

free American workers from the choke collar of taxation. This Congress must act and provide much needed relief for all American corporations that employ our people.

Mr. Speaker, I call on the House to consider American workers and consider the challenges they face. It is time that the House pass solid, meaningful tax legislation that supports the American worker.

[From the Tax & Budget Bulletin, CATO Institute]

THE U.S. CORPORATE TAX AND THE GLOBAL ECONOMY

(By Chris Edwards, Director of Fiscal Policy, Cato Institute)

The corporate income tax is at the center of numerous policy debates today. First, the World Trade Organization has ruled that the U.S. Foreign Sales Corporation/Extraterritorial Income Exclusion (FSC/ETI) tax break given to exporters is illegal. The European Union has threatened the United States with trade retaliation unless it repeals FSC/ETI by the end of this year. Next, corporate tax avoidance has been in the news in the wake of the Enron scandal. Finally, there is growing concern that the corporate income tax damages business competitiveness and reduces U.S. economic growth.

In response to the WTO ruling, bills have been introduced to repeal FSC/ETI, including H.R. 2896 by Ways and Means chairman Bill Thomas (R-Cal.) and H.R. 1769 by Phil Crane (R-Ill.) and Charles Rangel (D-N.Y.). The Thomas bill, and a similar proposal by Senator Orrin Hatch (R-Utah), includes many useful tax reforms in exchange for repeal of the \$5 billion per year FSC/ETI provision. However, more fundamental tax reforms are needed, including a large cut to the corporate tax rate.

CORPORATE TAX REFORM IS LONG OVERDUE

Global direct investment flows rose sixfold in the past decade, and research shows that these flows are increasingly sensitive to corporate taxes. To attract capital and build the economy, the United States should have a neutral and low-rate corporate tax. Instead, the United States has perhaps the most complex corporate tax and the second highest corporate tax rate among major nations.

The U.S. statutory corporate tax rate is 40 percent, which includes the 35 percent federal rate and an average state rate of 5 percent. By comparison, Figure 1 shows that the average rate for the 30-nation Organization for Economic Cooperation and Development is 30.9 percent, down sharply from 37.6 percent in 1996.

Aside from a high rate, the U.S. corporate tax has uncompetitive rules for firms that compete in foreign markets. The U.S. Treasury's assistant secretary for tax policy, Pam Olson, recently testified that "no other country has rules for the immediate taxation of foreign-source income that are comparable to the U.S. rules in terms of breadth and complexity." The complexity of the U.S. rules on foreign income are infamous—Dow Chemical has calculated that 78 percent of its 7,800-page U.S. tax return relates to the rules on foreign income.

Part of the problem is that Congress has viewed corporations as cash cows, and has shown little concern that high taxes reduce investment and drive capital and profits abroad. One example of how the demand for more tax revenue can backfire is the taxation of "foreign base company shipping income." It used to be that the foreign income earned by cargo ships and other vessels owned by U.S. subsidiaries was not taxed until repatriated to the United States. However, Congress changed the rules in 1975 and 1986

to tax that income immediately as earned. But rather than raising federal revenue, the changes reduced revenue as the U.S.-owned shipping fleet shrank and the tax base disappeared. The U.S. share of the world's open-registry shipping fleet fell from 25 percent in 1975 to less than 5 percent today. The Thomas and Hatch bills include a fix to this counterproductive tax provision.

THOMAS BILL INCLUDES MODEST REFORMS

The corporate tax reform bill introduced by Bill Thomas would reduce the double taxation of foreign income earned by U.S. multinational corporations (MNCs) and simplify the rules for foreign tax credits and subpart F income. Simplifying and reducing taxes on MNCs would benefit the U.S. economy in a number of ways. U.S. MNCs would be able to increase U.S.-based research and other headquarters activities if their foreign operations were larger and more profitable. Also, MNCs could better penetrate global markets with U.S. exports if their foreign affiliates were more competitive. Indeed, U.S. Department of Commerce data show that U.S. MNCs account for two-thirds of all U.S. merchandise exports. By making U.S. MNCs more competitive, the Thomas bill would boost U.S. exports, employment, and incomes. The Thomas bill also includes other useful but limited reforms, including faster depreciation for some equipment investment, liberalizing the subchapter S rules for small corporations, and changes to the corporate alternative minimum tax.

The Crane-Rangel bill provides a targeted tax break for manufacturing. A new deduction would reduce the tax rate for domestic manufacturing by 3.5 percentage points, but would not cut taxes for other types of businesses. This is poor policy compared to a broad-based tax cut because it would increase tax complexity and divide the business sector even further into separate lobbying camps, each wanting narrow breaks rather than overall reforms.

MORE FUNDAMENTAL REFORMS NEEDED

Rather than provide narrow breaks, Congress should cut the 35 percent corporate tax rate to 20 percent so that the United States becomes a tax reform leader, not a laggard. In order not to increase the deficit, a rate cut could be paired with cuts to federal spending on business subsidies, which currently total about \$90 billion per year. Such a reform package would increase investment and employment incentives for all firms and reduce government favoritism and business distortions.

Beyond a rate cut, Congress should consider full repeal of the corporate tax or replacement with a cash-flow tax. A cash flow tax would increase domestic investment and make U.S. firms more competitive in global markets because firms would not be taxed on their foreign business income. A cash-flow tax would also reduce wasteful tax sheltering. Indeed, most of Enron's tax shelters would not have been possible under a cash-flow tax.

Congress should aim to give this country the best possible corporate tax environment, not one of the worst. A good first step would be to simplify and reduce taxes for U.S. MNCs, and then follow up with a reduction of the corporate tax rate to 20 percent.

IN APPRECIATION FOR A LIFETIME OF DEDICATION

HON. MIKE ROSS

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 2003

Mr. ROSS. Mr. Speaker, I rise today to honor and congratulate an outstanding Arkan-

san, and native of the Fourth Congressional District, whose dedication to historic preservation and to our National Park system is beyond extraordinary.

Parker Westbrook is a recipient of the Gold Star Award, which is one of the most prestigious awards the President's Advisory Council on Historic Preservation bestows to its members.

I am also here to honor Mr. Westbrook for his active involvement as a member of the advisory board for the National Park System.

Through his selfless, unyielding service to both organizations, Parker played a major role in protecting our Nation's resources, and preserving our precious national landmarks.

For the past 8 years, Parker has spent countless hours serving on both of these prestigious boards. His dedication went well beyond mere membership; he never missed a meeting for either organization.

Throughout his life, Parker has sought to better his community and his country by preserving our country's heritage for future generations. He is a role model to all Americans who strive for exceptional public service. I congratulate him on his recent accomplishment, and I wish him the best in what I know will be many more years of selfless service to our country.

HONORING THE REV. JOHN P. MINOGUE

HON. RAHM EMANUEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 2003

Mr. EMANUEL. Mr. Speaker, I rise this evening to recognize the Reverend John P. Minogue, a great American and dedicated leader in the Catholic and higher education communities of Chicago. Last week, Father Minogue announced his plans to retire after a decade as the tenth president of DePaul University, located in my district on the North side of Chicago.

Under Father Minogue's leadership, DePaul has reached major goals projected under the university's strategic plan, "Vision 2006." DePaul's students, faculty, staff and trustees, as well as the City of Chicago itself, have benefited tremendously from Father Minogue's leadership and vision. During Father Minogue's tenure, DePaul University has become the largest Catholic university and the eighth-largest private university in the United States. This fall's record enrollment of nearly 24,000 students represents the tenth consecutive year that DePaul has posted historic enrollment gains.

Expanding access to learning has been the hallmark of Father Minogue's presidency. The university supports 130 academic programs and a faculty and staff totaling over 4,200 people. He led efforts to provide increased access to high-quality education for a diverse student population. He also championed global education by establishing a variety of international sites and programs. Suburban campuses grew from two to five, and the university welcomed Barat College into the DePaul family as its ninth college in 2001.

During Father Minogue's tenure, DePaul celebrated its centennial and transformed its city campuses with additional facilities that

offer students every state-of-the-art service. Those facilities include the renovation of DePaul Center; construction of the McGowan Biological and Environmental Sciences Center and Centennial Hall; the Ray Meyer Fitness and Recreation Center and a car parking facility on Clifton Avenue; the new student center; and the University Center of Chicago joint residence hall in the Loop to be completed in 2004.

Father Minogue also revolutionized student access to and implementation of technology at DePaul. He worked tirelessly to redesign university business processes to offer students real-time services on the Web, ultimately enabling them to conduct many transactions at any hour of the day from any computer station. It was under his leadership that the School of Computer Science, Telecommunications and Information Systems was created and became one of the largest computer science schools in the nation. A man on the cutting edge of the digital age, Father Minogue conceived DePaul's Digital Media Center and has helped to develop an innovative program that will enable students to be in the forefront of a new form of global communication.

Both academics and student satisfaction have flourished under Father Minogue's guidance. In 1998, DePaul was named one of seven finalists for College of the Year in "The Best College for You," by Time magazine and the Princeton Review. Additionally, U.S. News & World Report has ranked DePaul's part-time MBA in the nation's top ten for eight consecutive years. Father Minogue can be especially proud that DePaul's students were named happiest in the nation twice by the Princeton Review. He devoted a considerable amount of personal time and energy to building relationships with students and often could be found joining them in community service and leadership opportunities.

Mr. Speaker, on behalf of a deeply grateful community and with enormous appreciation for a decade of dedicated service to students, alumni, faculty, staff and friends, I thank Father Minogue for his extraordinary leadership and selfless commitment to learning and to the City of Chicago. Father Minogue left a mark on the institution that will not be forgotten, and we will always remember his countless contributions and wish him continued success in his future endeavors.

U.S. MUST NOT ACQUIESCE TO
ANTI-SEMITISM

HON. KENDRICK B. MEEK

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 2003

Mr. MEEK of Florida. Mr. Speaker, I would like to share with my colleagues a disturbing editorial that appeared in the Saturday, October 18 edition of the New York Times.

It details statements of anti-semitism voiced by the Prime Minister of Malaysia, Mahathir Mohamad, in a speech to the 57-member Organization of the Islamic Conference, and approving comments by the Egyptian Foreign Minister, Ahmed Maher, and Afghan President Hamid Karzai.

There is little doubt that we in the United States have much to learn from the leaders of

Moslem countries, and I think it is important that we pursue closer political, economic and cultural ties with these nations. Americans are sympathetic to the plight of the Muslim world.

At the same time, I believe we cannot tolerate international anti-semitism or allow anti-semitic statements that are expressed at international forums to go unchallenged. While Americans are sympathetic to the plight of the Muslim world, we will never accept leaders who preach hate and prejudice.

The Times editorial reports that the European Union refused to condemn the Malaysian Prime Minister's comments. I therefore call upon the Bush Administration to do so. By failing to respond to this anti-semitism, we become party to it by virtue of our silence.

[From the New York Times, Oct. 18, 2003]

ISLAMIC ANTI-SEMITISM

It is hard to know what is more alarming—a toxic statement of hatred of Jews by the Malaysian prime minister at an Islamic summit meeting this week or the unanimous applause it engendered from the kings, presidents and emirs in the audience. The words uttered by the prime minister, Mahathir Mohamad, in a speech to the 57-member Organization of the Islamic Conference on Thursday were sadly familiar: Jews, he asserted, may be few in number, but they seek to run the world.

"The Europeans killed six million Jews out of 12 million, but today the Jews rule the world by proxy," he said. "They get others to fight and die for them." Muslims are "up against a people who think," he said, adding that the Jews "invented socialism, communism, human rights and democracy so that persecuting them would appear to be wrong, so that they can enjoy equal rights with others."

When Israeli officials noted that such talk brought Hitler to mind, the assembled leaders were mystified. Yemen's foreign minister said he agreed entirely with his Malaysian colleague, adding, "Israelis and Jews control most of the economy and the media in the world." The Egyptian foreign minister, Ahmed Maher, called the speech "a very, very wise assessment." Even the Afghan president, Hamid Karzai, said the speech was "very correct."

Perhaps the saddest element is just how impotent the representatives of the world's 1.3 billion Muslims feel. When Syed Hamid Albar, Malaysia's foreign minister, sought to contain the controversy, he explained that because of the wars in Afghanistan and Iraq, Muslims feel "sidelined or marginalized," so please understand why they complain about the power of a tiny competing group like the Jews.

Sympathy for the Muslims' plight must not be confused with the acceptance of racism. Most Muslims have indeed been shoddily treated—by their own leaders, who gather at feckless summit meetings instead of offering their people what they most need: human rights, education and democracy.

The European Union was asked to include a condemnation of Mr. Mahathir's speech in its statement yesterday ending its own summit. It chose not to, adding a worry that displays of anti-Semitism are being met with inexcusable nonchalance.

TRIBUTE TO JAMES E. WORSHAM

HON. BOBBY L. RUSH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 2003

Mr. RUSH. Mr. Speaker, I rise to bring this legislation to the attention of the House for it would be a fitting tribute to James E. Worsham to rename the Grand Crossing Postal Station after him. Mr. Worsham has served the public with considerable distinction as a postal worker and as a union leader.

Before joining the Post Office, Mr. Worsham served in the U.S. Air Force for 4 years and then the city of Chicago as a traffic court clerk. Mr. Worsham began what would become an illustrious postal career on the southeast side of Chicago at the Grand Crossing Station on January 16, 1963. On that day in Chicago, the actual air temperature reached twenty-seven degrees below zero. Having no experience as a letter carrier, he was sent out into the elements to deliver what mail he could. As it was his first day, he was not appropriately dressed for a prolonged exposure to the severe weather conditions and, as a result, suffered frostbite to his ears. Undaunted by this initial experience, he returned to work the next day. He had been out of work for some time; and a job at the Post Office offered security and benefits for his family. From day one, James adhered to the literal meaning of a carrier's creed—neither rain nor snow, heat nor cold shall stay a carrier from his appointed rounds.

His coworkers were the first to recognize Mr. Worsham's fiery and staunch determination, and they drafted him to become their shop steward. Immediately, his leadership qualities became evident, and they were acknowledged by the then President of Branch 11 of the National Association of Letter Carriers. Soon he was slated to run for Sergeant-at-Arms with his focus to protect the rights of postal employees and to serve the public with its entitled postal services.

Mr. Worsham became an Auditor for Branch 11 and then its Chief Steward. In January of 1979, while holding these positions, he ran for President and won overwhelmingly. As President, his skills became known nationwide; and the National President recruited him to become a National Trustee while maintaining his position as President of Branch 11. Upon retirement, Mr. Worsham didn't slow down at all—he became Director of Retired Members for the Letter Carriers in Washington, DC, for 4 years. He returned to Chicago as President of Branch 11, and he turned the city's membership attainment into a 97.8 percent rate—the highest in the nation. Mr. Worsham still currently serves as President of Branch No. 11 of the National Associations of Letter Carriers.

Mr. Worsham attended and graduated from William Gladstone Elementary and William McKinley High Schools. His wife, the late Corrine Kelly, was his childhood sweetheart and the love of his life. To this union were born three children—Valerie, Vance, and Adrienne. Mr. Worsham is a thirty second degree Mason and a faithful member and Deacon of Emmanuel Baptist Church.