

THE WHITE HOUSE,  
Washington, April 12, 2001.

Hon. JOHN D. DINGELL,  
House of Representatives,  
Washington, DC.

DEAR REPRESENTATIVE DINGELL: Thank you for your recent letter regarding a petition to the International Trade Commission on behalf of the domestic steel industry, under Section 201 of the Trade Act of 1974, to seek temporary relief from injurious imports.

I have shared your letter with the President's advisors and the appropriate agencies who have been formulating policy recommendations in this area. Your comments are receiving their close and careful attention.

Thanks again.  
Sincerely,

NICHOLAS E. CALIO,  
Assistant to the President and  
Director of Legislative Affairs.

THE WHITE HOUSE,  
Washington, April 12, 2001.

Hon. JOHN D. DINGELL,  
House of Representatives,  
Washington, DC.

DEAR REPRESENTATIVE DINGELL: Thank you for your recent letter regarding coastal erosion.

I have shared your letter with the President's advisors and the appropriate agencies who have been formulating policy recommendations in this area. Your comments are receiving their close and careful attention.

Thanks again.  
Sincerely,

NICHOLAS E. CALIO,  
Assistant to the President and  
Director of Legislative Affairs.

THE WHITE HOUSE,  
Washington, April 18, 2001.

Hon. JOHN D. DINGELL,  
House of Representatives,  
Washington, DC.

DEAR REPRESENTATIVE DINGELL: Thank you for your recent letter regarding funding for a new sewer overflow grant program which was authorized in the Consolidated Appropriations Act for FY 2001. I apologize for the delay in responding to your letter.

I have shared your letter with the President's advisors and the appropriate agencies who have been formulating policy recommendations in this area. Your comments are receiving their close and careful attention.

Thanks again.  
Sincerely,

NICHOLAS E. CALIO,  
Assistant to the President and  
Director of Legislative Affairs.

THE WHITE HOUSE,  
Washington, June 5, 2001.

Hon. JOHN D. DINGELL,  
House of Representatives,  
Washington, DC.

DEAR REPRESENTATIVE DINGELL: Thank you for your recent letter regarding funding for the ongoing litigation against tobacco industry.

I have shared your letter with the President's advisors and the appropriate agencies who have been formulating policy recommendations in this area. Your comments are receiving their close and careful attention.

Thanks again.  
Sincerely,

NICHOLAS E. CALIO,  
Assistant to the President and  
Director of Legislative Affairs.

THE WHITE HOUSE,  
Washington, June 5, 2001.

Hon. JOHN D. DINGELL,  
House of Representatives,  
Washington, DC.

DEAR REPRESENTATIVE DINGELL: Thank you for your recent letter regarding the recently implemented medical privacy standards mandated by the Health Insurance Portability and Accountability Act of 1996 and issued by the Department of Health and Human Services in 2000.

I have shared your letter with the President's advisors and the appropriate agencies who have been formulating policy recommendations in this area. Your comments are receiving their close and careful attention.

Thanks again.  
Sincerely,

NICHOLAS E. CALIO,  
Assistant to the President and  
Director of Legislative Affairs.

#### TRIBUTE TO MIKE FENNELLS

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

Mr. REYNOLDS. Madam Speaker, in sports today, words like courage and character, leadership and perseverance are used so frequently they have become almost cliché. Sometimes, though, a story emerges that rekindles our faith in the indomitable will of the human spirit, which proves a sports figure can embody all those traits and more, and which inspires not only a team but an entire community. Such is the case in a story of Mike Fennell, coach of the McQuaid Jesuit High School baseball team in Rochester, New York.

One week ago, Mike coached the Knights to their first section v baseball championship in 20 years. It was the 250th victory of his coaching career, the team's fourth championship game in 5 years, and Coach Fennell's first sectional title. Indeed, these accomplishments are worthy of note, but they are even more remarkable considering just days before the championship game in Rochester's Frontier Field, Mike Fennell was in a hospital bed recovering from yet another surgery in his valiant crusade against non-smoker's lung cancer.

Since his diagnosis in November, Mike has faced this disease bravely, stubbornly, and even with a good dose of humor. His struggle has been so valiant and inspiring that following Mike's hair loss, resulting from ongoing chemotherapy, the McQuaid Knights wanted to do something special to show their support, love, and respect for their ailing coach, and that is when the team, led by pitcher Mike Lewis and catcher Paul Knittle, decided to shave their own heads.

A baseball standout at Fairport High School and Le Moyne College, Mike spent several years in the New York Yankee farm clubs, but the leadership and inspiration Mike has shown these past few months transcend any sport or championship. During the trophy pres-

entation, still weak from his chemo treatments, Mike shunned his walker that his wife, Erin, and nurse, Patty Messina, wanted him to use to make the trek from the dugout to home plate. He would make that walk the same way he has faced his disease, through faith, determination, and sheer will.

Mike Fennell has shown each of us how to face adversity, both bravely and proudly. He has shown us the strength to endure, even when doctors and his own body want him to stop. Most importantly, he has shown us there is nothing quite so tenacious and unbreakable as a human spirit.

Madam Speaker, I ask this Congress to join me in saluting a hero and a champion, Coach Mike Fennell.

#### NO INVESTIGATION NECESSARY?

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

Mr. DEFAZIO. Madam Speaker, to depart a little bit from my energy outrage day to day, where yesterday I revealed that Duke Power had charged \$3,800 a megawatt hour last winter in California, 100 times the price of 2 years ago, to point to a little growing problem of dissension on the majority side of the aisle.

Republican conference chairman, the gentleman from Oklahoma (Mr. WATTS), has called on the Committee on Energy and Commerce to schedule hearings on the volatile prices facing energy consumers. I quote:

We need to get answers from energy companies, executives, including producers, suppliers, refiners, transporters, distributors, retailers, with the goals of finding solutions to these price fluctuations and bringing price stability to the public.

Unfortunately, he is being overruled. The majority leader, the gentleman from Texas (Mr. ARMEY), says he is opposed to committee hearings to look at allegations of price gouging, that is a quote, by the energy industry. He says it is cheap political demagoguery. That is another quote.

Well, let us look a little bit at the record. Of course the majority leader does represent Texas, and ExxonMobil did see their profits up 102 percent last year. Americans certainly see it at the gas pump every single day where they are being price-gouged. They had \$15.9 billion, "B," billion dollars of profit, up 102 percent in one year. But, no, there is nothing to investigate. There is no market manipulation going on here. An increase of profits of 102 percent a year? Why, that is normal.

Okay, maybe it is. Let us go and look at the natural gas market. El Paso Energy, also based in Texas, where the majority leader hales from, they had profits of \$1.2 billion last year. A relatively small company; only \$1.2 billion in profits. Of course, their profits were up 381 percent in 1 year. An awful lot of Americans saw that in their natural gas bills this winter when they

were trying to heat their homes and a lot of them were freezing because they could not afford the bills. Nothing to investigate there. There is no market manipulation. It is normal for natural gas prices to go up by that much and for profits for this company to go up by 381 percent a year, except for recent revelations that have shown that El Paso Natural Gas bought pipeline capacity and then refused to use it and refused to let any other gas company use it so they could artificially restrict supply and drive the price up. But there is nothing to investigate there.

All right, let us turn then to electricity. Duke Power. I spoke earlier about their charging as much as \$3,800 a megawatt hour, 100 times the price of 2 years ago. Just multiply your home electric bill by 100. That is what Duke was charging folks in California this winter. But they only earned \$1.8 billion of profits and their profits are only up 109 percent in 1 year. Nothing to investigate there. No. Price of \$3,800 a megawatt hour, only up 100 times what it was just 2 years ago, why that is just natural. It is those Californians. They deserve this. Nothing to investigate there.

We need a comprehensive investigation. The Bush administration's own Federal Energy Regulatory Commission has found these prices unjust and unreasonable. The staff, unfortunately the chairman is appointed by the President, Mr. Hebert of Louisiana, and the chairman says, like our majority leader from Texas, there is nothing to investigate here. This is just the market at work, and consumers should just lump it.

Well, the Republicans are going to lump it at the ballot box unless they follow the advice of their conference chairman and start doing an investigation of what is going on. And if they do not do it here in the House, I predict it will happen in the Senate. And they might just have a little bit of egg on their face here when more and more of this evidence of price gouging and market manipulation comes out. Because the American people know what is happening to them. They know it every day when they pull up to the gas pump and they know it when they are opening their electric bill and when they get their natural gas bill, and they are not going to take it for much longer any more.

#### CONGRESS MUST HOLD FORECASTERS ACCOUNTABLE FOR THEIR PROJECTIONS

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

Mr. KIRK. Madam Speaker, we must hold forecasters accountable for the accuracy of their projections. As we are asking for straight A performance out of our public schools, we must also ask that out of our budget forecasters. We want better and more efficient use of energy resources.

As Secretary Rumsfeld is completing a comprehensive overall of our defense network, how can we expect anything less than continuous improvement from the way that we prepare the Federal budget? And we have a long way to go.

Everyone I talk to in Washington assumes that budget forecasts we use are setting priorities that are wrong; that they can be way off the mark; that we never are able to estimate correctly what our financial status is.

In 1997, the Congressional Budget Office estimated a \$145 billion deficit for fiscal year 1998. We had a surplus of \$69 billion. In 1999, CBO predicted a \$107 billion surplus for fiscal year 2000, \$129 billion below the actual \$236 billion achieved. You can see it here on chart number one, where CBO estimates a \$211 billion deficit, it was only \$107.

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Then a \$156 billion deficit, it was only 22. The biggest year they made a mistake was 1998; they forecast a \$145 billion deficit. We ran a \$69 billion surplus. And on and on the errors have gone.

Mr. Speaker, this is no way to fill our elected mandate of keeping the economy strong. There is more at stake than the issue of whose numbers are right. Congress uses these estimates to make key decisions about tax policies that encourage economic growth, foster entrepreneurship, and reward individuals for seeking opportunities to work, learn and get ahead.

Inaccurate forecasts end up crowding out uses of other Federal funds. If defense programs produce large cost overruns, then less money is left for new education projects. If the actual cost of Medicare part B programs often exceed preliminary estimates, it becomes harder to build support for new benefits such as a prescription drug benefit. Better forecasts should be a bipartisan initiative focused on the goal of making government more effective.

Some errors of the past can be blamed on estimates that rely on status quo analysis, assuming that taxpayers will not change their actions in response to legislative changes that affect their pocketbook. Such a projection applies recent growth rates to baseline-year figures, assuming that current trends will continue indefinitely. Common sense tells us when you increase taxes on something, such as saving and investment, you get less of it. A change in tax policy influences the decisions that individuals make, thereby affecting revenues.

The recent history of the capital gains tax policy shows the shortcomings of status quo analysis. In 1984, Congress passed the Deficit Reduction Act, which temporarily reduced the long-term capital gains holding period from 12 months to 6 months, making it easier for investors to qualify for preferential tax treatment. Investors reacted, and quickly.

Capital gains realizations in 1985 were twice the amount in 1984. How-

ever, investor euphoria was short-lived. Congress repealed the capital gains deduction as part of the Tax Reform Act of 1986. Our budget experts prepared status quo estimates that anticipated large Federal revenue gains from a higher capital gains tax. Quite the contrary happened. Capital gains realizations tumbled in 1987. Budget estimators were confounded by the fact that taxpayers acted to avoid taxes.

Chart 2 shows the reaction.

We projected as we raised taxes, that we would actually raise revenue. We did not. We lost it when we raised the tax on capital gains.

The status quo then changed once again when we used the estimates and when we reduced capital gains charts. The status quo predicted a dismal drop in revenue. In actuality, capital gains realizations increased steadily and substantially, contributing to the surpluses we have now enjoyed, as you can see from this chart, where the realizations for fiscal year 2000, we projected \$329 billion and we have \$643 billion.

In order to make the best decisions, Congress needs real-world estimates that account for the interaction between Federal taxes and Federal programs and individuals' behavior. We have just passed one of the largest tax relief packages in U.S. history without the benefit of real-world analysis that effectively forecasts the turning points that we can use.

Under the current House rules, the chairman of the Committee on Ways and Means has the right to request real-world forecasts, and the Joint Committee on Taxation must provide them in a timely manner. This should be required, not optional, and should be used for all tax bills.

The chairman of the Committee on Rules has introduced a capital gains tax reduction bill. Consider how a status quo analysis would misguide us on examining that legislation. Budget accuracy will be achieved with small steps, and we need it now.

This is a job for innovators ready to meet the challenge of helping Congress spend taxpayers dollars wisely. As a start, we can improve budgeting accuracy by using projections that do not ignore changes in the behavior of individuals when taxes increase and decrease. next, we need to account for expenditure increases when the government establishes a program that "pay for" goods and services, thereby making them less expensive for individuals. The Joint Committee on Taxation and the Congressional Budget Office are developing models that incorporate certain "real world" assumptions to measure behavioral changes; however, we are just at the beginning of this process. As we move forward, it will be important to check "projected" against "actual" results. By "backcasting"—loading actual economic variables in models to determine how much the variability of particular assumptions affected the overall forecast—we can isolate the best of what we have and identify what areas of our forecast models need work. Third, we must give every federal agency the incentive to employ the assets they own to their highest and best uses. For