

freedom, we have to remember today there are men and women who are in harm's way. We cannot forget that for one single moment, and we have to be grateful and thankful that there are people like them who are willing to do one of the greatest sacrifices one can ever do to protect our freedoms, and we can never thank them enough.

Mr. KINGSTON. Mr. Speaker, I know for the 34 constituents that I lost in Iraq, and I believe the six to 12 in Afghanistan, I am certainly not going to forget them; and I am going to do everything I can to help promote Iraqi democracy and also jobs in America. We have got a good bill on jobs this week. I am looking forward to voting on it and supporting it.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. HENSARLING). Members are reminded to refrain from improper references to the Senate.

□ 1715

DEMOCRATS EXAMINE WAYS AND MEANS TAX PLAN

The SPEAKER pro tempore (Mr. HENSARLING). Under the Speaker's announced policy of January 7, 2003, the gentlewoman from Ohio (Mrs. JONES) is recognized for 60 minutes as the designee of the minority leader.

Mrs. JONES of Ohio. Mr. Speaker, I came here to talk about the proposed tax cuts, but as I sat here on the floor and listened to my colleagues, I would be remiss if I did not respond to a couple of issues that they raised. One of them was that they accused the Democratic Party of wanting the economy to stay in the dumps just so that we could be successful. I dare either of the gentlemen that just finished speaking to find any member of the Democratic Party that would want this economy to stay in the dumps just so we can be successful. But the Democratic Party is going to be successful on the issues and that is what I want to talk about.

Let me do one more thing, though. One of the things that was discussed, and this is called misrepresentation. One of my colleagues who spoke before me said that the Democrats were holding up the appointment of Justice Estrada at a time when justice needed to be dispensed in the District of Columbia and at a time when law and order was out of place and that he could be there trying cases. I just want to remind my colleague that Justice Estrada was being considered for an appellate court, not a trial level court and that justices on the appellate court do not do trial of fact. So that is again a misrepresentation that people make when they are trying to make one party different than the other. But I am not going to spend my time today in response to some of those things. I would just suggest that everyone needs

to pay attention and listen to the real words that people are saying.

Mr. Speaker, I rise today to express my concerns about the Chair of the Committee on Ways and Means' plan that was unveiled this week, marked up in a lively session of the Committee on Ways and Means yesterday and will be considered on this floor shortly. In my own city, the City of Cleveland, 53,900 people have lost their jobs since this President took office. That is 4.7 percent of the workforce. In my State, the State of Ohio, 167,000 people have lost their jobs since this President took office. That is 3 percent of the workforce. The Committee on Ways and Means considered over the past couple of days the plan of Chairman THOMAS. Unlike the Democratic stimulus plan that will be fast acting, fair and fiscally responsible, let me say those three Fs again, fast acting, fair and fiscally responsible, the Republican plan is another in a series of GOP tax plans that is economically irresponsible, narrowly tailored to benefit the wealthiest percentage of the population, and will not provide the immediate stimulus our economy needs in the form of job creation and productivity growth.

The chairman's bill has been referred to as a compromise to the President's so-called economic stimulus plan, perhaps with the hopes that Democrats would respond favorably to any compromise to the President's fiscally reckless plan. While Chairman THOMAS' bill does indeed have a different approach to some of the proposals offered by the President, the end result is still the same. It is poorly timed, shortsighted and narrowly designed to benefit only a small percentage of the population.

This compromise reminds me of an old witticism: You can hang a sign on a pig saying that it is a horse but it is still a pig. The gentleman from California has hung a sign on a bad economic policy and proclaimed it to be a fix that our economy needs. But just like the pig with the sign around its neck proclaiming it to be a horse, this plan has problems.

Let me talk about just a few of them. The treatment of dividends and capital gains. The GOP plan is not fair. The President's proposal for exempting dividends from being taxed was the centerpiece of his economic stimulus plan. While the Thomas bill does not contain that proposal and I believe it does not contain that proposal because in committee meeting after committee meeting, I kept saying to members of the committee and witnesses before the committee, do you understand the impact that the dividend tax cut will have on low-income housing credits? Do you understand the impact that a dividend tax cut will have, in fact, on annuity programs? And I think he finally got it. While the Thomas bill does not contain the same dividend tax cut proposal that was presented by the President, it revolves around reducing

the tax on capital gains and dividends as the cornerstone to sound economic policy.

Under current tax laws, capital gains are taxed at 20 percent. Dividends are treated and taxed as income at the applicable tax rate. The Thomas plan will lower the capital gains tax rate to 15 percent and also provides that all dividends be taxed at the same rate. Unlike the President's plan, the Thomas plan provides dividend tax relief regardless of how much Federal income tax is paid by a corporation. In this regard, the Thomas plan does not have as great an adverse impact on low-income housing tax credits and other corporate tax benefits that would have resulted under the President's plan. But this is the least egregious aspect of the plan and it is overshadowed by so many more unwise proposals.

The chairman's dividend capital gains proposal will cost approximately \$300 billion of the total \$500 billion cost of the plan. He boasts that this is less than the nearly \$400 billion cost of the President's dividend proposal. But he is relying on accounting gimmicks and unrealistic expiration dates. Many of the aspects of his plan are set to expire in 2006. But will these provisions really be allowed to expire? Most likely not. The more realistic outcome is that they will become a part of the ever-increasing number of tax provisions that are extended every few years. A more realistic estimate of the Thomas plan's economic impact on the Treasury must assume that its provisions will be extended beyond 2005. Under this realistic assumption, the \$550 billion cost of the Thomas plan not only exceeds the \$726 billion cost of the Bush plan but suddenly results in a total cost of about \$1 trillion through 2013, as indicated in the chart that I am about to show my colleagues.

This chart breaks down certain elements of the Thomas plan as compared to the Bush plan and concludes with the result of the Thomas plan being even more expensive than the Bush plan. For example, under the Bush plan, the dividend and capital gains tax cut would have been \$396 billion. Under the Thomas plan, \$296 billion of the tax cuts do not expire. However, the top bracket rate reductions effective only for 2003 will be the same and the child tax credit increases will be the same. But here is where we have to take a look and go further. Under the Thomas plan, we widen the 10 percent bracket effective 2003. It is \$45 billion. Under the Thomas package, it is \$18 billion. But if the tax cuts do not expire, it will go back up to \$45 billion as proposed in the President's plan.

Tax breaks for married couples. Under the Thomas proposal, it expires in 2005. The impact under the Bush proposal is \$55 billion. The Thomas, \$45 billion. But if this 2005 date is extended, the tax break for married couples will cost us \$55 billion.

Again, let us take a look at the business expensing. Proposed to expire in