollars to Americans. The fact that we are one of the last three countries in the world that causes double taxation of dividends cannot be overlooked.

Mr. Speaker, I stand fully in support of the President's tax cuts that would give 46 million married couples an immediate check for $1,500 and continue it every year from now on. Mr. Speaker, I stand fully in favor of the President's tax plan which says just repeal the estate tax. Ben Franklin said that the only two things in life that are certain are death and taxes. He never envisioned the American Tax Code that would cause them to occur simultaneously. Mr. Speaker, we hear tremendous comments that this is just a tax cut for the wealthy. It is never explained that the top 25 percent of taxpayers, those people who have incomes $55,000 and over, pay 84 percent of the taxes, that if we are going to give a tax cut that is large enough to create economic growth and economic stimulus, that we must give it to the wealthy because we are describing as wealthy those households of $55,000 and over.

Mr. Speaker, one of the best examples of the tax cut will occur with small businesses where they will be able to write off expense, up to $75,000 of new equipment. As a small business owner, I know that that single tax cut would create jobs. Mr. Speaker, I think I will close with a quote from the Governor of New Mexico. Governor Bill Richardson, a Democrat who served in this body, now Governor of New Mexico, says that reducing taxes puts us on the road to economic growth.

Mr. Speaker, the other side knows the truth. They use it when it is important for them, but they refuse to discuss it on the floor of this House in this budget. Bill Richardson's plan this year passed in New Mexico's legislature reduced New Mexico's income tax rate by 40 percent from the current 8.2 percent to 4.9 percent by 2008. It cuts the State capital gains tax in half, to 10 percent. It offers tax credits to companies opening new facilities in the State. Richardson agrees that his plan sounds sort of like Bush's tax-cutting agenda, and he argues that Democrats nationwide should consider tax cutting a viable strategy. ''We need to stop talking about class warfare and the distribution of wealth,'' he said. ''Economic growth and reducing taxes puts us on the road to economic recovery.''

Madam Speaker, we do not always get a full and honest discussion in this body. I wanted to share these comments on the budget today.

Madam Speaker, I yield to the gentleman from Florida (Mr. FEENEY).

Mr. FEENEY. Mr. Speaker, I wanted to come down to congratulate the gentleman from New Mexico for his advocacy for fiscal responsibility and his advocacy for taxpayers throughout America. I have been struck by the same sort of surreal, almost bizarre, arguments against this budget that the House has put together at this point and they seem to be in two categories that the gentleman has identified: number one, that we are having Draconian cuts in the budget; and, secondly, that somehow this tax cut proposal, the stimulus package, is designed to help the wealthy in America.

With respect to the first provision, I would suggest, Mr. Speaker, that the Chicken Littles are out in big-time form these days. The sky is falling, the sky is falling, Draconian cuts, et cetera, when the fact of the matter is I have been hearing this argument for about 30, 40 years. I remember watching TV as a small boy when President Ford was a Republican leader in this House of Representatives, and he was accused of cutting the school lunch program. Thirty-five, 40 years later, Mr. Speaker, actually we have an obesity epidemic in America's school

grounds, unfortunately all too often, and so the truth of the matter is that whatever Republicans have been cutting in terms of school lunch programs has not done a very effective job if we have been trying to cut off the food supply. I would suggest that scaring teachers, scaring parents, scaring children, scaring veterans, scaring farmers is the wrong thing to do as a moral political policy; but more importantly it is empirically ignoring all of the facts.

As the gentleman suggested, agriculture spending in America as a consequence of Republican leadership has increased from 1996 to the year 2003 from $6 billion to over $24 billion. Veterans medical care from 1998 to 2003 has increased from $17 billion to $24 billion. Education spending at the Federal level from 1998 to the year 2003, under President Bush especially, has increased from $30 billion to $58 billion. Medicare spending has increased in America from 1996 to the year 2003 from $175 billion to roughly $240 billion.

Mr. Speaker, I am new to Washington; but this is the only place where you can increase your budget an average of 5, 6, 8 percent a year and people will call it a Draconian cut to punish seniors. As a matter of fact, total discretionary spending since 1996 when Republicans took the leadership here has increased from $501 billion in programs throughout the budget to over $740 billion. Those are hardly cuts. As everybody that can do math knows, this is an increase, the overall spending proposed by House leadership and the House of Representatives as a whole, of over 3.1 percent during tough economic times. It comes in the aftermath of really what is soaring spending.

Indeed, the truth of the matter is spending other people's money is an intoxicating experience, but it has consequences. It has effects on the average family. In fact, the Federal Government bites out of every family's budget on average $16,000 per year. That is for every household budget in America. That has huge effects. That is $16,000 worth of spending that families do not get to cut out for their own purposes. Much of this is in duplicative or superfluous spending, unnecessary. There is this appetite of the Federal Government and bureaucrats and politicians to be indiscriminately meddlesome in trying to organize our life's affairs; and unfortunately, that stifles all sorts of economic growth, family planning, business planning, and I could go on.

I have got about five pages of incredibly wasteful spending I could go through; but in the interest of time, I know I have some distinguished colleagues who would like to address this matter, I will skip the details. I will say that for example, however, the Federal Government cannot account, last year alone, for $17.3 billion worth of spending according to our own records. $17 billion just lost somewhere in the system. The Federal Government made $20 billion in overpayments in the year 2001 alone. The truth of the matter is that we are woefully irresponsible and inefficient.

On top of that, what the gentleman from New Mexico knows and that is never pointed out by the opponents of the President of the United States and his fiscally responsible budget is that our cuts, the only cuts that we have asked for in this budget, come out of waste, abuse and fraud. We have instructed all of the budget draft persons to emphasize and never touch any of the important services provided to our military veterans, to the education system, to the farm system, certainly not to homeland security and defense that each see significant increases.

We have instructed them to cut 1 percent out of abusive, wasteful and fraudulent spending. I would submit, Mr. Speaker, that not one person in my district does not believe that we could not cut one cent out of every dollar spent at the Federal level. The truth of the matter is that only one in 4,000 Federal employees is ever laid off because of bad performance. People in my district just do not believe you cannot find more bad performance than that, and they just do not believe that we cannot find one cent out of every dollar in terribly wasteful and abusive spending.

I think the gentleman did a wonderful job talking about the importance. If we want to get this economy moving again, we have got to support the President's tax proposal and stop all of this demagoguery. I applaud the gentleman. I do not know how he and other Republican leaders were able to convince a Democratic policymaker, the distinguished Governor of New Mexico who happens to be a Democrat, how you were able to educate him in terms of the reality of job creation, wealth creation, prosperity and investment; but the quote from him, we need to stop talking about class warfare and the distribution of wealth, we need to start talking about economic growth, and reducing taxes puts us on the road to economic growth.

□ 1745

I want to endorse the comments of the governor of New Mexico, and I am thrilled with the very notion that we can go back home to Florida and convince some of my friends and colleagues on the Democratic side that we can cut taxes and spur economic growth, spur job creation.

Here is the bottom-line truth. If we want employment, we cannot punish all the employers in our State or in our country. If we want job growth, we cannot punish the people who are creating jobs. If we want wealth, we cannot punish those that are busy creating wealth for all of us, and if we want savings, we cannot punish those that save and invest.

I will leave you with this. I am a big proponent of the President's dividend tax cut. The fact of the matter is that dividends in America today are taxed in a very punitive matter. The highest rate at the corporate level is some 36.5 percent, but even after the corporation pays tax, it has only got about 65 cents or so left, and it pays that out in dividends to individual shareholders. Those shareholders may be subject to taxation rates of up to 39 percent. The effective rate of taxation therefore is that the Federal Government takes 70 percent of every dollar earned by corporate investments. No wonder we are having trouble creating new jobs, new economic prosperity, and new wealth.

On top of that, of course, there is a hodgepodge of other Federal taxes that are owed, State property taxes, State income taxes, State sales taxes that are collected by these corporations. It is a very punitive system that has effectively stifled much of the potential growth.

But I will leave the Members with this last thought. The notion that job creation should be continually punished in America, forever, I think hurts every family, but I will tell the Members that especially in Florida there are other portions of the President's tax cut program that make dramatic differences.

We have got some 92 million Americans that earn dividend income. We have got millions of families that will receive a huge benefit from the increase in the child credit. We have got small businesses that, as we expand the deduction for buying new equipment, will be huge beneficiaries. As we phase in the 10-year tax cuts on marginal rates, all sorts of families will save thousands of dollars.

The final thing I will leave the Members with is that the Democratic so-called tax cut proposal allows the average family to go out and buy a used television set on a one-time-only basis. The President's proposal puts an average of between $1,000 and $2,000 in every working family's pocket forever, every year. It will create jobs, it is will free families, and it is the right thing to do.

I thank the gentleman from New Mexico (Mr. PEARCE).

Mr. PEARCE. Mr. Speaker, I yield to the gentleman from Colorado (Mr. BEAUPREZ).

Mr. BEAUPREZ. Mr. Speaker, I thank the gentleman from New Mexico for yielding.

I have been intrigued by this dialogue about the budget and especially the economic growth package, so-called, and there are a lot of ideas going around on this Hill. I want to focus for just a minute on something very near and dear to my heart, job creation.

I have been in the private sector all my life and only a brief while in this distinguished body as a Member of Congress. So my mind and perhaps a good share of my heart is still back home with the folks that actually are creating jobs and doing the work around this country.

In fact, just this afternoon I had an electric contractor, electrician, in my office and he was lamenting with me

the state of things back home, that he is actually for the first time in many years faced with laying people off, with eliminating jobs. And that is a tragedy because these people that work for him, he is a small business owner again, they become more than just employees, they become friends; and he knows that laying them off, especially in times like this, is a bad situation and it becomes a very personal situation.

So I think a concept that has tragically been lost in a great deal of this dialogue is the one of job creation and something that we really ought to be committed to. And I submit that all of us from either side of the aisle, all of us that run for public office say, we are for job creation, we are going to do that when we get to Congress. If we are ever going to do that, if we are wherever going to really mean it, what better time to mean it than right now when we see unemployment up, when we see people like my friend from back home in my home district saying he is going to have to lay people off, that we be serious about it?

Let me share a couple of statistics with the Members. Relative to this much-debated dividend tax elimination, the compelling part of that argument, the big part of it for me at least, is the number of jobs that it will create. Why would it create jobs? In our society, we typically get what we incentivize, and when we incent capital formation, capital which is critical to the creation of opportunity, the creation of an expanding economy, the creation of jobs, that is what we will get. When we incent it, we will get it. So when we incent the investment in capital, the equity side of business, it only stands to reason that we are going to get an expanding economy and jobs as a result.

Point of reference: It is estimated in this economic growth package that has passed this body that, on average, for the next 5 years, almost 1 million new jobs a year will be created. Some have suggested that this dividend tax elimination is not a good idea, that it just benefits the rich, and I will return to that, that it really will not benefit the average guy. The average guy is exactly who we are talking about here who needs a job.

If we eliminate that, we lose almost 60 percent of the job creation of the economic growth package that we are talking about here. We reduce from that almost 1 million new jobs a year, on average, for 5 years to less than 400,000. That is tragic. That hits people right where they live, in their pocketbook, at home, and that will cost us jobs which we need. Again, it defies logic why we do that.

Another critical piece of this economic growth package, if I might, is the increase in the investment credit tax deduction for small businesses from 25,000 to 75,000. Why is that such a big deal? My electrical contractor again, I asked him, If you had the option, would you use that? Yes, he would. What would you do? Well, he would buy some new equipment. He would buy a badly needed new van. He would buy some shop equipment; they fabricate a little bit.

I submit to the gentleman the simple facts of life. If somebody is going to buy something, a washing machine, a drill press, a new computer, that means somebody has to design it. Somebody has to fabricate it. Somebody has to assemble it. Somebody has to ship it. Somebody has to make a box to ship it in. Somebody has to put it on a shelf. Somebody retails it. Somebody delivers it. Somebody installs it. Somebody services it. That creates jobs. That is how America works, and that is what we ought to be about in this body.

And we have got an opportunity not to just stimulate, and I do not like that word, not to just stimulate this economy because typically we poke it here and it comes out there, and then we will poke back later. We ought to do some sound, long-term economic planning. That is what we have an opportunity to do here, to incent job creation.

I submit to the gentleman from New Mexico (Mr. PEARCE) this is a great package. I applaud him for taking leadership on the floor of this House tonight, and I pledge to him my support to seeing this economic package pass this body and, hopefully, become the law of the land. I thank him for yielding.

Mr. PEARCE. Mr. Speaker, I recognize the gentleman from Colorado (Mr. TANCREDO).

Mr. TANCREDO. Mr. Speaker, I thank the gentleman from New Mexico. We have been standing here for some time listening to some of our friends on the other side of the aisle talk about what they saw as the doom and gloom of the tax package of a budget really that allows people to actually begin to operate, begin to do things that will bring this economy back.

It is amazing. If we had listened for any length of time to our friends on the other side of the aisle, we would have heard time and time and time again that the following rhetoric; we would have heard something like this: Oh, my God, they are going to take money from the people who are veterans and children and old people and everybody we can think of to cast in a sympathetic light, and they are going to give it to the rich.

Give it to the rich, this is a fascinating way of talking about letting people keep some of their money, but it is exactly what distinguishes the two sides in this debate. It really is a great way of explaining how one side of this debate looks at the whole issue of taxation and the whole issue of private development, the development of one's own resources and talents. To think that the Government of the United States or any government owns the money to begin with and that they, if they are nice, we are going to let them keep some. But if they are not very nice, and even if they are wealthy, if they made a few bucks in the process, all of a sudden they are the bad guy and we are going to either keep money from them, but if we are going to pass a tax break, we are ''going to give them money.''

It is not giving anybody money to say that they can keep some of the money they earn, but it is only that if we think of it as being all the government's money to begin with, and that is exactly what the other side does, that is how they think about government: It is all government money. We will let them keep some if they are good. That is what really separates these two sides in this debate, and I hope that the people that listen to this debate understand and really are able to see that.

Mr. Speaker, there was a time when the leadership in the Democratic Party, not just a single governor like Governor Richardson today, but the leadership of that party could actually look beyond the whole concept of class warfare and did not try to incorporate that into the philosophy of the Democratic Party.

And there was a time that the leader of the Democratic Party actually came to the Congress of the United States, came to the people of the United States and said, You know what we need? You know what we have to have? We have to have a tax cut. Even though we have got deficits, huge deficits, the way to get us out of those deficits and back into a surplus is to let the economy begin to move again, and we have to do that by giving people tax cuts.

The Members know who that was, of course. It was John F. Kennedy, and he put through a huge tax cut in the face, by the way, of large deficits that were running at the time; and he did not talk about letting rich people keep some of their money. What he said is, we have to allow people to keep some of the money that they are laboring for because that is truly what makes an economy hum. And he was right.

There is another thing that we should pay special attention to, Mr. Speaker and my colleagues, especially my colleague from New Mexico, who I know understands this issue far better than most of us, and that is the importance of energy production and the importance of getting an energy bill through this Congress, the importance of getting the President's energy package through. This will do more to ''stimulate'' this economy than almost anything else we can doing aside from letting people keep more of their own tax dollars.

We have to allow for the development of the economy and the stimulation of the economy to occur as the result of the production of energy resources in this country. No one, no one, believes that we should continue to rely upon foreign sources for our energy needs. That is why it is incumbent upon every single one of us in this body to do everything we can to put an energy bill

in front of the President, let him sign it, an energy bill that will begin to explore the resources that are available in the United States, the coal, the gas, the oil resources available to us here while simultaneously researching what is available to us in alternative resources and the use of alternative energy supplies.

That is what is desperately needed, and I hope we will begin to focus here, even for the remainder of the time we have available to us, on this issue of energy, because it is an extremely important part of this whole discussion of how we get an economy going again.

Mr. PEARCE. Mr. Speaker, in summary, I just would say that, in perspective, people in this city are saying that the tax cut is just too large, that the original figure of $726 billion over a 10-year period, that compares to $120 trillion. Mr. Speaker, we are asking for seven-tenths of 1 cent back in taxes. Economists on both sides of the aisle declare that this tax cut, this tax relief package by the President of the United States to be the boldest tax plan ever presented, that if the dividend tax is repealed, it can surge our economy upward for a 50-year period with an immediate 10 to 15 percent increase in stock prices.

□ 1800

Mr. Speaker, again, I am going to close with the comments on March 31 of this year from Democrat Governor Bill Richardson from New Mexico when he passed a tax cut in New Mexico: ''We need to stop talking about class warfare and the distribution of wealth,'' he said. ''We need to start talking about economic growth, and reducing taxes puts us on the road to economic growth.''

Mr. Speaker, I cannot say it better.

ENERGY POLICY

The SPEAKER pro tempore (Mr. MARIO DIAZ-BALART of Florida.) Under the Speaker's announced policy of January 7, 2003, the gentleman from Utah (Mr. CANNON) is recognized for the remainder of the leadership hour, which is now 20 minutes.

Mr. CANNON. Mr. Speaker, I appreciate the gentleman from New Mexico yielding his time back so that we can take a few minutes to talk about energy policy issues. I would like to immediately turn the time over to our colleague, the gentleman from Montana (Mr. REHBERG).

Mr. REHBERG. Mr. Speaker, I thank the gentleman from Utah for yielding to me on an issue that is so very important.

There is an old Chinese proverb that says, the best time to plant a tree was 20 years ago. The second best time is today. Just think back to 1979 when we were standing in line to buy gasoline, and some of us from energy-producing States said, what happened? Will this ever happen again? It happened again in the 1980s. We continually find that energy prices are going up. We find that OPEC ministers are holding us hostage, and yet this Congress and this country does not have an energy policy. Oh, it may not be the most sexy of issues, because every time the gasoline price in this country goes down, people go, whew, we solved the problem; now we do not have to deal with it.

But we do. Because there is one thing that will create a problem more than any other problem in this world in the future, and it is not the national debt that we talk about, and that is very serious; the national debt can either be solved through increasing revenue or decreasing expenditures. No, the most serious problem this Nation faces is an energy shortage. One day we will not have an opportunity to drill one more well or dig one more shovel full of coal. If we have not done the things, if we have not put in place the environment to create the next generation of energy production, then we have done more damage to the next generation, far surpassing anything else that we could have done with our financial debt.

Montana, my home State, is known as the Treasure State. Why? Because of the natural beauty, but also the natural resources that we can provide to the rest of this Nation under an energy policy. ''Oro y Plata'' is our motto: Gold and Silver. We have gold and silver, but beyond that, we have many of the things that this energy policy that we are discussing in this Congress have to offer.

A couple of the ones that are most important to my State are clean coal and clean coal technology. The energy policy talks about the opportunities. Think about the native Americans in our country. We have reservations in Montana that need economic development. Just in the Crow reservation alone, they have the potential for 1 billion tons of coal, or the Cheyenne reservation, 1 billion tons of coal.

One of the President's priorities was hydrogen fuel cell technology. We need electricity to put through the hydrogen fuel cells. How can it be created in America? Through coal. I traveled to Iceland last year. I watched them want to become the first nation to be entirely fossil-fuel free. How do they create the electricity for their hydrogen fuel cell technology? They use water, hydro, their dams. We certainly cannot do that. We need a source, whether it is natural gas or coal. Montana can fit into that, but we cannot without the incentives that are created in this energy policy. We need this bill.

Marginal well tax credit. Mr. Speaker, in Montana alone, we have 2,700 shut-in marginal wells. Why? Because they cannot afford to open them because the price of oil is so unstable that they do not know that if they open it, they will have to shut it down immediately or they will lose them. We are not talking about the major oil companies here. We are talking about independents; we are talking about Montanans, individuals who pay their income taxes that need the help. Within the energy policy there is a tax credit for marginally producing wells. It could replace as many as 140,000 barrels of oil a day, oil that we will not have to bring in from places like Iraq.

Energy debt. That is what we are looking at in this country. I brought along a picture that I want to show my colleagues real quickly. This is my home State of Montana in the year 2000. These were the fires that burned a million acres of properties, a lot on Federal ground. Unfortunately, along with that, animals burned, pastures burned. We created an unhealthy environment and rather than doing that, we ought to do what other countries and, in some cases, States that are so far ahead of this Nation are doing.

I took a delegation over to Sweden last year to look at biomass. They have cogeneration facilities where they put wood products through those generation facilities to create energy for schools and hospitals. It can be done in America. It is not being done to the extent that it could be, because we do not have an energy policy.

When is America going to wake up? When are we going to say we are not going to let the opponents stop this plan because of one issue or another? And energy policy has a never-ending, expansive environment of creating an opportunity to become energy independent to fuel the economy and to fuel ourselves into the 21st century and beyond. Without it, we are creating an energy debt, and that is not fair to the next generation; and shame on us if we do not solve the problem.

I thank the gentleman from Utah for his leadership in the Western Caucus and for giving me an opportunity to speak today.

Mr. CANNON. Mr. Speaker, I thank the gentleman from Montana for his interest, intensity, and clarity on this issue that is so important to the American people right now.

I could not help but think as he spoke that, in fact, in America, the cost of energy is as regressive as any tax could be. That is that poor people drive cars and rich people drive cars. Sometimes the cars that are driven by the rich, though the car may cost more, uses the same kind of gas or even less gas than an old beater uses. The fact is, the cost of energy is significant to the people, even in a regressive way, to all segments of our society.

We are speaking today as the Western Caucus. I want to thank the gentleman from Colorado (Mr. TANCREDO), a member of the caucus who spoke earlier, and the gentleman from New Mexico (Mr. PEARCE). I hope we can get back to him. We also are joined by the gentleman from Pennsylvania (Mr. PETERSON), who is the communications Chair for the Western Caucus and also by the gentleman from Utah (Mr. BISHOP), who is the secretary of the Western Caucus. I would like to yield to the gentleman from Pennsylvania (Mr. PETERSON).