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Statement by Senator Jack Reed on Economic Stimulus November 15, 2001

In the aftermath of Sept. 11th, our economy has suffered sobering economic news, including the first decline in GDP in 8 years and the largest monthly increase in unemployment in 21 years.

Yesterday, Republicans killed the economic recovery bill in the Senate on a procedural objection that the situation we're in does not constitute an emergency.

For the more than 7 million people out of work, this is an emergency – and one the Republican proposals would do little to help.

The bill passed by the House of Representatives is an unprecedented giveaway to the nation's wealthiest corporations and taxpayers, while virtually ignoring the plight of laid-off workers.

The House bill not only repeals the corporate Alternative Minimum Tax, it also makes the measure retroactive for 15 years. If this becomes law, the nation's largest corporations stand to reap substantial windfall gains without any real boost to the economy now.

A statement by prominent economists – including nine Nobel laureates – concludes that the permanent nature of these tax cuts is likely to worsen the long-term budget outlook and may keep long-term interest rates high.

“Fiscally irresponsible” is about the kindest thing you can say about the Republicans’ approach to economic stimulus.

Republicans have also proposed accelerating tax cuts for the wealthiest Americans. Not only are these proposals extremely costly, they are also ineffective at stimulating the economy.

The higher-income households who would benefit are more likely to save their tax reductions than change their spending habits.

In contrast, our approach aims to revive the economy by putting money in the hands of unemployed and low-income people who will put that money right back into the economy.

Generating demand for goods and services will get companies to increase production and put people back to work.

Our plan would inject temporary spending into the economy this fiscal year, mostly in the form of increased unemployment benefits, subsidies for health care premiums for people who lose their jobs, and tax rebates for low-income Americans left out of the last round.

This spending goes away as the economy recovers, so there are no long-term negative consequences for the budget.

We also grant businesses true incentives for new investment, in contrast to the House plan which lavishes huge benefits on capital that has already been invested.

Without an effective economic recovery plan, we risk seeing the U.S. economy sinking deeper into recession.

We need a plan that's going to provide *real* stimulus to the economy: It ought to come fast, it ought to go people bearing the brunt of the economic downturn, and it ought to stimulate economic activity without causing long-term fiscal harm.

The Republican plan fails on all of these counts.

Our plan is the right medicine for this ailing economy.

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