

Ms. BROWN of Florida. Mr. Speaker, Monday's plane crash was another devastating blow to the residents of New York and the citizens of this great Nation. Although we do not know the cause yet, I have been hearing it called a routine plane crash. God help us all if we ever accept a plane crash as routine.

I was in New York Monday and had to take the train back to D.C. I was talking to the train conductor who said that the U.S. lawmakers have failed the American people. This is what our citizens think of this Congress. How many planes must go down before we truly deal with the safety issue? Not just who screened the baggage, but the safety of the entire transportation infrastructure, including ports, rails, bridges, tunnels, and maybe after yesterday, more safety inspectors for airplanes. Does this Congress have to wait until another disaster strikes again to act to protect our transportation infrastructure?

Mr. Speaker, we do not want the American people to feel that we have failed them. I do not hold much hope, but I ask the conferees to support the Senate version of the airline security bill so we can move on to other areas of homeland security.

There is something that the American public needs to know. At this very moment, American flight schools are training pilots from countries sponsoring terrorism. All those terrorists need to do is pay in cash, and those schools will teach them anything they need to know. Preventing those with ill intent from acquiring flight skills, which they can use in a hijacking, is just as important if not more important as other issues being addressed in this legislation.

It saddens me to know that the terrorists accused of these hideous acts on September 11 received their flight training at Florida flight schools. Obviously, current law regulating who may receive training and what kind of training they receive is insufficient. The other body passed a version that addressed this matter by requiring aliens and other individuals, as determined by the Department of Transportation, to acquire a certificate indicating completion of a background investigation by the Attorney General prior to beginning flight training.

□ 1515

Under this section, a background check consists of a criminal, immigration status and security check. Flight training includes in-flight training, training in a simulator and any other form or aspect of training as defined by the Secretary of Transportation.

I encourage the conferees to support the language of the other body. We have waited weeks for this legislation to reach the floor and we should not leave for Thanksgiving vacation until

the American people feel safe to fly in their own country.

ECONOMIC STIMULUS FOR AMERICA

The SPEAKER pro tempore (Mr. OSBORNE). Under the Speaker's announced policy of January 3, 2001, the gentleman from Texas (Mr. ARMEY) is recognized for 60 minutes as the designee of the majority leader.

Mr. ARMEY. Mr. Speaker, I want to appreciate you presiding over the body, the Chamber, today.

Mr. Speaker, I was tempted to ask unanimous consent that the body agree with me that Oklahoma be number one, but I would not want to put you in a position of having to object from the chair.

The SPEAKER pro tempore. Without objection.

Mr. ARMEY. The Speaker is a gentleman for sure.

Mr. Speaker, I am here today with some of my colleagues to talk about a serious subject, but let me begin by paying my respects to this great country. America is such a great country. We Americans are such hardworking people. We go to work, take care of our families, look after things in our community, we work hard, pay our bills, pay our taxes. Beyond that, maybe we save a little bit of something for our old age or our children's education or any number of dreams we might have.

We go to the private capital markets and put that savings where it will be safe and where it will grow and hope that those sacrifices we make today will give us a better day. And all of that activity that we do in what one of my favorite economists, Alfred Marshall, called the ordinary business of life, all that we do has resulted in this great land building the greatest economy in the history of the world. The wonders of product from which Americans consume daily and routinely are just magnificent and frankly the envy of the world.

But every economic system, every economy, every great Nation at a time can find a period of economic distress. We have a whole body of economic thought, financial analysis, study, by which we respond to a very simple question: If the economy falls on hard times and if in that period of time people are losing their jobs, production falls, investment falls off, the energy seems to be sapped from the economy, what by way of government policy can be done?

There are basically two areas by which we can respond to this. It is called countercyclical monetary and fiscal policy. We can respond by monetary policy to try to expand the money supply and encourage growth for the economy. In that, Chairman Greenspan and the Federal Reserve Board have been more than thorough in their ef-

forts along that line. We have brought, through their efforts, interest rates down to as low a level as possible. We in the Congress of the United States need to turn our eyes toward the Federal Reserve Board and say, "Thank you, ladies and gentlemen, you have done so much, and we appreciate your effort." And at the same time we need to recognize that more can be done and in particular that more that can be done must come from us.

For reasons that are not altogether clear to everyone, the American economy began to downturn sometime last year. I remember the downturn became clearly evident to us, to the point that now Vice President DICK CHENEY as a candidate for that office spoke about it during that campaign season. I can remember how he was berated by his opposition for, as they said, talking down the economy, an unfortunate reaction in that while we had to have somebody who would say, "Hey, there is serious trouble on the waters and we need to be ready to respond to it," we really did not as a Nation need others to say, "Hush up, let's not recognize our problems."

So we went forward with that. And as the new administration took office, it took office with an understanding of this economic distress and a resolve to do something about it. And, of course, the President acted swiftly. I am proud to say this body worked hand in hand with the President as we passed earlier this year the one thing that we might do, that we could do, that we should have done and that we did do to stimulate the performance of the economy, which was to cut taxes. That tax reduction that we did in June of this past year has already showed up in the lives of most Americans. We have seen it by adjustments in our withholding taxes at work, we have seen it by the rebate of overtaxes from last year. And that may have been all that we needed to move this economy back to a good growth cycle where the jobs could have been not only sustained but in fact expanded.

Then on September 11, with that horrible, heinous act that was perpetrated in this country by international terrorists and the Nation took a blow, one that broke your heart in so many ways, most of which we have responded to and most of the correction for which is well under way today as we see by events in Afghanistan, we committed this Nation to wiping out international terrorism, and this Nation is doing the job. Is it not marvelous, Mr. Speaker, the extent to which the Congress, from both sides of the aisle, cooperate with the President in this very important job of ridding the world of these villainous characters that would perpetrate such horrible acts?

But another part of the blow that we took on that day was a blow to our economy, and that blow to that economy really sent us to some extent

back. Make no mistake about it, the American economy is still the strongest economy in the world and we are still doing well, but it is not performing as it can be, as it should be, and people are losing their jobs. They look to us to do something about it. The President of the United States has, after mobilizing all the resources, asking for and receiving as much as \$100 billion of new spending for these critical defense and security needs the Nation has, turned his attention to what else we could do and asked for us to give a pro-growth, job-creating tax reduction to the American people. We studied on that, the White House studied on that, others in town studied on that, and there developed a, I might say, scholarly consensus that if in fact you were going to use reduction in taxes to stimulate the performance of the economy, put us back on a growth path and, indeed, in the final analysis create jobs so that your neighbors can go back to work, your sons and daughters can graduate next spring and find those jobs that you have been hoping for, that we would have to concentrate our efforts on the investment side of the tax ledger.

Chairman Greenspan in one meeting that I attended said it, I thought so perfectly, when he said, every dollar's worth of tax money left in the hands of the American people for investment purposes will leverage to higher rates of growth than dollars left in consumer hands. And so, at the President's request, the House of Representatives created a tax bill that focused on investment, growth and jobs.

Let me talk about a few of the things in that tax bill that are being frankly misunderstood and publicly maligned. One of the other points that was made by Chairman Greenspan is that we ought to take all the good ideas on tax reduction and line them up and do what is known in the discipline of economics and finance as a cost-benefit analysis to see which of these will give you the most growth result as a consequence of their implementation. That was done. And there was a consensus that again was articulated before us by the Chairman when he said, the first most necessary thing that we must do is put an end to the alternative minimum tax as applied to corporations.

Why is that so important? First, we should understand that the alternative minimum tax says to a corporation, if you are having a bad year, sales are off, revenues are down, you don't have earnings but indeed have losses and would thereby under the normal Tax Code of this land be exempt of any tax liability, we are going to bring in a special punitive tax so that we can extract revenue from you even though you have no earnings from which to pay those revenues.

This is an insane tax. This is a kick-them-while-they-are-down tax. This is

a tax that says take away whatever they might have to perhaps get back on their feet as a business fallen on hard times and give it over to the government. Take away what you might have to put some of your employees back to work and give it over to the government. And he is so right. We must get rid of that. And in doing so, we have been advised by virtually everyone, rebate to these firms those liabilities they have already existing under this insane tax so that they in fact can recoup among themselves from the revenues they have acquired through their own sales because of the productive effort of their employees who had the good fortune of having a job in the good times so that they may have the revenues with which to actually make the investments that would put people back to work.

This is being maligned in the discourse over tax policy in America today by the uninitiated and economically naive as some kind of a tax break for big corporations. Well, corporations do not pay taxes; people pay taxes. And the people that pay those taxes are the people who own the corporations. And the people who own the corporations are many times those same workers that had enough good fortune to have something called an IRA, a Keogh plan, a 401(k), some precious little area of savings where they had a chance to hold something of value in their lives and the owners of the corporation.

And so those people that work hard, save their money, put it in whatever instrument they think is safe for their retirement years, get this special punitive tax and have that money taken away. We in the House understood the good common sense of leaving resources in the hands of investors and avoiding the practice in current law of kicking people while they are down and we put a repeal of the AMT in our bill.

Another piece of advice we got from so many quarters was, let people expense some portion of their new inventory for some period of time. Why is that important? We are living in a high tech society. The driving engine indeed not only of the American economy but of the world economy is all of this modern computerized electronics. And it is exciting. There is a discovery, an invention a day. I always say every time there is another college dropout, there is a new electronic wonder coming before us. That means rapid obsolescence because the innovation, the creation, the invention is going on so fast. That means that if you are going to invest in these new wonders of productivity that make it possible for us to work smarter instead of harder and get more output per unit of input and keep more people working at higher wages, you have to be able to write some of that off early so that you have the time to recover them. And so we put that in, 30 percent tax write-off in

the first year, as an incentive for people to invest in the wonders of American genius as invented and innovated in the world of work.

Then we took a lesson that was taught to us, I thought, at least taught to me as a young economics student back in 1962 and 1963 by President John F. Kennedy, who is not one of our guys, he is one of their guys, speaking in partisan terms for just that very slight moment, Mr. Speaker, who said if you cut the tax rate that applies to people out there working, they have a desire to work harder. That is not a new notion. That notion was first taught to me in 1958 by Mike Berg, the chairman on the construction crew on which I worked when he said, "We're not going to work overtime because the tax rate on my overtime is so high it's not worth my while to do it."

□ 1530

It was worth my while to work overtime, because I was not making as much money as Mike and the marginal rate was lower on me and I got to keep more on what I got to earn. But the lesson was very clear, ingrained in my 18-year-old mind by the foreman of a construction crew that did not even have the benefit of a high school degree, that if in fact you tax people more for an extra hour's work, they are less willing to do that hour's work. And nobody in Washington got it, except John F. Kennedy, and all the professors in America applauded him for teaching it to them.

So the lesson has been around a long time. So we did accelerate the reduction in the marginal tax rate that applies to individuals, so Mike Berg would work overtime, bless his heart, and the rest of us on the crew could do the same. That would be good, because we would work harder, we would work longer, we would earn more, we would spend more, and, as we spent more, somebody else would have a new job because they had to replace an inventory, and that is called economic growth.

Now, these are some of the ideas that are just plain common sense, watching the world in which you live each and every day of your life work the way you work in it, and having enough sense seeing what is going on around you, that are being disparaged by some of the people in this debate.

The House passed a good growth tax bill. It will put people back to work. In fact, the analysis tells us it will put as many as 170,000 Americans back to work in its first year alone. That is not enough, but it is something.

Now, the other body, Mr. Speaker, has decided that they know better than the President of the United States, they know better than the House of Representatives, they know better than John F. Kennedy, they know better, even indeed, than Mike Berg, bless his heart. They said no, we do not want

to cut people's taxes. We do not want to do anything for people who are greedy, because people who want to keep their own money that they earn are greedy, especially if they are people that also saved for a large part of their life, bought stocks and made investments so they could be part owners in corporations. They are greedy. The other body, of course, being a righteous place, has no time for such folks as that.

So, what did they do instead? They say let us put a bill together where instead of letting people keep their own money and take care of their own business for themselves, we will keep their money and spend it on those people that we perceive to be needy, not greedy.

This little old graph we have here with all these cute icons here, which were generated, by the way, by Windows, shows you some of the people that they felt needed these special government programs. Apple producers, apricot producers, asparagus producers, producers of bell peppers. You have a special provision for business on meat. I do not know how PETA feels about that, but they are taking care of killing the Buffalo. Blueberries, cabbage, cantaloupe, cauliflower, cherries, corn, cucumbers, egg plants, flowers. Investment bankers, they have a bucket in there that says a special program for the unemployed should now be made available for investment bankers, bless their heart. Movie makers, onions, potatoes, strawberries, tuna fish. Charlie the tuna gets a spending program under the other body's bill. Tomatoes, peas and pears.

I want to do a little bit of fundamental calculation here and say that blueberries, cabbage, cantaloupe and cauliflower do not add up to growth in jobs. They add up to special government spending programs to take that money that is earned by people who are making a living and give it over to other people. It will not stimulate the economy.

They say well, spending will stimulate the economy. Let me remind you, we have already appropriated since the 11th of September \$100 billion of new government spending. That spending is for anti-terrorism and a lot of things, and it is important.

What we need to do is one simple thing: Do we have the decency to respect the productive economic work genius of the American people and say to the American people, let us leave in your hands more of the money that you earned, so that you can rebuild your economy that supports us in Washington so well? That is the only decent question that can be asked in this circumstance.

Not only is it a matter of decency, it is a matter of what will work. What will work. Do we want to put people back to work in America, or do we

want to give people a greater opportunity to be more dependent upon the Federal Government? That is what this debate is about, and we should make no mistake about it.

I have got to tell you, Mr. Speaker, I love America. I even, on most occasions, like our government. But my momma did not raise me to be dependent upon the Federal Government. She raised me to get a job, go to work, pay my taxes, take care of my family, save some of my money to help build a business that enables somebody else to go to work, so by their productive efforts sometime in the future I can enjoy my retirement from the savings I have. That is who we are in this country. We are not a nation of people who believes they are supported by the government. We are a nation of people who know that it is by our sacrifice that we support the government.

One of the areas in which we could do that, and should have done so even in the House and will do so in a more complete way someplace in the future, is to put a permanent end to this awful injustice called the death tax. We have with us today, Mr. Speaker, a champion of justice in this regard, the gentlewoman from Washington (Ms. DUNN), who believes that if you work hard all your life and you build something of value to your life's work and you come to the end of your days, you ought to be able to leave that to your children instead of the government. Bless her heart.

Furthermore, in the practical side of things, she understands that if you are free to leave the fruit of your life's labor to your children, rather than the government, you are going to work harder, produce a little more, build a bigger business and create greater job opportunities for a lot of people. She is the champion of this.

I see we have the gentlewoman from Washington (Ms. DUNN) here. If the gentlewoman would like to contribute to this discourse, we would certainly like to hear from her on this.

I yield to the gentlewoman from Washington.

Ms. DUNN. Mr. Speaker, I thank the Majority Leader very much. I want to thank the Majority Leader, the gentleman from Texas (Mr. ARMEY), for organizing this public explanation of the stimulus package. I think it is terribly important that we get the message out to people all over the country that there is a difference, and it should not be surprising that there is a difference in the way this body and the Republicans versus the Senate and their Democrats approach stimulating the economy.

If you look at it very carefully and you review the approach, as the gentleman from Texas has done, it is very clear the debate we are having today is a debate about private sector growth versus growth in government spending. That is what this really is about.

I think the House bill is a very balanced bill. I think it is a responsible bill. It is a bill that is balanced between assistance for people who are out there earning in the job market and business tax cuts that will generate economic growth, and do that through creating new jobs or keeping jobs that are currently in the economy and are currently threatened by our lagging economy.

The business tax cuts have been demonized, as the gentleman from Texas said, by the opposition. They have been called giveaways to wealthy corporations. In reality, the expensing and depreciation provisions actually give companies a greater incentive to invest, and we believe that private investment is the linchpin for economic growth. That is why we have focused our time and attention on this and developed a plan that produces some very, very serious incentives for investment.

The corporate AMT repeal has drawn a whole lot of criticism from our opponents. It actually rids our Tax Code of a very unnecessary-now layer of taxation that ties up needed cash. In 1987, roughly 15,000 companies paid the AMT, or the Alternative Minimum Tax. Fifteen years later, 30,000 companies are caught up in this very complicated tax regime.

The exemptions which earlier provided an incentive for corporations not to pay taxes to avoid paying regular income taxes now are gone, and there is no reason to keep this AMT, because it just forces a company to calculate taxes in two different ways. It takes their time, it takes their money, it takes their manpower that they should be focusing on other things that will make their companies successful. That is why the nonpartisan Joint Committee on Taxation has identified the repeal of the corporate AMT as a way to make the Tax Code more equitable and more efficient and, of course, simpler.

Worst of all, as the economy continues to slow down, companies will be caught up in this very complicated calculation, and that is the last thing that we should be doing today, especially for small businesses and especially during a potential recession period. We should not be punishing our companies with complicated, expensive, unnecessary paperwork.

The House bill also directs personal tax relief to hard-working, middle-class Americans. We have reduced the 28 percent tax rate to 25 percent immediately, immediately, and that means that a family with \$55,000 in earnings could save several hundred dollars in taxes every year from now on. This is money that can be used to pay for clothes or buy braces for children or make a car payment or buy a new washer or dryer or buy children's tennis shoes to prepare for school in the

fall. In my own home State of Washington, 660,000 taxpayers will benefit from this reduction in the marginal rate from 28 percent to 25 percent.

A further huge simplification of the Tax Code takes place through the reduction in the capital gains tax, eliminating that 5 year holding period that has complicated the Tax Code down to a holding period of 1 year. It allows almost everybody to be able to pay capital gains at the rate of 18 percent. It is 2 percent, but it is a lot of dollars if you are thinking about selling your house. I think it will unlock assets that might have been held before to wait for a lower capital gains. This bill includes that.

The House bill also addresses the needs of unemployed workers. In my part of the Nation, this is terribly important. We are losing up to 30,000 jobs at the Boeing Corporation alone. Another 900 at the Nordstrom Corporation. We know that these people want to work, and we know that their most pressing needs are in the short-term. So our bill, very much unlike the Senate bill, does not create another health care entitlement program, but it directs dollars in the form of block grants to the governors of the states all over the Nation, and eventually to the workers themselves, the flexibility to face their specific needs. So they can cover those health care premiums and they can cover the retraining that is necessary if somebody has lost a job.

Washington State, wracked by recent layoffs, will receive about \$256 million out of this grant that will aid unemployed workers through retraining programs and health care coverage.

In comparison, the Senate bill is a road map to bigger government. The Senate bill is a road map to greater spending. We have already spent since September 11 \$100 billion to increase spending and to give help to New York City and to other parts of our Nation. We know that is very important. The Senate bill is more spending, and we do not need additional spending.

What will providing tax exempt bonds for Amtrak do to benefit our economy in the short-term, which is the goal of this stimulus package? What about the host of emergency agricultural subsidies? The narrow tax benefits that are aimed at bison ranchers and citrus growers, they are not what the President had in mind when he outlined his approach to the stimulus.

The Senate bill's greatest failure is it really does, when you get down to the bottom line, leave out the average taxpayer. There is not one single American income tax payer that will receive a benefit from the Senate bill. That is terribly important. It is just the contrary of what we try to do in our immediate stimulus by putting dollars back into the pockets of the folks who earned these dollars.

Compare this to the House bill. For example, simply from that reduction in the 28 percent tax rate to 25 percent, 25 million Americans will be immediately benefited by a decrease in their withholding taxes.

By any objective measure, Mr. Speaker, the House bill will stimulate growth in the private sector. I do hope that the Senate will realize that the best way to increase consumer spending is to put more money in the pockets of working Americans, not into new government programs.

□ 1545

I hope that we can bring to conference two strong bills so that the result will stimulate this lagging economy and stimulate it immediately to help all Americans help us get back on our feet.

Mr. ARMEY. Mr. Speaker, I think one of the points that the gentlewoman from Washington made that we ought to really focus on is that in the House-passed bill, we accelerate to this moment a reduction in taxes from 28 to 25 percent for those hard-working, middle-income Americans who pay those taxes. And in that bill passed by the other body, there is not one penny's worth of tax reduction to anyone who pays income taxes in America. Quite frankly, that misses the mark of fairness and it misses the mark of inspiration or encouragement to more work. I thank the gentlewoman.

We also have with us today another member of the committee; the Committee on Ways and Means is obviously very proud of their work because we have them well represented here. Mr. Speaker, I yield to the gentleman from Florida (Mr. FOLEY), one of the really effective people on that committee that has worked so hard on this tax bill, and I believe the gentleman from Florida too is very pleased with what we have done and what might come of the House bill for job opportunities in America.

Mr. FOLEY. Mr. Speaker, let me thank the majority leader for his comments and for his bringing us together to discuss this important bill on the floor. I asked the gentleman's staff whether I would get 3 credit hours for the wind-up there, because I think it is important. I want to let everyone know I did not graduate from college. I started a little family business when I was 20 years old. I was in my second year of community college. I started a small restaurant and then pursued my entrepreneurial dreams of having my own business.

It is interesting when this bill is being described, and obviously, some on the other side of the aisle, some in the other Chamber, zero in on one or two issues and they try and create this impression that the bill that is passed by the House Committee on Ways and Means and then adopted by the floor is

exclusively about one simple provision. If we can obfuscate the truth and create dust or clutter or create an element of doubt in the mind of the taxpayer or the person reading the newspaper, then maybe we have been successful in distorting the fine product that is before us today.

I do not think one needs a degree from college to understand what it is like in the real world earning money, for providing for family, paying bills on time, and it certainly does not take an economic genius to realize people are hurting now and the economy is suffering. It was suffering before September 11, it became more dramatic after September 11.

I do not understand about the other side of the aisle's argument, and I think it largely was the reason that a certain gentleman from Tennessee failed to make it to the White House, is that they actually punish people under their approach for success.

Now, follow me, if you will. The other side of the aisle spends a lot of time on education. We need good education. We need to give more money for education. And then when you are educated and successful, they then turn the argument around and say, but excuse me, we are going to raise your taxes. We are going to take more money from you. We are going to crimp your lifestyle by taking money out of your wallet and transferring it to some program that we deem important, we, the potentate, the Federal Government, telling you how to use your money, you all do not get a say in it. We just take it from you and deploy it.

Now, when they are criticizing the bill, I do not hear them speaking of important issues that were important to the gentleman from New York (Mr. RANGEL) like the work opportunity tax credit, the welfare to work tax credit. Hardly sounds like tax cuts for the rich. We work on domestic energy sources, including wind production, biomass, things that will stimulate and remove our dependency on foreign oil. They do not talk about that. They do not talk about qualified zone academy bonds. They did not talk about a number of the things that are in this bill that provide real stimulus.

We talk about capital gains. Yes, capital gains to some sound like a buzzword for rich people. Forty-eight percent of the American public is now investing in equities. Maybe something as simple as buying your first share of stock or maybe adding to your portfolio to secure a more meaningful retirement. But by allowing you under your bill to keep more of your money and manage your resources more wisely, we create the economic stimulus for the economy to weather this rather difficult period.

Now, we can bay at the moon and we can single out corporations; in fact, let me raise this other point that I think