

it was earned, taxed when it was invested, should not then be taxed when it is passed to future generations. What the death tax does is keep family-owned farms and ranches and small businesses from being passed to members of the family. Fifty percent of the family-owned businesses in this country do not make it to the second generation; 80 percent do not make it to the third generation. Who benefits from that? Certainly not the members of a family who have worked to create a business to give their children a chance.

What about the employees who work for that family business. When it changes hands, their livelihoods then are at stake. So who is it good for? It does not even help the Federal Government because the income is minuscule and would be totally overcoming to a thriving business with jobs that are stable that can contribute to our economy.

So we wanted to make repeal of the death tax permanent. We wanted to make repeal of the marriage penalty permanent. That was what we were trying to do to this bill. But now the bill is going to be pulled from the floor before we can offer these amendments.

I do not think that is sound economics. I do not think that is good for our country, and it certainly is not going to stabilize our economy.

So when you talk about people being disappointed, I think all of us are disappointed that we are not going to have a chance to offer our amendments. We had all day yesterday to offer our amendments, but we were held from offering the amendments and having votes. That is just not right.

We adopted an amendment offered by my fellow Senator from Missouri, Mr. BOND, that would have helped small businesses. It would have been a huge help. It would have given them a \$40,000 writeoff for investment in equipment. For small business that is huge. Otherwise, they would have had to depreciate it. Instead, they would have a writeoff that would have encouraged small businesses to make those capital investments that create jobs in America.

So we are missing a major opportunity. I will call on Senator DASCHLE to reconsider, after the cloture vote—which, hopefully, will fail because we have not been able to offer our amendments yet. We do not want to pass the bill that is before us because there is no stimulation in it. I ask the majority leader to reconsider because we would like to have a stimulus package that makes permanent the marriage penalty relief, that makes permanent the death tax repeal so businesses and family farms can be passed through the generations without being taxed by the Federal Government and made to sell assets at bargain basement prices and take away jobs from people who work on those farms and take away the ability of the children in a family to continue to make their livelihoods from

that family farm. It would take away the opportunity to give small business a boost by giving them a writeoff of \$40,000 over a 2-year period for capital investment.

I urge the majority leader to reconsider. Let's work with the President. Let's work with the Democrats and Republicans in Congress. Let's have a stimulus package that really stimulates.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Texas.

REDUCING TAXES

Mr. GRAMM. Mr. President, back in January of last year, Senator ZELL MILLER of Georgia and I started working together in support of the President's tax cut. Obviously, I am awfully happy and awfully proud that we succeeded.

Taxes are being reduced for working Americans. The marriage penalty, which my dear colleague from Texas just talked about, is being eliminated. The death tax is being phased out. Rates are being reduced for every American. The net result is that working people are getting the opportunity to keep more of what they earn.

I think that was the right policy. It was supported on a bipartisan basis. It got a strong vote in both Houses of Congress, but because of a technicality in the Budget Act, we have this incredible anomaly that 10 years from now all of that tax cut goes away.

Nothing could be more destabilizing than having a tax system which is not permanent. Nothing could have a greater impact on the economy that would happen 10 years in the future, that you could know about today, than having the specter of a massive tax increase occur automatically.

Congress never intended that. It was a technicality in the budget that forced it. So when the debate started to occur about how do we deal with the recession, how do we stimulate the economy, Senator MILLER and I got back together and tried to come up with a simple program that did not cost money during the recession and drive up the deficit but yet stimulated the economy dramatically, in the process putting people back to work and putting money back in the Treasury.

We concluded there were two simple things we could do that would achieve both those goals: put people back to work, have them paying taxes into the Treasury, and at the same time would not cost the Federal Government much money.

We concluded that the strongest stimulus package that could be adopted that would meet those goals was to make the tax cut permanent by repealing the sunset provisions in the Tax Code so that when we eliminate the marriage penalty, it is forever, and people know it. When we eliminate the death tax, it is gone, and people can plan on it. These new rates are going to

be permanent so you can invest and save and work harder knowing it.

The second proposal we had was cutting the capital gains tax rate. I am not sure that is politically correct in an era where the first thing we debate is, would anybody who has any money, make any money. But cutting the capital gains tax rate in the entire 20th century never failed to put money in the Treasury, never failed to stimulate the economy. And based on that experience, we were proposing that we cut the top bracket from 20 percent to 15 and the bottom bracket from 15 to 7.5 percent.

That simple proposal would have raised Federal revenues in the next 2 years—no one debates that—and would have provided a very strong stimulus to the economy. It appears we are not going to have an opportunity to offer it because the debate is going to be ended. We thought it was important that there be a vote on a real stimulus package. We have debated a stimulus package, but no one has really proposed one.

The President, very much to his credit, thought, in light of September 11, that we had enough bipartisanship that he could take half of the ideas the Democrats had, take some ideas Republicans had, make a proposal, and it would be adopted on a bipartisan basis. That turned out not to be the case. But if you wanted a real stimulus package that would stimulate and that would make money for the Government at the same time, our proposal—making the tax cut permanent and cutting the capital gains tax rate—is that proposal.

I am proud of it. I wish we had had an opportunity to vote on it. I don't believe it would have been adopted. But if we are going to debate stimulus, we ought to have a vote on something that will stimulate. If you are trying to produce an economic response, you want something that is going to produce it. We had it, and I am very proud to have had an opportunity to work on this with Senator MILLER.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Georgia.

ORDER OF PROCEDURE

Mr. MILLER. Mr. President, I ask unanimous consent that in the sequence of speakers already established, Senator CLINTON be recognized following Senator BOND.

The PRESIDING OFFICER (Mr. CARPER). Without objection, it is so ordered.

Mr. REID. Mr. President, if the Senator will yield, I ask that his unanimous consent request be amended to allow Senator CARPER to speak following Senator CLINTON.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Georgia.

PARTISAN POLITICS

Mr. MILLER. Mr. President, I hear today we are about to have a funeral, that the stimulus bill is on life support, and that the plug will be pulled sometime today. The cause of death? Partisan politics. It is a shame, although perhaps the money can now be applied to the deficit, which has concerned some of us, and we will be closer to a balanced budget.

The soon-to-be-deceased could have been saved. We had a reasonable compromise right before we adjourned for Christmas. The President supported it. Some Democrats, including this one, supported it. It had a majority of the votes in the Senate. Right now, if it had passed, it could have already been signed, the rebates could be being prepared, a reasonable health care benefit could have been a reality—such promise. Who was it who wrote that the saddest words of word or pen are that it might have been—something like that?

This week we could have made the tax cut permanent. We could have added a capital gains tax cut. That is what Senator GRAMM and I have advocated for some time.

No one ever stated so well how powerful an effect a cut in the capital gains tax could have on the economy as a Democrat, President John F. Kennedy. I quote:

The tax on capital gains directly affects investment decisions . . . the mobility and flow of risk capital from static to more dynamic situations . . . the ease or difficulty experienced by new ventures in obtaining capital . . . and thereby the strength and potential for growth of the economy.

That was Jack Kennedy, not the Washington Times or the Wall Street Journal or Lawrence Kudlow or PHIL GRAMM or Bob Novak. That was John Kennedy, a Democrat.

Over the years, he was not the only member of my party who advocated cutting the capital gains tax as a good way to stimulate the economy. Senator Patrick Moynihan, that wise and brilliant former Member of this body, consistently advocated it over the years.

What history shows is that, once upon a time, Democrats were tax cutters. I wish I could bring that time back. I rise today to strongly advocate making the tax cut we passed last year permanent and to cut the capital gains tax rate.

Unfortunately, the tax cut we passed last year, although it was a great tax cut, was compromised on its way to final passage. What started out as a broad, immediate, and permanent tax cut became one where some of the tax relief is delayed by several years. Then to add insult to injury, the whole thing is to be repealed in 2010.

We do something that, to my knowledge, Congress never had the gall to do before on a broad basis. We sunset individual tax cuts. We have done that several times with business tax revisions. But to individuals, to families, we have never done it where we gave them their money back and then took it away

again later. That is playing games with our taxpayers. We should never do that. Eliminate the uncertainty of this tax cut and you will stimulate our economy. How can anyone make any long-range plans for a business or for a family with a here-today, maybe-gone-tomorrow tax cut, a tax cut that has a perishable date on it like a quart of milk?

The fastest way to show taxpayers we are serious about tax relief—the only way, really—is to make the tax cut permanent. The fastest way to prompt businesses to expand and to invest is to cut the capital gains rate from 20 to 15 percent. We are not in a slump just because consumer sales are down. We are in a slump because venture capital fell 74 percent in the past year. Capital spending by businesses is at its lowest in decades.

As Senator GRAMM said, every time we have cut the capital gains rate—every time—tax revenues have risen, not fallen, and asset values have always shot up.

Today a capital gains tax cut would bring even better results because today's stock market is no longer the playground of the rich. Almost half of all Americans now own stock, and almost a third—one out of three—who earn less than \$30,000 a year own stock. Aren't those the people whom we Democrats say we want to help? The American middle class has become, for the first time in our history, the American investment class.

So as I eulogize this soon-to-be-deceased, I think of the bruised and battered Marlon Brando's "On The Waterfront"—what could have been. We could have had a contender.

The PRESIDING OFFICER (Mr. CORZINE). The Senator from Missouri.

CONTINUING WORK ON THE
STIMULUS PACKAGE

Mr. BOND. Mr. President, I thank my colleagues from Georgia and from Texas for presenting some very cogent arguments as to why we need to keep working on this stimulus bill. I am disappointed by the sounds I am hearing that it is going to be pulled. We need stimulus in this economy, and we have already adopted an amendment that I proposed, on an overwhelmingly bipartisan vote, to allow small businesses to write off immediately their investments.

As I have said, I have two more amendments, frankly, in addition, that are pending at the desk that I think my colleagues, if given an opportunity to vote on them, would vote for overwhelmingly.

First is a measure that addresses the tax benefits for the armed services members who served in the operations in Somalia. I don't think there would be many on this floor who would not vote for it if they had a chance. It provides that those who served during peacekeeping efforts in Somalia should receive the same tax benefits in the

same manner as if such services were performed in a combat zone.

As we fight the global reach of the terrorist networks, we are asking our men and women in uniform to perform at the very highest levels and at an unprecedented operational tempo. This amendment I filed would allow the men and women who served within the hostile fire zone in Somalia to file for the same tax breaks afforded to military forces who serve in a combat zone. Anybody who has seen the movie "Blackhawk Down," based on the real world conflict in Somalia, will understand that our forces who served in that conflict were in a combat zone.

The Pentagon criterion for hostile fire pay requires the duty is "event based, payable to members certified that have been subject to a hostile fire. . . ."

Former SSG Kenneth Chatman, from Oran, MO, served the Army for 16 years as an avionics electronics repair technician. He served in Somalia from August of 1993 to January of 1994 with the 101st Airborne Division, air assault. The only tax exemption soldiers in Somalia got was when they transited to some other zone. In his case, he flew over Egypt and got a tax-free month. That is unjust. I believe anybody who appreciates the battle that our military are taking on against terrorism will understand that the sacrifices made by our forces require that we give these brave men and women the same tax breaks that others under direct fire receive.

The second amendment I have is truly a stimulus measure. It is designed to increase the amount of venture capital available to small business. The Small Business Administration Small Business Investment Company Program—the SBIC Program—has a significant role in providing venture capital to small businesses seeking investments in the range of \$500,000 to \$3 million.

Small Business Investment Companies are Government-licensed, Government-regulated, privately managed, venture capital firms created to invest only in original debt or equity securities of U.S. small businesses that meet size standards set by law.

In the current economic environment, the SBIC Program represents an increasingly important source of capital for small enterprises—small enterprises that are struggling to get back on their feet, to grow now in the face of this economic recession we have been in for well over a year. They need to have funding. While debenture SBICs qualify for SBA-guaranteed borrowed capital, the Government guarantee forces a number of potential investors—namely, pension funds—to avoid investing in SBICs because they would be subject to tax liability for unrelated business tax income—UBTI. Thus, they don't put their money in it. As a result, 60 percent of the private capital potentially available to invest for these SBICs to create jobs, put men and