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SELECTED PUBLICATIONS AND ACTIVITIES



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POLICY STATEMENTS

Trade Promotion Authority and American Prosperity

June 14, 2001

America's taxes on foreign imports are already near zero. But foreign taxes on the products of U.S. workers are often prohibitive—killing American jobs and opportunity. Cutting or eliminating foreign taxes on American exports is thus the key to expanding America's global economic leadership.

At home, trade expansion through lower foreign taxes will help increase economic growth, raise living standards through higher wages, and increase employment. Already, the growth in foreign markets is helping create jobs for Americans: one in three U.S. farm acres is planted for export. And 12 million American jobs have been generated by exports to the rest of the world.

In order to achieve meaningful reductions in foreign taxes on U.S. exports, the executive branch of our government must have the specific authority from Congress to negotiate trade agreements with other countries. This authority—known as Trade Promotion Authority—lets America speak with one voice, and achieve solid and binding results in international trade negotiations. It is the key to opening foreign markets to American farmers, workers, investors, and businesses.

Consistently, the Republican leadership of Congress—and Presidents of both parties—have supported this essential tool of American leadership and prosperity. Unfortunately, the President has been without Trade Promotion Authority since 1994. In the last Congress, the bipartisan consensus supporting trade expansion was destroyed when congressional Democrats succeeded in blocking an extension of Trade Promotion Authority to former President Clinton.

This year, Congress and the President will work together to restore the consensus for trade expansion and Trade Promotion

Authority. The Republican leadership of Congress, which has consistently provided the critical support for both Trade Promotion Authority and a whole array of vital trade agreements such as the General Agreement on Tariffs and Trade, the North American Free Trade Agreement, and the African Growth and Opportunity Act, is determined to forge a bipartisan majority for Trade Promotion Authority.

Trade Promotion Authority is also one of President Bush's highest priorities. The President understands that the most prosperous periods in American history have been when free trade was expanding: from 1873 to World War I; the 1920s; the Reagan boom from 1983 to 1990; and the post-NAFTA and GATT prosperity that we now enjoy. By contrast, protectionism in the 1930s contributed enormously to the spread and duration of the Great Depression, as it did to the decline of England from 1914 to the Thatcher era. Moreover, closed markets set the stage for the financial crisis of the late 1990's in Asia.

Free trade promotes sustained prosperity in a number of ways:

Controlling inflation. Keeping inflation in check has been a central pillar of America's economic growth, consumer confidence, and financial market strength. Free trade leads to more competitive businesses, more choices of goods, and lower prices for consumers.

Accelerating Innovation. Advances in high technology, and the productivity growth that high technology has helped bring about, are strongly encouraged by free trade. Free trade not only reinforces the discipline of competition and promotes the rise of efficient companies, but it also provides expanded markets for new products, thereby rewarding investment in innovative technologies, goods, and services.

Replacing Government with Markets. Worldwide deregulation is producing economic efficiency and opening markets around the globe. Nothing has given a greater boost to deregulation than free trade. Competition undermines inefficient state-run industries and has led to across-the-board deregulation in areas such as transportation, telecommunications, and financial services.

Reducing Conflict. Free trade can break down political divisions. European unity, unthinkable fifty years ago, is increasingly apparent as the Common Market matures. Historical rivals including Argentina and Chile, Japan and South Korea, and Russia and Turkey have built cooperative bilateral relations on a foundation of common economic interests. Trade expansion will encourage economic development, reduce poverty, and promote democratic principles throughout the world.

Giving America the Edge. Free trade opens up overseas markets to U.S. products and services where America has a comparative advantage over foreign producers: for example, in high tech, banking, insurance, intellectual property, entertainment, and a variety of manufactures. In this way, expanded trade will create and sustain millions of high-paying American jobs.

Trade Promotion Authority: The Key to Trade Expansion

Without Trade Promotion Authority, America will lose the opportunity for significant trade gains that would otherwise flow to U.S. workers and businesses. That opportunity will be seized by America's trade competitors. For example, the European Union has already concluded 27 preferential or special customs agreements with other countries, and is negotiating 15 more. For the first time ever in our own hemisphere, the EU has signed a free trade agreement—with Mexico, our second-largest market. The EU is also aggressively seeking trade agreements with South American nations. Japan is negotiating a free trade agreement with Singapore, and is considering agreements with

Mexico, Korea, and Chile. Overall, there are over 130 preferential trade agreements in the world today—and the United States is a party to only two of them.

Trade Promotion Authority does not mean that Congress gives *carte blanche* to the President and the Executive Branch. However, because our trading partners cannot negotiate separately with 535 Members of Congress, it is an essential prerequisite to winning meaningful international trade agreements. Just as labor contracts are negotiated between designated representatives, rather than among all union members and all members of the corporate board, so too the United States must speak with one voice in trade negotiations. And just as labor agreements are subject to the ultimate approval of both the union's membership and the company's board, so too each and every trade agreement negotiated under Trade Promotion Authority will continue to remain subject to congressional approval.

President Bush has stressed that he plans to take full advantage of the market-opening opportunities that present themselves in the coming years, while maintaining the closest possible consultation and collaboration with Congress. The President understands the essential executive-congressional partnership on trade, and will work with Members of Congress and congressional committees.

Long-term economic growth is a key element of stable, free, and democratic societies. The lapse of Trade Promotion Authority hurts American leadership in building a prosperous and free world as much as it injures our economic interests. Republicans in Congress will move quickly to reinstate the authority that has promoted free trade year after year, delivering significant progress from the Tokyo Round in 1979 to the Uruguay Round in 1994.

Trade Promotion Authority is the essential precondition for expanding America's export markets. It is time to reassert America's leadership in the world, and extend Trade Promotion Authority now.

Missile Defense and President Bush's New Strategic Framework

June 14, 2001

The United States is determined to proceed with Missile Defense. Two years ago, an overwhelming bipartisan majority in Congress and a Democratic president formally declared that it is the national policy of the United States to deploy an effective national missile defense as soon as technologically feasible. This national policy is enunciated in the National Missile Defense Act of 1999, and constitutes the law of the land today. As President Bush recently stated, "America must build effective missile defenses, based on the best available options, at the earliest possible date. Our missile defense must be designed to protect all 50 states—and our friends and allies and deployed forces overseas—from missile attacks by rogue nations, or accidental launches."

"A threat...here and now." Today the gravity and immediacy of the threat posed by missile proliferation can no longer be denied. It has been 10 years since Saddam Hussein dramatically illustrated the threat of ballistic missiles to U.S. forces in Saudi Arabia and civilian targets in Israel by launching Scud attacks during the Gulf War. It has been three years since the bipartisan Rumsfeld Commission issued its unanimous warning that future ballistic missile threats to the United States could emerge with "little or no warning." Just months after the Rumsfeld Commission report, North Korea launched a three-stage missile over Japan, and Iran launched its Shahab 3 ballistic missile. It has been over a year since the Clinton Administration's Director of Central Intelligence bluntly told Congress, "The missile threat to the United States ... is steadily emerging. The threat to U.S. interests and forces overseas is *here and now*" (emphasis added).

In February 2001, the Director of Central Intelligence updated his earlier warning. In his annual testimony to Congress on Worldwide

Threats to the United States, he stated that "the missile and [weapons of mass destruction] proliferation problem continues to change in ways that make it harder to monitor and control, *increasing the risk of substantial surprise*" (emphasis added).

Today, long-range and theater missiles threaten U.S. forces and our allies around the world, yet we have no defense. Over 100,000 U.S. troops in South Korea and Japan live under the threat of ballistic missile attack. Our forward-based air and naval forces in Northeast Asia, the Mediterranean, and the Persian Gulf are likewise all vulnerable to missile attack. Key U.S. friends and allies including Israel, South Korea, Japan, and Taiwan all face known ballistic missile threats and lack any effective defense.

Moreover, as the Rumsfeld Commission predicted, the long-range missile threat to the United States itself has now arrived. Two years ago, North Korea tested a Taepo Dong-1 which can be configured as an ICBM to deliver nuclear-sized payloads to the United States. On June 4, 2001, North Korea threatened to resume both missile testing and its nuclear program. Iran, according to the CIA's most recent testimony, could test an ICBM capable of delivering a nuclear, chemical, or biological payload to the United States "in the next few years." The Director of Central Intelligence also testified that Saddam Hussein may acquire an ICBM capability in the current decade.

America and our allies are vulnerable not only to the launch of a ballistic missile at our territory or our troops, but also to the *threat* of such a launch. Unless we possess an adequate missile defense, the United States will be increasingly vulnerable to blackmail by both rogue states and terrorists.

A Safer Future. Fortunately, the means to counter these threats will soon be within reach. A series of missile defense tests during the preceding two years has resulted in the

successful interception of an enemy missile by a ground-based system, as well as the development of even more promising boost-phase or ascent-phase defenses.

Critics have lodged a variety of conflicting and inconsistent complaints intended to prevent development of a defense against ballistic missiles. None of these arguments is persuasive, however, and together they virtually cancel one another out. The following is a compendium of the fallacies arrayed against a missile defense:

Fallacy #1: *Test failures prove that missile defense doesn't work.* To the contrary, much has been learned from the test successes, partial successes, and failures to date. Not only are imperfect tests of prototype systems inevitable in cutting-edge programs, but also many of the "failures" (that is, unsuccessful interceptions) have proven the efficacy of component technologies. As Defense Secretary Rumsfeld explained to the North Atlantic Assembly on June 7, 2001: "The Corona satellite program, which produced the first overhead reconnaissance satellites, had 11 straight test failures. Where would we be today if President Eisenhower had canceled it? Where would we be if the Wright brothers had quit after their first 20 test failures? Answer: without airplanes. Testing is how we learn. Testing leads to knowledge." Secretary Rumsfeld went on to state: "We will not make decisions on systems architecture until our technologies have been tested, and it is likely they will evolve over time."

Fallacy #2: *Any defense could be overwhelmed by deception and other countermeasures.* Countermeasures might well be undertaken by Russia, were missile defense aimed at it, but the goal of missile defense is not to defend against massive missile attacks from Russia. Rather, national missile defense is intended to counter limited threats from terrorists and rogue nations—"against handfuls of missiles, not hundreds," as Secretary Rumsfeld told our NATO allies. Moreover, as the House Armed Services Committee reported in September 2000, the development of countermeasures entails

"significant complexities for developing countries." And even if Russia, the PRC, or other more sophisticated nations were to illicitly transfer the technology needed for countermeasures, developments in the U.S. already underway may well be adequate to address them. Countermeasures, for example, are much more difficult to deploy against ascent-phase missile defenses, and that is one of the architectures being developed. Over a year ago, Lt. Gen. John Costello, the head of the Army's Space and Missile Defense Command, stated that "I am ... confident we have the technology to make the system adaptable to countermeasures." According to the House Armed Services Committee, in their September 2000 report, the Department of Defense "has long been aware of the countermeasures issue and is working on ensuring the effectiveness of a national missile defense system against some two dozen types of countermeasures."

Fallacy #3: *A National Missile Defense would "decouple" American security from that of our European and Asian allies.* "Decoupling" America from our allies is precisely the reason that hostile states are currently seeking the ability to threaten our homeland. Deterring America from protecting our friends and allies abroad would achieve a true "decoupling" of our common security. The answer to these concerns, as the Bush Administration has recognized, is not to prolong common vulnerability but to achieve common security by extending missile defense to our friends and allies.

Fallacy #4: *Missile defense would not combat other forms of attack on the United States; therefore, it should not be undertaken.* That other forms of terrorism will remain viable if we deploy an effective missile defense is hardly a reason to remain vulnerable to missile attack. Each threat to U.S. citizens should be met with an adequate defense. Who would assert that because our existing Army, Navy, Air Force, and Marine Corps are of limited use in thwarting a missile attack, we should forego them? Our armed services are justified by their usefulness against other existing threats. The Bush Administration and

Congress are pursuing multifaceted defenses against the whole array of existing and emerging threats to our country—and missile defense is an indispensable part of that mix.

Alternatives to the MAD Doctrine of the Cold War. At the height of the Cold War, in 1972, the United States and Brezhnev's USSR negotiated the Anti-Ballistic Missile Treaty, which *prohibited* missile defense in reliance on a doctrine called "Mutual Assured Destruction." The MAD doctrine held that if both Russia and the Soviet Union were defenseless, then the threat of certain and massive retaliation would deter a first strike by either side. Whatever might have been said for this theory at the time, it requires a single nuclear threat posed by a rational nation in order to work. That has not described the world for at least a decade. The bipolar world of America vs. the Soviet Union has long since given way to one characterized by emerging threats from many rogue states of questionable rationality.

Allowing not one but many potentially hostile regimes to gain a veto over America's ability to protect its troops, interests, and friends is itself "mad." In May 2001 President Bush highlighted the ABM Treaty's obsolescence in today's multipolar world: "We need a new framework that allows us to build missile defenses to counter the different threats of today's world. To do so, we must move beyond the constraints of the 30-year-old ABM Treaty. This treaty does not recognize the present or point us to the future. It enshrines the past."

Some critics have erroneously claimed that effective missile defense would "abrogate" the ABM Treaty. That is false; the United States would be acting entirely in conformity with the express provisions of the ABM Treaty were it to proceed with missile defense after giving six month's advance notice under Article XV of the Treaty. Article XV expressly provides that "Each Party shall, in exercising its national sovereignty, have the right to withdraw from this Treaty if it decides that extraordinary events related to the subject matter of this Treaty have jeopardized its

supreme interests." Indeed, many eminent authorities—including former Secretary of State Henry Kissinger, who negotiated the ABM Treaty—have opined that the Treaty became invalid as a matter of international law upon the dissolution of the Soviet Union (the only other party to the Treaty) in 1991.

A further argument has been made that amending or ending the ABM Treaty would remove the "cornerstone of global stability" and kindle an arms race. This stands reality on its head, for the years since 1972 (the life of the ABM Treaty) have witnessed a buildup of nuclear weaponry and a dispersal of missiles and instruments of mass destruction unprecedented in the history of the world. Not only has the ABM Treaty failed to prevent the proliferation of missiles and nuclear weapons, but there is solid evidence that the lack of effective defenses against missile threats has provided a powerful motivation for nations to acquire their own offensive missile capacity. As Secretary Rumsfeld told the North Atlantic Assembly on June 7, "Our *lack* of defenses against ballistic missiles creates incentives for missile proliferation" (emphasis added). An effective missile defense, as Secretary Rumsfeld further stated, will "dissuade countries from pursuing dangerous capabilities in the first place."

A New Strategic Framework: Policy Recommendations

American policy should be based upon a reasoned approach to the modern world, not archaic doctrine. The following three approaches should guide America's implementation of the National Missile Defense Act of 1999:

Move Beyond 1972 and the Outdated ABM Treaty. Because the 1972 ABM Treaty no longer has relevance to the threats facing America in the 21st century, the United States should seek a new understanding with the Russian Federation that will permit our armed services to defend our people, territory, and soldiers. Failing this, the United States should proceed with the deployment of an effective missile defense, consistent with Article XV of the ABM Treaty.

Provide American Leadership for the Common Security of Our Allies. President Bush has already commenced genuine consultation with Russia, China, and our Asian and European allies and friends. These consultations reflect the fact that America's New Strategic Framework has moved beyond merely *national* missile defense to embrace an effective common defense for America, our forces overseas, and our friends and allies abroad. Increasingly, the nations of the world are appreciating that missile defense threatens no legitimate interest of any nation.

Promote Defense As the Best Deterrence. President Bush recently stated: "We need new concepts of deterrence that rely on both offensive and defensive forces.... Defenses can strengthen deterrence." Reliance on defensive measures not only strengthens the existing regimes of arms control and international cooperation, but also adapts U.S. policy to the realities of a world that has changed beyond recognition since 1972.

A Call for Bipartisanship in Defending America

Although Republicans have led the effort for missile defense, in the past this has been a bipartisan issue. In the wake of the Iraqi

missile attacks during the Gulf War, President George H. W. Bush worked with bipartisan majorities of the then-Democratic Congress to achieve the Missile Defense Act of 1991, which made it a national goal to "deploy an anti-ballistic missile system ... that is capable of providing a highly effective defense of the United States against limited attacks of ballistic missiles." The National Missile Defense Act of 1999 was enacted by large, bipartisan majorities in Congress and signed into law by President Clinton. Over the past decade, Congresses and Presidents of both parties have come together to promote missile defense policies that will implement one of the bedrock commands of the Constitution: "to provide for the common defense." Unhappily, the new Democratic majority in the Senate appears to be attempting to walk away from this historic bipartisan consensus, and to keep the American people trapped in the logic of MAD and hostage to the "arms control" of Iraq's Saddam Hussein and North Korea's Kim Jong-Il. Now, more than ever, Republican leadership is necessary to carry out the national policy of missile defense upon which America's security, and that of all of our allies and friends, so depends.

The Defense of the United States

September 14, 2001

The pall of smoke has barely lifted around the World Trade Center and the Pentagon, but certain key elements of our response are already clear.

America can and must carry on—not “business as usual,” but rather as a clear sign that terrorists cannot set America's agenda. Even as we mourn the victims and pursue their murderers, America must also show the world that we are stronger than terrorism.

Although the strikes against New York and Washington are crimes against humanity, their punishment must be far more than a law-enforcement operation. Determining those responsible for these crimes requires the same kind of intelligence work used in complex criminal cases. But once responsibility has been determined, the United States should respond to them as what they are—acts of war against our free society, to be dealt with by all necessary means at our disposal.

Passive defenses against terrorism are a necessary part of a comprehensive response. Most importantly, we must proactively seek out and destroy the infrastructure of terrorism. The United States must redouble its efforts to strengthen our preventive measures against terrorism, including expanding our intelligence capabilities. In addition, and most importantly, we must proactively find and crush the whole support infrastructure of terrorism. As former Secretary of State Henry Kissinger wrote in the aftermath of the attacks, “the government should be charged with a systematic response that, one hopes, will end the way the attack on Pearl Harbor ended—with the destruction of the system that is responsible for it.”

There can be no distinction between those who execute terrorist acts and those who harbor or otherwise materially support them. As President Bush has promised, “we will make no distinction between the terrorists who

committed these acts and those who harbor them.”

The civilized world must unite against terrorism. Civilized nations must show at least as much unity as the new International of criminal governments and terrorists. It is therefore appropriate that NATO, for the first time in its 52-year history, has voted to invoke Article V of its Charter—the core of the NATO alliance, which treats an attack on any one of the 19 member nations as an attack on all of them and allows for collective action by all of its members. Now the rest of the world must show the same solidarity. Countries that to date have been reluctant to stand with America against terrorism, either because of domestic politics or because of financial considerations, must now decide where they stand—with America and the civilized world, or with international terrorism. Many nations beyond NATO have already affirmed their support, and many more will in the days to come.

Terrorists and the governments that support them must not be allowed to threaten America with ballistic missiles, the ultimate terrorist weapon. The attacks on Washington and New York have confirmed our worst fears about the international terrorists who target America. They seek to inflict the maximum possible number of American deaths, including in particular innocent civilian deaths. They enjoy the cooperation not only of interlocking support groups but of foreign governments who share their deadly aims. They have largely inaccessible territorial bases. They have deep financial resources. They have a capacity for deception and secrecy that appears to have successfully blinded sophisticated American intelligence efforts that have specifically targeted their activities for over a decade. They have hitherto unsuspected sophistication, apparently including an ability to procure multiple trained pilots of large aircraft. And we know—to an absolute certainty—that they are avidly seeking the

means to deliver the ultimate terrorist attack on America, an assault using weapons of mass destruction. Can anyone doubt that these groups and their state sponsors would give anything to procure and use the ultimate means of delivering such an attack—ballistic missiles? We cannot predict where and how terrorists and rogue states will next renew their assault on our country. We cannot even be certain which countries and groups will pose such threats in future. We can only be sure that terrorists and rogue states will seek out new methods and targets, and that only a robust defense against the full spectrum of known and emerging threats can give America any possibility of protection. Accordingly, the sterile attempt to pit one defensive program against another—to create a zero-sum competition between different threats—must cease. The answer to the spectrum of deadly threats facing us cannot be “either/or.” It must be “both/and.”

There is no place for partisanship in this struggle. Today, the United States is a nation at war. Already, we have sustained more casualties than we suffered at Pearl Harbor. We must come together as a nation behind the President in facing down this deadly threat.

Just as two years ago an overwhelming bipartisan majority in Congress and a Democratic President formally declared that it is the national policy of the United States to deploy an effective national missile defense as soon as technologically feasible, we must come together again to protect the American people from the whole spectrum of threats that confront us, including both the threats of today and the rapidly-emerging threats of tomorrow. At every great crisis in our nation’s history we have come together as a people to meet the challenge. This crisis must call us together, as well.

A long struggle lies ahead. Years of effort and monies we would prefer to spend on peaceful pursuits will be required, and setbacks will be suffered. But as Franklin Roosevelt told the nation sixty years ago after Pearl Harbor, “No matter how long it may take us to overcome this premeditated aggression, the American people in their righteous might will win through to absolute victory. I believe I interpret the will of Congress and of the people when I assert that we will not only defend ourselves to the uttermost, but will make very certain that this form of treachery shall never endanger us again.”

Preserving our Ability to Fight

November 8, 2001

As September 11 and its aftermath are reminding us, the primary responsibility of the federal government is to protect the nation's security. Supporting our military, intelligence, and homeland defense is and always should be our first priority. Rapid, unsustainable increases in non-defense spending threaten our ability to protect American citizens and to respond to future threats.

Government Is Displacing the Private Sector

Since 1990, the U.S. economy has grown by 70%. But during that same time, the federal government's tax collections from the private sector have increased 96%. As the growth of government has outstripped the growth of the economy that supports it, the federal government has in effect been displacing the private sector.

Today, the federal government consumes \$2 trillion annually, almost double what it consumed in 1990. Most of this growth in the federal government occurred during the Clinton administration. Whereas Presidents Reagan and Bush held real non-defense discretionary spending constant in real terms over 12 years, under Bill Clinton, the money spigots were opened. Just during Clinton's first two years in office, federal non-defense spending grew by 10%.

When America ended the 40-year one-party rule of Democrats in Congress in 1994, the new majority succeeded temporarily in slowing the growth of spending. Indeed, in its first year, the new Republican majority not only slowed the growth of domestic discretionary spending, but actually *cut* it. Despite those efforts, however, the Clinton administration notoriously vetoed Congressional money bills that it said did not contain *enough* spending, and blamed Congress for the resultant government shutdown. As a result of the Clinton push for

higher spending, non-defense discretionary spending exploded by 16% during the last three years of the Clinton administration.

The new Bush administration has attempted to return to a policy of controlling the growth of spending. President Bush's initial 10-year budget provided for growth in government, but at a modest average annual rate of 3.8%. Even before September 11, however, the Washington spending crowd was resisting this fiscal discipline, and pressuring for more spending. Since the attacks that launched the War on Terrorism, the spending floodgates have opened.

The immediate initiatives taken by Congress following September 11 were vital to the national interest: disaster relief efforts in New York, Virginia, and Pennsylvania; emergency funding for health and law enforcement services; life support for the airline industry in the aftermath of the attacks; and public health measures against the recent anthrax attacks.

But a host of new and increased spending has been proposed that is not remotely germane to the War on Terrorism. A potpourri of proposals—from bigger loan subsidies for shipbuilders, to new school construction, to expanded unemployment benefits, to more highway funding—has been advanced as a faux “response” in this time of crisis. Most recently, the Democratic Senate has used the present crisis to increase non-terrorist related spending by more than \$4 billion. Such opportunism is not merely disingenuous; by draining limited resources from our highest priorities, it jeopardizes our security.

Every new spending program represents taxes not spent to support our military and homeland defense. At the same time, every new program places new and greater tax burdens on the working men and women of America, at a time when we should be promoting economic growth. This makes it doubly wasteful. Worst of all, the insidious

effects of runaway spending are often permanent: because each new program is automatically built into future budgets, the increased spending inflates the “baseline” budget from which *further* increases are then measured.

Time to Review Spending Priorities

Instead of responding to September 11 with an orgy of undisciplined break-the-bank spending, now is the time for Congress to carefully review recent budget trends, and take action to ensure that our nation is on a fiscally responsible course that meets the new challenges and threats of the 21st century.

Today, the majority of government spending is not even appropriated by Congress. Instead, mandates in existing law have put over two-thirds of our budget on autopilot. This so-called “mandatory” spending represents an abdication of the federal government’s responsibility to allocate resources based on current information and new challenges.

During the administration of President John F. Kennedy, defense spending accounted for 50% of all federal spending. “Mandatory” spending consumed less than one third of the total. By 2001, however, defense spending has shrunk to just 16% of federal spending. So-called “mandatory” spending, on the other hand, now consumes *two-thirds* of total spending.

It is essential that Congress re-assert control over the federal budget, because mandatory spending is projected to consume an even larger share of the total in coming years. Failure to act will contribute to the long-standing shift in federal priorities *away* from national defense and homeland security.

Likewise, as Congress begins to develop the framework of next year’s budget, one-time expenditures related to the current crisis should not be used as an excuse to permanently increase the size and the scope of the Federal government.

Lower Tax Rates, Not Higher Spending, Needed

Today, our economy is suffering from a significant slowdown. Businesses are reducing their capital investment and laying off workers. America’s economic policies must provide incentives to rehire workers and expand job opportunities, and get the country’s economy moving again.

By moderating income tax rates as well as reducing the so-called “capital gains” tax on savings and investment, we can offset some of the higher costs on workers and firms that have resulted from September 11. High tax rates on work and investment discourage the very activities that make the economy grow. What’s more, they are counterproductive: by slowing the growth of the economy, they reduce the tax base, decreasing government revenue.

Eliminating the alternative minimum tax and reforming depreciation rules will likewise increase incentives to work and invest. These responsible tax law changes will both rejuvenate the economy immediately, and encourage long-term growth. By expanding the economy, we will put our country—and our government—in a better position to meet the challenges of both today and tomorrow.

The Path to a Stronger United States of America

In order to preserve our government’s ability to respond to future challenges and threats, we must control government spending and encourage economic growth. Congress should take action today, while there is still time.

Above all, Congress should control the growth of spending. Instead of creating costly new programs and subsidies that will increase taxes on the American people and risk a return to deficits, Congress should strictly enforce budgetary constraints and ensure that “mandatory” spending does not overwhelm our federal budget. All so-called “mandatory” programs should undergo regular review; many should be given sunsets. And Congress should, as the President has requested,

moderate tax rates to encourage economic growth and protect government revenues in the wake of the terrorist attacks.

We cannot foresee the future. We do not know today the threats and challenges that will confront us tomorrow. But with prudent action today, we can ensure that our national government will be strong enough to win the War on Terrorism, and flexible enough to respond to any new challenge.

Election 2000: A Call to Action

November 29, 2001

The 2000 presidential election was a source of controversy. Voters were astounded by weeks of constant, intense election coverage following election night. They had a broad array of things to be concerned about, including outdated voting machines and procedures, potentially confusing ballots, allegations of ballot tampering and biased reporting, disenfranchisement, and unethical practices to garner votes. But the election highlighted a central fact upon which everyone can agree: the election process in many parts of the country must be reformed.

House Administration Committee Principles

Congress must resist the urge to federalize what is constitutionally the prerogative of states and localities. Federal mandates, intervention, and regulations are not an appropriate exercise of federal authority. Congress should empower the duly elected state and local officials, not dictate to them.

Congress must examine ways to eliminate vote fraud. The days of the “cemetery vote” and other “ghost” voting must end. Ethical elections should be the goal of every elected official.

Congress must address disenfranchisement. Minorities and those residing in economically disadvantaged communities should have the same access to reliable voting machines as other citizens. Also, intentional disqualification of the ballots of those who serve in the military is an atrocious affront to our brave service men and women who risk their lives daily. “One person, one vote” is a principle that crosses all party lines.

Voting Equipment Modernization

Elections are run at the state and local levels, with most ballot casting and counting occurring at the county or parish level under

state supervision. Since the 2000 presidential election, nearly every state has examined its own method of voting. Wisely, states have realized that reforms are needed in their election processes, and have acted. Congress should keep the hard work of these legislatures in mind as it works toward election reform, and assist, not undermine, their efforts.

First, the federal government should carefully and fairly fund the adoption of improved voting methods for those that choose to upgrade. States and localities should not be required to purchase or lease expensive new machines, but additional funding should be made available to those that choose to do so. States and localities seeking federal financial assistance should meet certain conditions:

- The new methods must be reliable and resistant to fraud or sabotage.
- States should take aggressive measures to ensure accuracy in the voter rolls, which helps eliminate fraud.
- Congress should reject voting methods or machines that allow a printout or readout of an individual voter’s completed ballot. Voters have an absolute right to the secret ballot.
- When purchasing new equipment, states and localities should make voting machines accessible for the visually impaired and people with disabilities.

Second, the positive role of the Office of Election Administration, which collects data and provides standards for technology to states, should be strengthened. The Office of Election Administration (OEA), currently located at the Federal Election Commission, should be adequately funded. The Federal Voting Machines Standards Commission should update its 1990 standards, with regular updates thereafter. The OEA can help monitor and provide the link between individual states and the federal government to track and promote reform.

Protections against Vote Fraud

Vote fraud is a frontal assault on representative government. The principles of self-rule are undermined by fraudulent or unscrupulous behavior. While auditing its voter rolls, Michigan encountered one million duplicate registrations out of approximately nine million registered voters. Los Angeles County audited its rolls, and estimated that 25% of all registrations have problems or incorrect information.

For actual votes, both privacy and accuracy concerns are important. However, in terms of voter registration, accuracy is paramount. Accurate voter rolls will help address allegations of disenfranchisement by those who attempt to vote, but are unable to do so because of inaccuracies.

To help make voter rolls more accurate, the National Voter Registration Act of 1993, also known as “Motor Voter,” must be refined. When Motor Voter was being considered, supporters argued that it would increase voter registration (a goal everyone supports), which would in turn increase voter participation (another laudable goal). To date, however, there has been little or no progress in these areas. The U.S. Census Bureau reports that three million registered voters did not vote because of registration problems, some of which were created by Motor Voter.

Congress should move forward to eliminate opportunities for abuse under Motor Voter so that clean elections are a primary goal of the law. These reforms include:

- A limit on how long a registered voter who does not vote can be kept on the voter rolls.
- Protections to ensure the integrity of mail-in registration, including the use of information from Postal Service change-in-address forms.
- A compromise to ensure that no coercion occurs at public assistance offices regarding party registration.
- A provision to allow states to require proof of citizenship upon request, and measures

to ensure that only U.S. citizens are registered.

- Making voter registration information available in public assistance offices, public schools and libraries, fishing and hunting license offices, post offices and revenue offices, and marriage license bureaus.
- Repeal of weakened penalties for public corruption.
- Special protections against vote fraud when same-day registration and voting is permitted.

A Uniquely Federal Responsibility: Military Voting

The controversy surrounding the 2000 election exposed a situation that should concern every American—the documented and systematic attempt by certain trial lawyers and political operatives to disqualify the absentee votes of our Armed Services personnel serving overseas. Americans were rightly appalled by these efforts.

Because overseas military personnel are residents of a state, but serve the nation collectively in remote and sometimes mobile locations around the world, they typically must vote by absentee ballots. The current patchwork of state laws for requesting and receiving absentee ballots is cumbersome, and can be particularly problematic for our military personnel stationed overseas. Therefore, the unique role of the federal government should be carefully asserted in this area.

Congress should immediately strengthen and clarify the Federal Uniformed and Overseas Absentee Voting Act to make it easier for military personnel to receive, cast, and have their ballots counted. Congress should direct the Defense Department to carefully consider electronic voting for overseas uniformed personnel. The Department should also examine the potential role of “Unit Voting Assistance Officers,” or some other form of temporary designation officers, to assist all military personnel in exercising their voting rights.

Sadly, reforms passed by the House regarding military voting have been blocked by members of the Senate in the recent past. Republicans must insist that reforms to protect the voting rights of military personnel are a necessary part of any election reform bill. If a man or woman in the military or his or her family made a good faith effort to vote, then that vote deserves to be counted. Overseas Armed Service personnel and their families make plenty of sacrifices. Their votes should not be one of them.

The Media Projection Problem

Another problem highlighted by the 2000 election is the issue of networks prematurely “calling” or awarding a state to a particular candidate. This occurred before the polls in a particular state had closed (Florida) and before sufficient data was obtained to determine the winner with anything near certainty in several other close states (Iowa, New Mexico, Oregon, and Wisconsin). As virtually the sole source of information on election night, television networks have a responsibility to report the facts in a clear, correct and unbiased manner.

The reasons cited for the media’s poor performance on election night included the use of only one source of data for election information (Voter News Service), hyper-competition between the networks to release data first, little hard scrutiny of its data before its release, and insufficient standards for data. Recommendations for improvement are extensive and varied. However, there is a consensus on some core ideas:

- Voter News Service (VNS) has determined that it must study and improve its data collection and verification procedures. The networks that jointly fund and own VNS strongly support this proactive move.
- Networks should, and have stated they would, not announce a winner of any state until all polling locations in that particular state are closed.

- Networks should agree to use hard data from actual returns to verify other sources. More resources on the ground in states and more extensive and sophisticated data interpretation must be used in the future.
- The outrage felt by voters last November was made far worse by a lack of full understanding of how elections actually transpire. Therefore, as a civic matter, networks have agreed to run more stories at election time about how votes are counted, how the Electoral College works, and how the mechanics of an election proceed.
- A national poll closing time for federal elections enjoys less consensus, but clearly deserves continuing thought and attention. At this time, each of the major networks has endorsed the creation of a national poll closing time for federal elections, stating that this change would address concerns that election night coverage beginning in the East affects turnout in the West. Congress should examine carefully any effects this change might have on voter turnout and weigh whether this idea is consistent with the traditional role of states in running their own elections.

Conclusion

Ensuring fair and honest elections by reducing fraud, improving voting techniques, eliminating disenfranchisement, and respecting the constitutional role of states and localities should not be partisan or controversial issues.

The fundamental system, which has been in place since our nation’s beginning, from the First Amendment to our basic system of elections, is sound. However, as with all things, periodic and regular improvements can and should be made to the mechanics of democracy to continue and build upon our collective faith in it. We have seen these principles work. It is our highest calling to ensure that they continue to do so.

Class Action Fairness: Preventing Lawsuit Abuse

March 7, 2002

The House will vote next week on H.R. 2341, the Class Action Fairness Act. Created for the purpose of efficiently addressing large numbers of similar claims, the class action lawsuit too often has victimized consumers through unfair settlements. In many cases, the device has become nothing more than a fee generating mechanism for trial lawyers.

Today, class actions frequently result in little or no recovery for members of the injured class, but handsome legal fees for their attorneys. Class actions can waste scarce judicial resources and impose high costs on innocent workers and shareholders—costs that are then paid by consumers. Worst of all, the class action device has permitted a few lawyers to force thousands of Americans into court in out-of-state venues they pick. The Fairness Act addresses these abuses by improving the procedures for removing class actions from state court to federal court, and by creating a “Consumer Class Action Bill of Rights.”

A handful of jurisdictions around the country have become notorious for their allegiance to the class action plaintiff’s bar. There have been a disproportionately high number of class actions filed in state courts located in such places as Madison County, Illinois; Jefferson County, Texas; and Palm Beach County, Florida. The often innocent victims of such lawsuit abuse, faced with litigating in remote and unfriendly forums, have only one practical option for obtaining a fair trial—removal to federal court.

However, under the bizarre current rules, an action cannot be removed to federal court unless 100% of all named plaintiffs are citizens of a different state from every defendant. Also, for every plaintiff (including unnamed class members), there must be an amount in controversy in excess of \$75,000. These requirements can easily be defeated by including in the complaint a plaintiff and defendant from the same state, and through

other artful pleading. The result: Americans are forced to travel long distances to appear before courts with a demonstrated predisposition that favors the lawyers suing them.

The Fairness Act addresses this problem by providing that the federal district courts have original jurisdiction over a class action where: (1) any member of a plaintiff class is a citizen of a different state than any defendant; and (2) the aggregated claims of the individual class members exceed \$2,000,000. If these conditions are met, plaintiffs or defendants can remove the case to federal court.

Not every class action belongs in federal court. The Fairness Act, therefore, authorizes federal judges to return a case to state court if that’s truly where it belongs. For example, if a substantial majority of the class are citizens of the state where the action was filed, the matter can be sent to state court. The same would be true if state law primarily governs the claims. Other reasons for keeping a multi-state class action in state court include primary defendants who are states or non-federal public officials or entities, or class sizes of less than 100.

The Fairness Act also creates a Consumer Class Action Bill of Rights that establishes, among others, the following safeguards:

- **Court protection of class members’ interests in settlements.** The law would provide increased judicial scrutiny of non-cash benefits by requiring the court to make a written finding that “the settlement is fair, reasonable, and adequate for class members.”
- **Protecting class members from incurring financial loss.** The court would be required to make a written finding justifying any monetary loss to class members.
- **Requiring “plain English” settlement proposals.** Any notice of a proposed class

action settlement must be simple, clear, and easily understood. The law also specifies that important information must be contained within the notice.

- **Consumer protection in TV and radio notices.** If television or radio notices to class members are used, they must include the right of each member to be excluded from the class action and from any settlement.

The Class Action Fairness Act will mark an important step toward eliminating prejudice by out-of-state courts against other Americans. It will increase judicial efficiency and provide a forum better suited to adjudicating complex class action litigation. Most importantly, it will restore luster to the honored American maxim of “equal justice under law.”

Permanent Tax Relief

Updated and reissued, April 15, 2002

The Economic Growth and Tax Relief Reconciliation Act of 2001 should be permanent. When President Bush signed the law, June 7, 2001, it included six permanent tax relief bills approved by strong bipartisan House majorities during the previous three months.¹ However, Title IX of the Act, added by the Senate for procedural reasons, provided that no tax relief shall apply after December 31, 2010. Making last year's tax relief permanent is an important step toward stronger economic growth and a fairer and more sensible tax system.

Helping Taxpayers by Repealing the Sunset

Current law imposes a multi-billion dollar tax increase on January 1, 2011, hitting those who can least afford it the hardest. Without Congressional action, the income tax for top earners will rise from 35% to 39.6%. The burden on lower-income taxpayers would shoot up from 10% to 15% —

a 50% tax increase. The child tax credit would be halved, from \$1,000 to \$500. The annual contribution limit on IRAs would plunge 60%, from \$5,000 to \$2,000. Parents and children would lose benefits from Coverdell Education Savings Accounts and qualified tuition plans. Incentives for employer provided education assistance would disappear, while the marriage penalty would reappear. And the death tax—phased out by January 1, 2010—would return from the grave, fully re-grown to 2001 rates on January 1, 2011.

The sunset is confusing and frustrating taxpayers today. A *New York Times* columnist called the one-year repeal and immediate reinstatement of the death tax the “Throw Momma from the Train Act,” because the only way to create an effective estate plan is to die in 2010—the one year the death tax is repealed. Parents planning a child's education are frustrated by tax law changes in the middle of the process. Provisions meant to improve the economy and taxpayers' lives are instead complicating personal and government planning.

Taxpayers are enduring needless complexity as they attempt to plan their pensions, their retirement accounts, their small business succession, and their children's education. On July 26, 2001, the House Policy Committee met with representatives of millions of taxpayers, senior citizens, small business entrepreneurs, employers, tax policy experts, and budget experts concerned about the pernicious effects of the sunset. All found it impossible to establish a logical policy rationale for making the Economic Growth Act temporary. The policy chaos caused by the sunset makes taxpayer planning more difficult and expensive.

Even those who do not pay taxes suffer from the sunset. Small businesses subject to a full-strength death tax in 2011 will be unable to protect the jobs of workers when the

¹ The six permanent tax relief bills approved by the House were:

- H.R. 3, the Economic Growth and Tax Relief Act of 2001, approved 230-198, March 8, 2001 (reducing five income tax brackets to four: 10%, 15%, 25%, and 33%)
- H.R. 6, the Marriage Penalty and Family Tax Relief Act, approved 282-144, March 29, 2001
- H.R. 8, the Death Tax Elimination Act of 2001, approved 274-154, April 4, 2001
- H.R. 10, the Comprehensive Retirement Security and Pension Reform Act, approved 407-24, May 2, 2001
- H.R. 586, the Fairness for Foster Care Families Act, approved 420-0, May 15, 2001 (treating payments from private and government foster care placement agencies equally)
- H.R. 622, the Hope for Children Act, approved 420-0, May 17, 2001 (expanding the adoption credit)

The Senate combined and amended the bills, which became Public Law 107-16.

founder dies. Sole proprietors worried about succession planning will be reluctant to expand their businesses because unless they die before 2011, marginal rates in excess of 50% will permit the IRS to confiscate more than half of the added value. And all Americans lose because the effects of the sunset include reduced employment and investment, lower wages, limited economic growth, and therefore less federal revenue.

Boosting Economic Growth and Federal Revenue

Congress did not consider the effect of economic growth on revenue in passing the Economic Growth Act. The Staff Director of the Joint Committee on Taxation reported to the Policy Committee that the Joint Committee did not calculate the growth effect of lower tax rates in the Act—notwithstanding the clear intent of Congress manifested in the legislation’s title. Nor did the Joint Committee calculate the reduction in growth caused by making the act temporary, notwithstanding empirical evidence that higher tax rates limit growth and revenue, while lower tax rates boost growth and revenue.

Sunsets impair the growth Congress intends with economic growth legislation. In

1981, President Ronald Reagan signed the Economic Recovery Act—permanent tax relief—which reduced the maximum personal income tax from 70% to 50% and reduced the tax on savings and investment (capital gains) from 50% to 20%. Five years later, he signed legislation lowering rates again, reducing the income tax to just two brackets, 15% and 28%. In the past two decades, these lower tax rates—and resulting economic growth—helped kill record inflation and make homeownership affordable for a record number of Americans. Federal tax revenue more than tripled, financing America’s Cold War victory over the Soviet Empire and, for good measure, freeing a billion people from totalitarianism.

Repealing the current tax relief sunset and avoiding sunsets in the future will improve economic growth and opportunity for all Americans. Last year, the House Policy Committee unanimously endorsed legislation by Reps. Kenny Hulshof (R-MO) and Paul Ryan (R-WI) to strike the “sunset” provision from the Economic Growth and Tax Relief Reconciliation Act. This week, the House will act. It is the policy of the House Majority to ensure that economic growth and taxpayer fairness become *permanent* features of U.S. law.

Earth Day 2002: Towards Better Environmental Protection

April 18, 2002

Introduction

On Earth Day 2002, America is more powerfully committed to the environment than ever before. More than 150 million Americans are now recycling—a figure that is growing every year. Visits to national parks topped 280 million in the year 2000. And a whopping 91% of Americans say that the environment should be a priority for Congress in the 21st century.

In fact, tremendous progress has been made since the first Earth Day celebration in 1970. The facts bear witness to this progress, though they also show that we need new strategies to address remaining problems, and to avoid creating new ones.

Real Improvement, But Not Good Enough

Environmental improvement has been dramatic and widespread. Despite significant population growth and economic expansion in America, emissions of the six EPA “criteria” air pollutants have fallen by more than 31% since 1970. Dangerous emissions of lead have been spectacularly decreased by 98%. Los Angeles, once one of the nation’s most polluted cities, has not had a single “smog alert” day since 1998, after averaging 120 a year in the 1970’s and 80’s. The number of high-smog days in Houston has declined by 40% over the last 16 years.

The percentage of American lakes and waterways suitable for swimming and fishing has more than doubled since 1970. More than 98% of river and stream miles are cleaner or just as clean as they were a generation ago. Ocean dumping of sewage and industrial waste has entirely ceased. More of America is forested now than a century ago.

That these improvements have come while the U.S. population grew by 39% and the economy grew by more than 100% is no

accident. The evidence establishes that prosperity and free markets promote a clean environment. This is so because environmental protection takes money—and prosperous societies can afford more of it. America’s environmental progress stands in stark contrast to the ravaged landscapes produced by the planned economies of the People’s Republic of China and the former Soviet Union.

In fact, centralized government “protection” of the environment is a global failure. To the extent they have followed the command-and-control model, governments have hampered efforts to improve the environment through conservation, competition, innovation, and local initiative.

Unfortunately, the failures of central government planning to achieve environmental progress are not limited to foreign countries. As the National Academy of Public Administrators concluded in their most recent report, “The regulatory programs in place in this country simply cannot address [many current environmental] problems at a price America can afford.” In some of the most important areas—such as air and water pollution—environmental progress is slowing. Meanwhile, the costs of regulation have continued to soar—doubling since 1986 to an estimated \$148 billion annually, according to a recent report by the U.S. General Accounting Office.

The current regulatory structure stands in the way of innovation in environmental protection, and fails to adequately perform such important tasks as protecting endangered species. In many areas, resources are being poorly allocated, with minor concerns consuming resources that would better be directed towards more pressing problems. These shortcomings must be addressed if our environmental progress is to continue into the new century.

A Tale of Two Bays

A case study of an environmental problem exacerbated by ill-advised government regulation is that of our nation's coastal fisheries, as exemplified by the collapse of the oyster population in the Chesapeake Bay. In the Chesapeake's richest oyster hatching areas, there has been rampant over-fishing. The result has been a collapse of the oyster harvest, which has declined by over 95%. Since oysters serve to filter the bay water, this has had profound ecological consequences that extend to diminished water quality and impaired habitat for marine life. This horrific situation is in part due to misguided state attempts to curtail over-fishing. By placing production quotas on the allowable catch, government has encouraged commercial fishing operations to catch as much as they can, as fast as they can, before anyone can beat them to it. No one has any incentive to invest in protecting the oysters' habitat or increasing their numbers.

This pattern is repeated countless times in our nation's coastal waters—but there is a better alternative. In contrast to the experience of the Chesapeake, Willapa Bay in Washington State has cleaner water today than a generation ago. And while oyster catches around the country have been falling, the Willapa now accounts for over 1/6 of the entire nation's harvest.

Instead of government quotas on the oyster catch from government-owned hatchery areas, Washington State has authorized the private ownership of most of its oyster-producing tidal bottomlands ever since statehood. Because they own the resources upon which they depend for their livelihoods, the Willapa's oyster farmers have every reason to be good stewards of their waters and refrain from over-fishing.

At the same time, they also have the incentive—and ability—to protect these precious waters from outside polluters. When paper pulp mills began dumping sulfite pollution into the bay, which adversely affected the oyster harvest, the oyster farmers organized and compelled legal action to curtail

the pollution. The oyster population quickly recovered.

Making the Polluter Pay

The lessons of Willapa Bay can be applied to other environmental challenges. Currently, the EPA prescribes specific technologies and techniques that companies must use to control pollution. In this era of rapid technological advance, this kind of prescriptive regulation is inefficient and costly. Such government policies are the very reason that the blistering pace of technological innovation in almost every other area of American life is missing from the field of pollution control. Under the current system, the people who manage a facility—who know how it works better than anyone else—have no incentive to find better ways to reduce pollution. Why not enlist their creative energies in the effort, and give them the incentive to do what is best?

To make progress in cleaning the air and water, everyone involved must have a stake in reducing pollution as much as possible, just as the oyster farmers of the Willapa Bay have a stake in protecting their ecosystem. EPA should replace the current technology-specific air and water quality control standards with mandated results. By making industry accountable for clean air and clean water, rather than for using a specific piece of equipment, we can ensure that technological innovation is our ally.

One way to do this is to sell tradable “emissions licenses” to facilities on a regional basis. These facilities can then reallocate the licenses among themselves by purchases and sales on the open market. In this way, the promise of the early environmental slogan “make polluters pay” will finally be realized, as polluters who have to pay more to license extra pollution will be placed at a competitive disadvantage.

The promise of such “cap-and-trade” systems has been amply demonstrated by the successful Acid Rain program promoted by President Bush, and signed into law by him in the 1990 Clean Air Act amendments. The

program has so far made 22% greater reductions in sulfur-dioxide emissions than required by law—at only one-fourth the projected costs.

In February, President George W. Bush announced a new “Clear Skies” initiative, modeled after the Acid Rain program. It will reduce sulfur dioxide emissions by 73%, nitrogen oxide emissions by 67%, and mercury emissions by 69%. Congress should support legislation to enact this proposal, which is expected to be introduced later this spring. Making the polluter pay works.

Endangering Endangered Species

The Endangered Species Act is another example of a well-intentioned environmental policy that is not achieving satisfactory results. It is debatable whether a single species has been recovered as a result of action taken under the Act. The reasons for its failure are built into the law itself: when an endangered species habitat is found on private property, the owners lose the right to use the property as they see fit. Therefore, property owners do not want to find any endangered species on their land. There is no incentive to report the presence of endangered species, and certainly no incentive to improve its habitat.

Instead of punishing people for owning land that is home to an endangered species, it is essential that they be rewarded. At the state level, Colorado and Wyoming both provide incentives for the preservation of elk and grizzlies, and their programs have been highly effective. These can serve as a model for federal policy. Ensuring that people are fairly compensated for any loss of property rights (as is required in any case by the Fifth Amendment) will result in far greater environmental benefits than the current confiscatory policy that is causing such grievous harm to endangered animals.

Spending Environmental Resources Wisely

Just as important as reforming regulation to achieve our desired environmental goals is making sure that our scarce environmental resources are spent wisely. The costs of

wasting tax dollars earmarked for the environment are not just in the greater burden on individual Americans in taxes paid. The costs are also borne by the environment. As the example of the Acid Rain program shows, there are ways to pare away inefficiency while simultaneously achieving better environmental results. The resources thus saved will then be available for achieving even greater environmental protection. Every dollar of waste is a dollar that cannot be used to clean up waste.

The causes of inefficient regulation are two-fold. First, most environmental problems are local or regional, and the best solutions are highly dependent on local conditions. The current centralized system does not take into account the diversity of local situations. A Columbus, Ohio, health official sums up the resulting frustration: “The new rules coming out of Washington are taking money from decent programs and making me waste them on less important problems.” Congress should ask EPA to assess its functions and see which of them could be more profitably regulated at the state or regional level.

Second, lack of sound science and rigorous cost-benefit analysis causes EPA to spend resources unwisely. Faulty or insufficient science can lead to misguided regulations. For example, speed limits designed to prevent boats from colliding with manatees off the coast of Florida have actually led to a surge in the number of manatees killed or maimed by boat propellers. Research has only recently been conducted demonstrating that manatees are unable to hear the low frequencies generated by the propellers of boats that have slowed in compliance with the regulation, and thus are less able to avoid them.

Misallocation of resources has real effects, and tragic consequences. A Harvard University study found that federal health and safety regulations could save an additional 60,000 lives per year for no additional cost if resources were allocated more efficiently by the diligent application of cost-benefit principles. While the EPA is instructed by

Executive Order 12866 to perform cost-benefit analyses on all major rules, statutory guidelines are insufficient or wholly lacking. On February 27, 2001, in *American Trucking v. EPA*, the Supreme Court ruled 9-0 that the Clean Air Act actually forbids the consideration of cost in the formulation of national air quality standards. The resulting misallocation of resources is an appalling waste that Congress cannot allow to continue.

Congress should set requirements that EPA rules be based on sound, peer-reviewed science, to ensure our efforts are directed towards real risks, rather than phantom fears, and result in new solutions, not new problems. Congress should also require the use of cost-benefit analyses in formulating standards and regulations, to ensure that the costs of rules issued by EPA are justified by the benefits.

A Cleaner Future for America

We have made important strides in reducing pollution and protecting the environment over the past three decades. Our air, water, and forests are all healthier than they have been for generations. However, we still face problems that our current system of environmental protection is unable to address. There are still unhealthy levels of air and water pollution in many parts of the country, which are undercutting human health and damaging the natural environment. Many of the unique species that form a valuable part of our nation's landscape are still at risk. Too many resources are being misallocated, hampering our ability to address pressing environmental problems.

Congress is already moving in the right direction. In December of 2001, the House passed H.R. 2869, which reforms the Superfund program by removing barriers and

providing incentives to clean up contaminated brownfield sites. To build on this important step, Congress should:

- Promote the protection of property rights, and extend them to our nation's coastal waters, so as to promote responsible stewardship and prevent "tragedies of the commons."
- Support the Administration's "Clear Skies" initiative, and mandate the use of "cap-and-trade" programs to combat air and water pollution by "making the polluter pay."
- Reform the Endangered Species Act to encourage conservation by rewarding, rather than punishing, landowners whose property contains endangered species habitat.
- Require EPA to assess which of its functions would be better performed at the state or regional levels, to ensure that real solutions are crafted for local problems.
- Require EPA to use sound, peer-reviewed science to identify risks, to ensure that they focus on solving real problems, rather than unfounded fears.
- Require EPA to conduct rigorous cost-benefit analyses on proposed rules, to ensure resources are dedicated to the most pressing and useful purposes.

We must reform a system that constitutes a massive burden on the economy and too often fails to achieve the desired results. By taking these measures, Congress will help to guarantee a clean and healthy future for our children—and the environment—and will ensure that the freest nation in the world is also the greenest.

Health Should Not Be A Political Weapon: Why Taiwan Must No Longer Be Excluded from the World Health Organization

April 18, 2002

Introduction

May 10, 2002, marks the 30th anniversary of Taiwan's absence from the World Health Organization. Taiwan, a co-founder of the World Health Organization in 1948, was a member for 25 years. But Taiwan withdrew its participation in all U.N.-sponsored organizations when the People's Republic of China was admitted to the United Nations in its place in 1972.

A quarter-century ago, both Taiwan (formally, the Republic of China) and the People's Republic of China claimed to be the one official "China." Thus, in the eyes of both, membership in U.N. organizations by one precluded membership by the other. But as Taiwan has grown and prospered, become a democracy, and abandoned its claims to the mainland of China, this all-or-nothing approach has softened.

During recent years, Taiwan has attempted repeatedly to rejoin the World Health Organization not as a sovereign state (which would challenge Beijing's claim to being the "one China"), but rather as an observer.

It is high time that observer status is granted to Taiwan. Taiwan's inability to participate in the World Health Organization, which is responsible for combating disease outbreaks and providing emergency medical assistance, has repeatedly resulted in the unnecessary spread of preventable illness—as well as the unfortunate loss of thousands of lives. There is a perfect opportunity to rectify this, when the organization's governing body of 191 member states—the World Health Assembly—meets May 13-17, 2002, in Geneva.

Lives at Risk

In 1998, a devastating outbreak of a rare epidemic virus—enterovirus 71—ravaged Taiwan. It affected nearly 10,000 children, killing 78 and debilitating thousands more. The airborne disease, which targets children between the ages of 3 and 5, results in "aseptic or viral meningitis, encephalitis, or a polio-like paralysis," according to the U.S. Centers for Disease Control.

As the outbreak spread, Taiwan appealed to the World Health Organization for international assistance. But its request was stymied, due to Taiwan's unique lack of association with the organization. As a result, Taiwan's public health system was prevented from acquiring accurate real-time medical information about this rare disease, contributing to an unnecessarily high death toll, and many more cases of infection than would otherwise have occurred.

Following the epidemic, Taiwanese health officials reported that nearly 80 percent of the country's children between the ages of 3 and 5 did not develop the immunity needed to fight the virus. Again, Taiwan appealed to the world community to share its expertise—and again, the United Nations' global health organization was prevented from helping on political grounds.

Recent outbreaks in 1999, 2000, and 2001 have resulted in thousands more cases of enterovirus 71 and the death of 50 more children—all of which may have been prevented, or at least lessened, if Taiwan had been able to obtain medical information, technology, and assistance from the World Health Organization.

The importance of receiving international assistance following a major public health emergency was again brought to the world's attention on September 21, 1999, when a magnitude 7.6 earthquake struck Taiwan,

killing 2,378 people, and leaving another 8,000 injured. This natural disaster left thousands homeless, destroyed more than 40,000 homes, caused widespread infrastructure damage, and knocked out phone, power, and water lines throughout the region.

When Taiwan appealed to the World Health Organization during the crucial hours after the quake struck, politics once again stymied the international response. The PRC demanded that the United Nations obtain its approval before sending aid and assistance to Taiwan, halting critical emergency relief. For 10 hours, a Russian rescue team waited for the United Nations to obtain Beijing's approval for its application. Worse, Russian airborne rescue assistance was further delayed by 12 hours (and forced to make two unnecessary refueling stops) when the PRC denied an air corridor to the team, thus requiring the aircraft to make a lengthy detour over Siberia.

Even the International Committee of the Red Cross, a non-governmental organization, was unable to deliver humanitarian assistance during the hours immediately after the earthquake, because it sought approval from PRC officials.

In March 2002, Taiwanese health officials reported that new cases of enterovirus 71 have been reported throughout the island. In addition, also in March 2002, yet another earthquake—this one registering 7.1 on the Richter scale—struck Taiwan. These very recent incidents remind us of the imminent threat to public health on Taiwan because of its continued exclusion from the World Health Organization.

Observer Status: A Pragmatic Solution That Protects World Health

Currently, Taiwan is the world's only aspirant for World Health Organization observer status. While rogue nations such as Iran, Iraq, Libya, North Korea, and Cuba are entitled to all the rights and benefits associated with full membership, Taiwan does not seek this (in order to avoid the knotty "one China" politics). Rather, it seeks the same observer status accorded to such non-sovereigns as the

Palestine Liberation Organization, the Holy See, the International Red Cross, the International Foundation of the Red Cross and Red Crescent Societies, and the Order of Malta. Yet this modest request, too, has thus far been denied. Taiwan is thus uniquely excluded from participation in World Health Organization activities and programs.

The official justifications for the People's Republic of China's opposition to Taiwan's application essentially ignore the difference between observer status and full membership. Whereas membership in the World Health Organization requires sovereignty, observer status does not. Just as the Order of Malta can participate in World Health Organization activities as an observer, so, too, could Taiwan.

Yet as recently as January 2002, PRC Ambassador Sha Zukang stated that because "only sovereign states are eligible for membership," Taiwan has "no qualification whatsoever to participate in the World Health Assembly." Sha further added that to "raise a proposal" about Taiwan's participation, "*in whatever form,*" would constitute "an act of infringement upon the sovereignty and territorial integrity of China and an active interference in the internal affairs of China." (Emphasis added.)

Despite such unreasoning and politicized opposition, on January 15, 2002, the World Health Organization's 32-member Executive Board considered a proposal by Nicaragua, Guatemala, Senegal, Chad, and Grenada to add Taiwan's admission as an observer to the May 2002 World Health Assembly agenda. Once proposed by a member state—let alone by five of them—the question of Taiwan's observer status should have gone to the full Assembly. Due to politics, it did not.

Communist Cuba joined the PRC in leading the effort to keep the proposal off the Assembly's agenda, despite the fact that this violated the organization's own rules of procedure. According to the U.S. State Department letter of protest, Rule 5 "requires that this Board include on the provisional agenda for the next Assembly 'any item proposed by member.'" This rule is clear and is

not optional. The rule says that the Board ‘shall include’ such items. It does not say ‘may include.’ There is no discretion.” (Emphasis added.)

In this fashion, the PRC has thus far been successful in thwarting every bid Taiwan has made for World Health Organization observer status. But that may soon change. Any member state may submit a proposal for observer status for Taiwan when the World Health Assembly convenes its annual meeting in May 2002 in Geneva.

Growing Support for Taiwan’s Observer Status

In recent years, international support for Taiwan’s observer status in the World Health Organization, particularly among Western nations, has grown. Since 1996, numerous legislatures, including the European, Czech, and Guatemalan parliaments, as well as many Canadian and British parliamentarians, have endorsed the proposal. In addition, non-governmental organizations throughout Europe and Latin America have written letters expressing their support for Taiwan’s bid.

Since taking office, the Bush Administration has demonstrated its strong support for Taiwan’s participation as an observer in the World Health Organization. In May 2001, while in Geneva, Health and Human Services Secretary Tommy Thompson announced that the U.S. backs the inclusion of Taiwan as an observer to the World Health Organization. In March 2002, the State Department reiterated that it has “urged the World Health Organization and its members to find appropriate ways for Taiwan to participate.” This is consistent with long-standing U.S. policy “to support Taiwan’s membership in international organizations where statehood is not an issue.”

Congress, too, has consistently supported Taiwan’s efforts to join the World Health Organization as an observer. Following the 1998 enterovirus 71 outbreak in Taiwan, numerous resolutions were introduced in Congress to address both the health tragedy and the international travesty. The following

year, Congress passed H.R. 1794, supporting Taiwan’s participation in the World Health Organization, and President Clinton quickly signed it. It became Public Law 106-137.

In May 2001, Congress passed H.R. 428, which authorized the Secretary of State “to initiate a U.S. plan to endorse and obtain observer status for Taiwan” at the 2001 World Health Assembly and to “instruct the U.S. delegation to Geneva to implement such plan.” With President Bush’s signature, H.R. 428 became Public Law 107-10. And, on December 19, 2001, again with overwhelming support, the House passed H.R. 2739, authorizing the U.S. to endorse and obtain observer status for Taiwan at the 2002 World Health Assembly. The House vote was followed by Senate passage by unanimous consent on March 19, 2002. The President signed the bill on April 4th, making it public law 107-158.

The People of Taiwan Deserve Participation in the World Health Organization

According to the World Health Organization constitution, the “enjoyment of the highest attainable standards of health is one of the fundamental rights of every human being without distinction of race, religion, political belief, economic or social condition.” This fundamental human right is, however, currently being abridged for the 23 million people of Taiwan.

As Taiwan’s Health Department Director General Lee Ming-Liang observed in January 2002, disease is borderless. Politics should not prevent any of the world’s citizens from acquiring the information and expertise they need for their health, medical care, and disease prevention. Granting observer status to Taiwan is a way to include its people in the global health system without intruding upon “one China” politics or jeopardizing the peace process between Taiwan and the PRC.

The 1979 Taiwan Relations Act states that it is U.S. policy to resist any “form of coercion” that would jeopardize “the social or economic system of the people of Taiwan.”

Denying the people of Taiwan access to the health information, aid, and emergency resources of the World Health Organization poses a needless and grave threat to their society. In faithfulness to the Taiwan Relations Act and the policies of every American president since Jimmy Carter, and with concern and compassion for the health of the millions of people of Taiwan, it is essential that the United States continue to support Taiwan's efforts to obtain observer status in the World Health Organization.

A Humanitarian Policy for the People of North Korea: The United States Must Help the People of North Korea Flee Communist Rule

July 31, 2002

Introduction

Kim Jong Il's Stalinist dictatorship has starved an estimated two million people—10% of North Korea's population—since 1995. Starvation and economic deprivation, denial of all individual rights and freedoms, and political, social, and religious persecution are causing the people of North Korea to risk death to cross the border rather than starve in their own country. If caught in the PRC, however, they risk being returned to North Korea, where they face imprisonment, torture, and death.

As evidence of North Korea's abuses mounts, the United States and the international community must increase its support for the human rights of the people of North Korea. The United States must lead the way in protecting the North Korean people from forcible return as they attempt to escape Communist rule.

The Diversion of U.S. Food Aid

Since the advent of the Clinton administration, North Korea has gone from zero U.S. foreign aid to become the largest recipient of U.S. foreign aid in the East Asia-Pacific region. U.S. taxpayers will pay for one-third of this year's food donations from the rest of the world to North Korea. Meanwhile, Japan—which by agreement with the Clinton administration used to provide such aid—has ended all donations to North Korea this year, due to Kim Jong Il's abuses.

The world's donated food rarely makes it to those suffering the most in North Korea. Despite totalitarian secrecy and a dearth of effective international monitoring, evidence shows that Pyongyang has diverted food aid from U.S. humanitarian organizations and the European Union, using it instead to feed Kim Jong Il's million-man army and his security

forces, and as a preferment for the Communist party elite.

The U.S. Ambassador-designate for the UN World Food Program, Tony Hall, noted the terrible conditions under which the North Korean people live during a visit to North Korea in November 2000. "The continuing crisis is most telling in the lives of Korean children," he said. "Without soap, hot water, heat or medicine—most were dirty, coughing and sniffing. At lunch, they gulped their milk without taking a breath and came back hungrily for seconds."

Since that statement, the situation in North Korea has deteriorated to such a degree that the World Food Program reported on February 8, 2002 that two million children under age five may die of hunger. Kim Jong Il's diversion of U.S. and world food aid is a direct contributor to this grisly prognosis. According to Jasper Becker, former Beijing Bureau Chief for the Hong Kong-based South China Morning Post, Kim Jong Il uses the diversion of U.S. food aid as a tool to control the population. In testimony given at a May 2, 2002 House International Relations Committee Hearing, Becker said "most of the people who died first are those who belonged to the classes which were considered less reliable, less politically loyal to the regime ... and there are also stories that the food is being deliberately withheld from some areas in order to punish these areas for staging anti-government protests or rebellions or even military uprisings."

Sadly, U.S. aid is supporting Kim Jong Il's Stalinist regime, and not the suffering people of North Korea.

Persecution of Religious Followers

Kim Jong Il's government, which completely outlaws all non-state sanctioned religious practice, has now confiscated nearly 2,000 churches. "Counter-revolutionaries"

caught practicing their faith face forced starvation, torture, indefinite imprisonment, and execution. Proselytizing is completely banned in North Korea. Those caught promoting religion are subject to long prison sentences, torture, and death.

The U.S. State Department reports that religious followers have been beaten, imprisoned and killed for practicing their faith. According to State Department reports, the North Korean government may have executed as many as 400 Christians during the last three years.

A study released by the United States Commission on International Religious Freedom in April 2002 found that approximately 6,000 Christians are currently incarcerated in Prison Number 15 in northern North Korea. These men and women are treated far worse than other prisoners—often they are given the most dangerous jobs in the prison factories. Christian prisoners are being killed for refusing to renounce their religious beliefs.

On June 21, 2002, in testimony before the Senate Judiciary Subcommittee on Immigration, North Korean prison survivor Soon Ok Lee relayed an eyewitness account of the killing of a group of North Korean Christian prisoners. “In the spring of 1990, I was carrying a work order to the cast iron factory in the male prison. Five or six elderly Christians were lined up and forced to deny their Christianity and accept the Juche Ideology of the State. The selected prisoners all remained silent at the repeated command for conversion. The security officers became furious by this and killed them by pouring molten iron on them one by one.” (Emphasis added.)

Despite the risks, some religious activity persists in North Korea. The State Department estimates that there are as many as 10,000 Protestants, 10,000 Buddhists and 4,000 Catholics practicing in North Korea. In addition, there are a number of individuals who belong to underground churches.

The Desperate Flight from Stalinist Rule

In testimony given at a May 2, 2002 House International Relations Committee Hearing, North Korean defector and former bodyguard to Kim Jong Il, Young Lee Kuk, said: “When we talk about North Korean people, we are talking about the slaves of Kim Jong-Il. Kim Jong-Il's aim is to live well for himself and for his system and for his regime.” To flee these cruel living conditions, an estimated 200,000 North Korean citizens have escaped the rule of Kim Jong Il since 1995. Most of these have had to cross into the People's Republic of China because of the Demilitarized Zone on North Korea's southern border. Few seek asylum in China, however, due to the PRC's commitment to return any North Korean citizen caught in the PRC. This PRC policy, which has been more strictly enforced since the May 2002 PRC Foreign Ministry demand that foreign embassies turn asylum seekers over to the police, has served effectively to sentence North Korean refugees to death—because Pyongyang considers any attempt at emigration a crime punishable by death.

Most recently, the forced repatriation of North Korean refugees has escalated into egregious violations of international law. On June 13, 2002, a North Korean man and his 13 year-old son entered the South Korean consulate in Beijing seeking asylum. PRC security guards forcibly entered the South Korean consulate, battled South Korean security personnel to drag the father from the consulate, and delivered him to Beijing police. During the scuffle, PRC security guards assaulted six South Korean diplomats who were trying to rescue the North Korean asylum-seeker. These blatant violations of the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations—to which the PRC is a signatory—are clear indicators that asylum-seekers face extraordinary obstacles in escaping the horrific conditions in North Korea.

Recent Congressional Action to Support North Koreans Seeking Freedom

The dismal political, economic, and social conditions throughout North Korea, as well as the plight of the North Korean refugees, has received wide attention in Congress. Both the Senate and House have held hearings on these issues that have received testimony from U.S. and international organizations and from defectors from North Korea. Their descriptions of the cruel practices of Kim Jong Il, his deliberate withholding of food from starving people, his use of concentration camps, and his lack of respect for human life, have galvanized the Congress to take action.

On June 11, 2002, the House unanimously passed H.Con.Res. 213, which highlights the grave state of affairs within North Korea. The resolution calls on the PRC to honor its international obligations by providing North Korean refugees with safe asylum; by halting the forced repatriations of North Korean refugees; by allowing the United Nations High Commissioner for Refugees to have access to all North Korean refugees residing in China; and by cooperating with the United Nations in its efforts to resettle North Korean refugees in other countries. On June 19, S.Con.Res. 114, a similar resolution, passed unanimously in the Senate.

The Next Steps

The Bush administration, Congress, and America's allies should adopt a policy of temporary first asylum for North Korean refugees. This humanitarian policy should accomplish two things: first, guarantee all North Korean people safe arrival and temporary stay in the port of their first asylum; and second, promote burden sharing of refugee costs by providing for the swift transit of refugees from poorer countries to countries more capable of accepting the responsibility.

This policy was followed in the late 1970s to help the thousands of Vietnamese "boat people" then flooding the shores of Thailand, Hong Kong, Malaysia, and Indonesia. When the neighboring countries began refusing the

boats at port—literally pushing them back to sea with large wooden poles—the United States led the way in building a coalition of European, Asian, and African countries who agreed to remove and re-settle the Vietnamese boat people if the neighboring countries let them land.

Such a step for North Korean refugees was endorsed in testimony before a 1999 House International Relations Committee hearing by Paul Wolfowitz, then the Dean of Johns Hopkins' School of Advanced International Studies, and now U.S. Deputy Secretary of Defense. Dr. Wolfowitz said: "I think we should be trying to develop a policy concerning first asylum for North Korean refugees. We had a spectacularly successful first asylum policy for Vietnamese boat people 20 years ago. It probably saved the lives of a million or two million people.... It seems to me it would be worth trying to develop a similar policy in cooperation, not only with our allies in the region, but with China and Russia, as well."

More recently, the State Department has made it clear that it opposes the PRC policy of forced repatriation of North Korean refugees. On March 14, 2002, State Department Spokesman Richard Boucher said, "we have always felt that North Koreans should not be returned to North Korea because they would face persecution there."

In fulfillment of this mandate to stop forced repatriation, the Congress and the Administration should work together to implement a first asylum policy to help alleviate the humanitarian crisis facing the North Korean people. These are the crucial first steps:

- Both Congress and the Bush administration should continue to publicly condemn, in the strongest terms, North Korea's inhumane and repressive treatment of its people. The recent House and Senate resolutions highlight the growing humanitarian crisis in North Korea; additional resolutions should condemn the Stalinist government in Pyongyang for creating the dismal

conditions that have led to this crisis, and denounce the PRC's violation of South Korean territorial sovereignty as well as Chinese national law by storming the Korean embassy to forcibly extract North Korean refugees.

- Congress should consider increasing the funding for the Broadcasting Board of Governors to lengthen Voice of America and Radio Free Asia broadcasting hours in North Korea. With Kim Jong Il having prohibited the use of the Internet—making it the only country in the world without Internet access—messages of hope and democracy must be delivered to the people of North Korea through the only means possible—the short wave radio.
- The Administration should work with America's European and Asian allies to create a policy of temporary first asylum for North Korean refugees.
- The United States should sponsor a resolution at the United Nations condemning the religious and other human rights violations by North Korea's government.
- The Bush administration should encourage the European Union to include religious

freedom in its human rights discussions with the government of North Korea.

- The Bush administration should insist that the PRC honor its international obligations regarding the treatment of refugees and asylum-seekers, and that it grant the UN High Commissioner for Refugees access to the PRC-North Korean border area to help determine which individuals require protection as refugees.
- The U.S. should insist that North Korea grant international food aid workers access to monitor the distribution of food to the starving people of North Korea.

Conclusion

Despite a decade of foreign aid and international concessions to Kim Jong Il's oppressive regime, his Stalinist government continues to deny the most basic human rights to the people of North Korea. As a result, the North Korean refugee crisis is getting worse, and poses an immediate threat to the stability and prosperity of the regime. As the United States led the way in formulating a comprehensive humanitarian policy for the Vietnamese boat people, the United States must once again lead the way in helping the people of North Korea to flee Communist rule.

The Peace Corps' Mission in the Islamic World

September 17, 2002

A spirit of sacrifice and service gave birth to the Peace Corps more than 40 years ago. We needed the Peace Corps then, and we need the Peace Corps today.

President George W. Bush, February 15, 2002

Introduction

In 1961, President Kennedy urged a generation to join “a grand and global alliance...to fight the common enemies of man: tyranny, poverty, disease, and war.” In his State of the Union address on January 29, 2002, President Bush asked the same of this generation when he announced his plan to double the number of Peace Corps volunteers: from 7,000 today, to a near-historic high mark of 14,000 volunteers within five years.

In the wake of the September 11 attacks, President Bush has also tasked the Peace Corps with another vital initiative. The Peace Corps is to expand its programs in Islamic nations, to spread the compassion and goodwill of America, and to promote the values central to democratic nations. The Peace Corps has responded to this request, both by re-entering Islamic countries where the Corps has discontinued its operations, and by expanding existing programs in Islamic nations where Corps volunteers are already present.

Since 1971, the House Policy Committee has supported a strong Peace Corps. On September 21, 1971, the Committee unanimously approved a Policy Statement supporting President Nixon’s plans for the Peace Corps in 1972. The House Policy Committee continues to support the Peace Corps and applauds its efforts to expand its programs to Islamic nations throughout the world.

Reaching Out to Islamic Nations

The Peace Corps has served Islamic countries ever since it was first established. Today, nearly one quarter of all Peace Corps

volunteers serve in countries with significant Islamic populations. In Jordan, programs targeting women and children focus on youth and community development, special education, teaching English as a foreign language, development of non-governmental organizations, business development, and information technology. In Morocco, volunteers are working to improve maternal and child health care. They are improving Morocco’s high infant mortality rate by implementing vaccination awareness campaigns, training nurses in appropriate health education approaches and patient counseling, and producing safe birthing kits for pregnant women. Overall, Peace Corps volunteers are serving Muslim populations in 14 countries around the globe.

To fulfill the President’s mandate, the Peace Corps will increase its presence in Islamic countries. The Peace Corps recently re-entered Kyrgyzstan, Uzbekistan, Turkmenistan, and Bangladesh, and plans to re-enter Albania, Azerbaijan, Bosnia-Herzegovina, Chad, and Macedonia in 2003. The Peace Corps is completing assessments of Ethiopia and Sierra Leone for possible 2003 re-entries in both countries.

In the wake of September 11, ensuring the safety of Peace Corps volunteers is paramount. The Peace Corps must balance its expansion into Islamic countries with increased safety and security measures. To do so, the Peace Corps recently established a new safety and security office. In addition, volunteers are being given much more rigorous safety and security training before departing for their destinations.

Legislative Action

Republican Representative Mark Kirk introduced H.R. 5255, “The Peace Corps Expansion Act of 2002,” on July 26, 2002. The bill supports the expansion of the Peace Corps and the President’s request of \$317 million for the Peace Corps in 2003. The bill

contains no other legislative directives to change the current structure of the Peace Corps.

The alternative minority bill, H.R. 4979, “The Peace Corps Charter for the 21st Century Act,” was introduced by Representative Sam Farr (D-CA) on June 20, 2002. (Senator Chris Dodd (D-CT) introduced a nearly identical companion bill, S. 2667, on June 21, 2002.) H.R. 4979 proposes a Congressional finding that the Peace Corps “should have no relationship with U.S. intelligence agencies.” While intended to quash accusations that the Peace Corps serves as a vehicle for the U.S. intelligence community, this provision would do grave damage to the Peace Corps by legitimizing spurious claims of CIA involvement just as the Peace Corps re-enters countries suspicious of American intentions.

The minority proposal also changes the nature and composition of the Peace Corps’ Advisory Council. The Advisory Council—established by President Reagan in 1984—is currently comprised of 15 Presidentially appointed members, seven of whom are returned Peace Corps volunteers, who advise the President and the Peace Corps Director on initiatives designed to promote the Peace Corps. Under the Dodd/Farr bill, only returned Peace Corps volunteers are eligible to sit on the Council. This would prevent former Peace Corps Directors—such as Labor Secretary Elaine Chao, Mark Gearan (the Peace Corps Director responsible for the Crisis Corps), and even Sargent Shriver, the original director of

the Peace Corps selected by President Kennedy—from serving on the Advisory Board.

For these reasons, the House Policy Committee opposes H.R. 4979.

Conclusion

Since it was created in 1961, the Peace Corps has mobilized more than 165,000 volunteers to serve in 135 developing nations. Volunteers—ranging in age from 18 to 82—work at the grassroots level in education, community development, agriculture, health care, and public works. Although each volunteer is given a particular role in a community, the most important job is the simple day-to-day interaction each volunteer has with the people of the villages in which they live.

There is no better symbol of America’s generosity than American volunteers living and working in partnership with the people of developing nations to encourage education and opportunity, and to spread the spirit of sharing that is so fundamental to America’s society. Nowhere is this public diplomacy dimension of the Peace Corps more important than in America’s efforts to reach out to the Islamic peoples of the world. The Policy Committee applauds the efforts of the Bush Administration and of the Peace Corps’ Director, Gaddi Vasquez, to spread America’s message of goodwill throughout the Muslim world.



U. S. HOUSE
OF REPRESENTATIVES

REPUBLICAN POLICY COMMITTEE

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10

92nd Congress
First Session

September 21, 1971
Statement Number 10

HOUSE REPUBLICAN POLICY COMMITTEE STATEMENT ON H.R. 9166,
THE FY 1972 PEACE CORPS AUTHORIZATION

The House Republican Policy Committee supports the passage of H.R. 9166, authorizing the appropriation of \$77,200,000 to finance the operation of the Peace Corps for fiscal year 1972.

During its first decade the Peace Corps has made mistakes, suffered growing pains--and profited by the experience. It has grown from a well-meaning but unstructured endeavor to an effective and mature organization. It has retained its youthful idealism and its people-to-people aspects while fulfilling the increasing requests of developing nations for experienced men and women with specialized talents.

Under President Nixon, the Peace Corps has concentrated its efforts on those programs having the greatest impact; it has focused recruitment on more highly qualified personnel to fill priority development needs; and, it has effected substantial reductions in administrative costs. The \$77.2 million authorization for FY 1972, although the lowest budgetary requirement since FY 1963, will, nevertheless, permit the operation of an expanded and more effective program.

The House Republican Policy Committee urges the passage of H.R. 9166.

Establishing Global Internet Freedom: Tear Down This Firewall

September 17, 2002

Introduction

With nearly 10% of the world's population online, and more gaining access each day, the Internet stands to become the most powerful engine for democratization and the free exchange of ideas ever invented. But this great advance in individual liberty is itself the target of authoritarian governments that are aggressively blocking and censoring the Internet. Those who resist these government controls face torture and imprisonment for accessing such "subversive" material as news from the *Washington Post*, the BBC, CNN, and the Voice of America.

The success of U.S. policy in support of the universal human rights of freedom of speech, press, and association requires new initiatives to defeat totalitarian controls over the Internet. If the benefits of the Internet can reach more and more people around the globe, then repressive governments will reform or fall as the citizenry gains the means to exchange views, to obtain information, and to let their voices be heard. To defend and promote freedom, the United States must speak forcefully in support of its expression on the Internet, work internationally to protect people's Internet access, and direct international broadcasting resources to combat Internet jamming technologies.

Patterns of Global Abuse

Increasingly, non-democratic regimes around the world are denying their peoples unrestricted access to the Internet. Cuba, Laos, North Korea, the People's Republic of China, Saudi Arabia, Syria, Tunisia, and Vietnam are the most notorious violators of Internet freedom. These governments, according to the U.S. State Department and such organizations as Human Rights Watch and Reporters Without Borders, are using methods of control that include denying their citizens access to the Internet, censoring content, banning private

ownership of computers, and even making e-mail accounts so expensive that ordinary people cannot use them. These countries use firewalls, filters, and other devices to block and censor the Internet.

Monitoring of individual activity on the Internet is common. Repressive governments screen and read e-mail messages and message boards, searching for the use of particular words. Often, government censors simply block individuals from visiting unapproved websites. The development of "black lists" of users who visit websites for political, economic, financial, and religious news and information serves as a first step toward arrest and prosecution.

These are the most common ways in which authoritarian governments interfere with their citizens' access to the Internet:

Denying ISP access. Many governments in the Middle East and Asia retain monopoly control of Internet Service Providers (ISPs). This occurs most often in nations that maintain state control of telecommunications systems. This monopoly power enables governments to enforce restrictive policies over the people's access to the Internet.

The Syrian government, for example, attempts to block access to servers that provide free e-mail services. According to the U.S. State Department, even foreign diplomats have had their telephone service disrupted because the lines were being used to access Internet providers outside the country.

In Cuba, the Castro government controls all access to the Internet, and all electronic mail messages are censored. Because access to computers is limited, the Internet can only be accessed through government-approved institutions.

In Burma, the Ministry of Defense operates the country's only Internet server. Not surprisingly, according to the State Department, Internet services are being offered

“selectively” to a “small number of customers.”

Censoring Internet content. Among the strictest enforcers of Internet censorship are Bahrain, China, Iran, Kuwait, Saudi Arabia, Vietnam, and Yemen, each of which actively blocks web sites for government purposes. Although these governments often claim that their censorship is necessary for reasons such as protecting public morality, in each case the government controls clearly extend to stifling political dissent and opposition.

Censorship is typically conducted using proxy servers. By interposing the proxy server between the end user and the Internet—a task easily accomplished when the Internet Service Provider (ISP) is the government—the government can filter and block content.

In countries where individual access to the Internet is rare, government agents are assigned to monitor activity at Internet cafes, literally watching what sites customers visit. When unapproved Internet use becomes frequent, cafes can be closed, ostensibly for allowing Internet users to access “immoral” materials. In Saudi Arabia, where the government has closed a number of Internet cafes, those established for women have been specifically targeted as being used for “immoral purposes.”

Cost prohibitive pricing of e-mail accounts. In Cuba, where only 60,000 of the country’s 11 million people have Internet access, the low number of users is directly related to the Castro government’s prohibitively high taxes on e-mail accounts. The e-mail registration tax is \$240—in a country with a per capita income of \$1700. In Cuba and elsewhere, such prohibitively high taxes and fees are an effective means of ensuring that only a small minority will have the opportunity to use the Internet.

Banning personal computer ownership. The most dramatic Internet censorship is accomplished by outright government bans on personal computer ownership. In North Korea, dictator Kim Jong-Il has forbidden all servers or Internet connections to the outside world,

thus making it the only country on Earth where the Internet does not exist. The few government websites that exist to distribute propaganda in foreign countries are hosted externally.

In March 2002, Castro’s government banned the sale of personal computers to the general public. Government decree 383/2001 bans the sale of “computers, offset printer equipment, mimeographs, photocopiers and any other mass printing medium” to “associations, foundations, civic and non-profit organizations and Cuban private individuals.”

The Violators

Burma. Reporters Without Borders reports that Internet use in Burma is available only to a select few. This limited Internet access is available only through the country’s one ISP, which is owned and operated by the Ministry of Defense. Internet use is constantly monitored by the Burmese defense ministry and intelligence services. Dissidents who are active on the web receive virus-infected messages from these government organizations. In December 1999, Burmese military personnel were arrested for “violating state secrets” by logging onto *Burmanet*, a Burmese opposition site.

All e-mails are screened by Myanmar Post and Telecommunications (MPT), Burma’s national telecom operator. In January 2000, MPT banned all political texts and shared Internet accounts. Later in 2000, the Ministry of Communications barred all foreigners from using private e-mails, and required authorization before web pages can be created or modems and fax machines brought into Burma. Violation of these laws regarding Internet usage can result in up to 15 years in prison.

Cuba. All of Cuba’s Internet traffic is processed by one computer, where it is censored and access to most sites is blocked. Cuban citizens believe that the Cuban intelligence services monitor their e-mail, because messages from outside the country are received hours after being sent, or not at all. Although there is now a black market for e-

mail addresses, they are only useful if the person has a computer—which must be reported to the government—thus rendering these illegal e-mail addresses useless.

Laos. According to the 2001 Reporters Without Borders “Enemies of the Internet” report, Internet use in Laos is extremely restricted: the government prohibits its citizens from publishing any information that could “damage the country’s unity and integrity.” Citizens and residents are denied access to sites in other countries that may include sources of “subversive information.” All Laotians who send and receive e-mails must first provide the government with their password, giving it the ability to intercept and read all e-mails.

The People’s Republic of China. In sheer volume, the PRC commits the most Internet abuses. The government seeks to retain control over the large and growing number of Internet users (33.7 million), mainland web sites (250,000), and Internet cafes (200,000). PRC authorities legally restrict and penalize access to any information on the Internet considered “subversive” or “critical” of the state. China’s Ministry of Information Industry regulates access to the Internet, while the Ministries of Public and State Security monitor its use.

On June 17, 2002, 20 Internet users burned to death in an Internet cafe. The owner reportedly locked the doors so that police could not arrest them for illegally using the Internet. The locked doors also trapped the people inside. After the fire, PRC authorities ordered all illegal Internet cafes closed. All non-government approved Internet cafes remain banned.

In recent years, the PRC government has stepped up its efforts to restrict Internet access. According to State Department’s Human Rights Report:

Despite the continued expansion of the Internet in the country, the Chinese government maintained its efforts to monitor and control content on the Internet.... The authorities block access to Web sites they find

offensive. Authorities have at times blocked politically sensitive Web sites, including those of dissident groups and some major foreign news organizations, such as the VOA, the *Washington Post*, the *New York Times*, and the BBC.

Dozens of Chinese citizens have been jailed for using the Internet for politics. The State Department reported that one such individual, Huang Qi, was “bound hand and foot and beaten by police while they tried to force him to confess to subversion.” Huang, the operator of an Internet site, posted information about missing persons, including students who disappeared in June 1989 in Tiananmen Square.

The Ministry for Information and Technology requires private ISPs to monitor information on the Internet. These new rules include recording information about users (such as their Internet access IDs, their postal addresses, and their telephone numbers) who visit “strategic and sensitive” web sites including the *Washington Post*, the *New York Times*, CNN, the BBC, Human Rights Watch, and Amnesty International.

The Ministry also requires that ISPs install software to monitor and copy the contents of “sensitive” e-mail messages. Under this directive, ISPs must interrupt the transfer of e-mails containing “subversive” content which pose a threat to “national security and unity.” Authors of such e-mail messages must be reported to the Ministry of Information and Technology, the Ministry of Law and Order, and the State Secrets Bureau. The State Department notes that “Internet entrepreneurs have complained that Government regulations controlling the Internet were so broadly written that MSS (Ministry of State Security) officials could find any Web page operator or e-commerce merchant guilty of violating regulations.”

The State Department found that, although e-mail is difficult to block, the PRC “attempts to do so by, at times, blocking all e-mail from overseas Internet service providers used by dissident groups, and by filtering and tracking individual e-mail accounts.” It also

found that Chinese citizens who supply large numbers of e-mail addresses to organizations abroad have been prosecuted. Forwarding dissident e-mail messages to others is illegal.

Reporters Without Borders has reported that “about 20 provinces now have special police brigades trained in pursuing ‘subversive’ Internet users.” Currently, 22 “cyberdissidents” are in prison for trying to break through this Internet repression and censorship. According to the State Department, in April 2001, Guo Qinghai was given a 4-year sentence for posting pro-democracy material on the Internet. That same month, Wang Sen was detained in Dachuan, Sichuan Province for posting articles alleging the resale of Red Cross-donated tuberculosis medicine. And, in June 2001, police detained Li Hongmin in Hunan province for distributing copies of the Tiananmen Papers over the Internet.

On May 16, 2002, the PRC Arts Ministry announced that students and other persons under the age of 16 will only be allowed into Internet cafes during school holidays, for a maximum of three hours—and only if they are accompanied by a teacher. On the same day, the PRC announced that it had “unblocked” access to a select number of international sites, but access to other sites including VOA, the BBC, and *Time* magazine was still blocked.

Syria. The sole ISP in Syria is the Syrian Telecommunications Establishment, a government-run source which blocks access to “offensive” content and all pro-Israeli sites. The government is able to copy and monitor e-mails because of its control of the service provider. In December 2000, for example, the Syrian government detained an individual without charge for forwarding a political cartoon via e-mail. In order for Syrians to connect to the Internet, a government technician must come to their home, install the software, and assign the user’s password—information that the government retains.

Tunisia. Every one of the five Internet service providers in Tunisia is under government control. The Tunisian Internet Agency, created in 1996, regularly provides

the names of subscribers to the government. Web sites and on-line publications in Tunisia that contain information critical of the government are frequently blocked, according to the State Department. Among the websites blacklisted by the Tunisian government is, not surprisingly, a report on Internet use in Tunisia by Human Rights Watch.

Vietnam. The one Internet access provider in Vietnam is owned and operated by the Communist government. In August 2001, the Prime Minister of Vietnam issued a decree prohibiting use of the Internet “for the purpose of hostile actions against the country or to destabilize security, violate morality, or violate other laws and regulations.”

Although the Internet is nominally available to anyone who wants to use it, the exceptionally high prices severely restrict usage. The Vietnamese government monitors the sites visited, and uses firewalls to block “politically [and] culturally inappropriate” websites.

The government is seeking additional authority to monitor Internet cafes and hold the owners of these cafes responsible for customer use of the Internet. This legislation would affect all of the nearly 4,000 Internet cafes in Vietnam.

Yemen. Internet access in Yemen is severely limited by prohibitively high prices of equipment and Internet subscriptions. Although officials say the Yemeni government does not block political sites, mowj.com, the Yemeni national Opposition Front’s website, was blocked by the government, and has now ceased operation completely.

Defeating the Censors

The private sector, including for-profit corporations and non-governmental organizations, is developing and employing various techniques and technologies such as proxy servers, intermediaries, “mirrors,” and encryption to overcome state efforts to deny freedom of the Internet. But the U.S. government has thus far commenced only modest steps to fund and deploy these technologies to defeat Internet censorship. To

date, the Voice of America and Radio Free Asia have budgeted a total of only \$1 million for technology to counter PRC Internet jamming using technology including “Triangle Boy,” produced by SafeWeb. While this technology has been successful in allowing Chinese citizens to freely access the Internet—receiving 100,000 electronic hits per day from users in China—its funding has expired. SafeWeb has also provided a free service to the people of Iran and Saudi Arabia. Due to the \$50,000 per month cost of bandwidth to serve each country, however, the firm has discontinued service to both countries. At the time that SafeWeb discontinued service, it was receiving millions of hits per month from these two countries. Yet VOA and RFA must rely upon such technologies to ensure access to their programming. Other technologies and products, including Peek-a-Booty, DynaWeb, and Freenet-China (the latter a peer-to-peer network), are also currently in use to help keep information flowing in and out of areas where Internet censorship and jamming are prevalent.

A Policy for Global Internet Freedom

Congress and the Bush Administration must adopt an effective and robust global Internet freedom policy. The federal government should enlist the help of the private sector in this effort, so that the many current technologies used commercially for securing business transactions and providing virtual meeting space can be used to promote democracy and freedom.

To bring to bear the pressure of the free world on repressive governments guilty of Internet censorship, the United States should:

- Direct substantial international broadcasting resources to a global effort to defeat Internet jamming and censorship.
- Establish an Office of Global Internet Freedom within the International Broadcasting Bureau to develop and

implement a strategy for defeating Internet jamming.

- Formally declare that all people have the right to communicate freely with others on the Internet.
- Formally declare that all people have the right to unrestricted access to news and information on the Internet.
- Publicly and prominently denounce state-directed practices of restricting, censoring, banning, and blocking access to information on the Internet.
- Submit a resolution at next year’s U.N. Human Rights Commission annual meeting in Geneva condemning all nations practicing Internet censorship and denying freedom to access information.
- Compile and publish an annual report on countries that pursue policies of Internet censorship, blocking, and other abuses.

Conclusion

The Internet, originally a U.S. technology, is creating economic prosperity around the world. The value of the Internet, however, must not be limited to money. The Internet has the potential to expand political dialogue and global communication beyond anything that could have been dreamed of throughout history. To ensure that this invaluable advancement in human freedom and knowledge is not subverted by authoritarian governments, the United States must aggressively defend global Internet freedom. This policy must include far more aggressive measures to deploy technologies to defeat Internet censors, and to organize international support for the right of the peoples of the world to have unrestricted access to information and communication on the Internet. The future of human rights, democracy, and freedom throughout the world depend upon it.

POLICY PERSPECTIVES

Tax Relief for Economic Growth

October 11, 2001

The September 11 attacks were aimed at destroying the spirit of the American people, and the strength of the world's leading free market economy.

Economists, policymakers, and President George W. Bush agree that we must address this attack on our economy by providing pro-growth tax relief. Relief through the tax system will have immediate effects and help ensure that the U.S. economy remains the most productive and innovative in the world.

Acting now will help the millions of American workers who have lost jobs or family income as a result of the attacks. These hard-working men and women don't want to join the welfare rolls; they want their jobs, their sales, their customers, and their livelihoods back. Tax relief that makes hiring workers more affordable and investment more profitable is the most effective means to wage the war on terrorism on the economic front.

Step 1: Accelerate Income Tax Relief

Making the income tax rate reductions in the Economic Growth and Tax Relief Reconciliation Act of 2001 effective immediately—instead of slowly phasing them in, as Congress planned during better times—will create immediate and sustainable economic growth.

Increasing take-home pay will put money in workers' pockets, helping them to buy more and to increase their savings. Unlike a one-time payment, which offers no incentive for more work or investment, lower income tax rates will encourage people to work harder and be more productive. Unlike the pseudo-stimulus of a one-time measure, tax rate relief will not only stimulate immediate consumption, but also provide permanent incentives

The currently scheduled "sunset" for tax relief must also be repealed. It was never part of an economic plan to begin with, but rather a procedural technicality. It now looms as an enormous, pre-scheduled tax increase that falls heaviest on those who can least afford it. The "sunset" is inhibiting economic growth by making household economic planning difficult, and business investment more risky. Not only must income tax rate relief be accelerated, it must be made permanent as well.

Step 2: Reduce Taxes on Investment

Investment in new technology and other machinery soared during the 1990s, helping to increase productivity and fuel economic growth. But in the past year, business investment in new capital all but dried up—a principal cause of the economic slowdown. Then September 11 hit, and much of the country's economy ground to a halt.

Reducing taxes on new investment will help reverse that trend. One of the most effective ways to do this is to eliminate the unfairness in current depreciation rules, which prevent subtracting legitimate business expenses from sales.

The tax code should not discourage firms from making investments that will boost their productivity. These same investments will also help the firms' suppliers, their suppliers' employees, and even federal, state, and local governments—since the purchase of new equipment is taxable. But under today's IRS rulings, the cost of purchasing equipment doesn't count as an expense for tax purposes. Instead, "depreciation" can take years. In many cases (such as computers and software), the depreciation period is far longer than the useful life of the equipment. Allowing taxpayers to deduct new equipment as a business expense would help the economy immediately, spur hiring, increase output, and enhance productivity.

Step 3: Eliminate the ‘Alternative Minimum Tax’

The “Alternative Minimum Tax” (AMT) is a complicated and egregiously unfair provision of the Internal Revenue Code that imposes “income” tax even when a business has no income. Its onerous burden falls on employers, employees, and consumers alike. In the current economic downturn, a firm that experiences real economic losses cannot eliminate or reduce their income tax liability. Legitimate business expenses and capital losses are disallowed under the AMT, forcing financially strapped firms to shoulder an unbearably heavier federal tax burden.

The AMT is also administratively burdensome. Even businesses not liable for the tax must incur the time and expense of extra paperwork and additional calculations, just to determine whether the AMT even applies to them. Nor can this unfair tax be justified as an important federal revenue source: it currently raises only two-tenths of one percent of federal revenues. Moreover, even this paltry amount does not include any recognition of the increased tax revenue that would be generated by repeal of the AMT.

Abolishing this cumbersome, unnecessary, and grossly unfair tax will help every participant in our economy focus on what they do best: serving their customers, hiring workers, and expanding their markets.

Step 4: Reduce the Penalty Tax on Savings and Investment

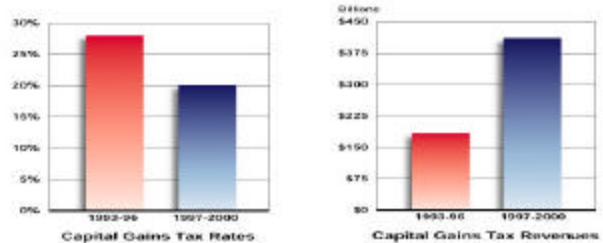
Savings and investment are the lifeblood of the economy. When individuals and firms invest, businesses grow, create new products, hire more workers, and expand production. This is what makes economic growth possible.

The so-called “capital gains” tax is really a penalty tax on savings and investment. It is very often levied against after-tax income that is deposited in savings or invested for the future—and thus it constitutes double taxation. Because it is not adjusted for inflation, it often taxes “gains” when there are none. And because it applies *only* to income from savings and investment, it discriminates against the

very behavior that will most help to grow the economy.

For these reasons, Federal Reserve Chairman Alan Greenspan has called the capital gains tax “counterproductive,” and has repeatedly testified before Congress that the best capital gains tax rate would be zero. After every previous reduction in the capital gains tax rate in the last quarter century, the stock market has performed better, and government revenue has increased, as individuals and firms pay taxes on the assets that they sell and reinvest, although at a lower rate. Our most recent experience with cutting the capital gains rate in 1997 showed this effect quite dramatically.

Effects of Changes in Capital Gains Tax Rates—1993-2000



Reducing the capital gains tax rate will encourage savings and investment, create jobs, make our economy stronger, increase federal revenue, and sustain long-term growth.

Conclusion

These four tax reforms will help the American economy in the short term by increasing take-home pay, encouraging work, savings, and investment, and stimulating business to immediately hire new workers. They will also improve our long-term economic prospects by providing permanent, stable, and predictable tax policy for the indefinite future. The values of entrepreneurship and hard work that have made America’s economy the strongest in the world are worth reasserting in the wake of the September 11 attacks. These tax law changes will do just that.

Terrorism Risk Protection Act Makes Insurance More Affordable and Speeds Victim Compensation

November 29, 2001

The House will vote today on H.R. 3357, the Terrorism Risk Protection Act—a measure essential to America’s economic security. As Members of both parties have repeatedly pointed out, this bill does not “bail out” insurance companies: insurers would remain profitable absent this legislation, simply by refusing to insure against acts of terrorism or by charging prohibitive premiums for such insurance. Rather, this legislation protects every other sector of the economy—every non-insurance worker and employer—by providing a temporary legislative backstop that will make it possible for American companies to gain the insurance they need to continue operating in the post-September 11 environment.

One of the most vital elements in ensuring the continued availability and affordability of terrorism risk insurance is a package of common-sense liability reforms to streamline the compensation process for victims, maximize recoveries for the most serious injuries, protect blameless American taxpayers from unlimited liability, and limit the damage to the American economy from future acts of terrorism.

This legislation accomplishes these goals with reforms similar to those recently enacted by Congress in two bipartisan bills, the Aviation Security Act adopted on November 16, 2001 and the Air Transportation Safety and System Stabilization Act adopted on September 20, 2001. The Terrorism Risk Protection Act also includes reforms adopted years ago in the Federal Tort Claims Act to establish fair rules when federal taxpayers may be financially responsible for court awards.

Unlike the two recent antiterrorism bills, however, the Terrorism Risk Protection Act provides for *unlimited* compensation for economic damages like death, injury, medical expenses, and property damage—the most critical losses caused by terrorism.

H.R. 3357 Contains Badly-Needed Legal Reforms

Specifically, the bill’s provisions:

- Create a new federal cause of action for claims arising out of acts of terrorism. Although heard in federal court, such claims would continue to be decided under the pre-existing laws of the state in which the act of terrorism occurred (except to the extent that these laws are inconsistent with other provisions of this Act).
- Establish a “fair share” rule for non-economic damages like pain and suffering. Parties would be liable for such non-economic damages in direct proportion to their own responsibility for them. Parties who are in any way responsible, however, remain liable for *all* economic damages like death, injury, medical expenses, and property damage: a party who was 1% responsible for damages arising from a terrorist incident would remain 100% responsible for compensating *all* such economic damages, no matter how extensive.
- Prevent double recoveries by requiring the courts to take account of other compensation received for the same damages (so-called “collateral source” compensation).
- Help ensure that sufficient funds will remain available to compensate the most serious losses like death and physical injury by allowing punitive damages to be assessed only against terrorists.
- Help maximize compensation for victims by providing for judicial review of attorneys fees, subject to an upper limit of 20% of the recovery.

None of these reforms limits the liability of actual terrorists.

Why H.R. 3357 is Necessary

Just as limited legal reforms were integral to the two earlier responses to terrorism that Congress has already passed since September 11, the legal reforms in H.R. 3357 are essential to making terrorism risk insurance available and affordable, limiting unjustified taxpayer liability, and expediting and enhancing compensation of victims. Here's why:

Without these reforms, federal taxpayers who are in no way responsible for acts of terrorism would be on the hook for *unlimited* noneconomic and punitive damages assessed against non-terrorist defendants—parties who are not responsible for the sort of vicious, premeditated attacks that took place on September 11.

Moreover, any attempt to limit these protections to insurers would merely shift and magnify the terrorism risk borne by insureds. Although the entire purpose of this legislation is to facilitate the availability of terrorism risk insurance for insureds, such a limitation—far from promoting the availability of insurance—would instead actually *codify* its unavailability.

Further, the sort of catastrophic terrorist acts that this legislation addresses will, like the September 11 attack, strain the full resources of the federal government, insured defendants, and insurers simply to compensate the most fundamental injuries, like medical expenses and destruction of property. Without these reforms, the legal system would allow plaintiffs to further recover unlimited noneconomic and punitive damages against any party, no matter how marginal their responsibility or how much the plaintiff had already received from other sources in compensation for the same injuries—all subject, of course, to unlimited attorneys fees unsupervised by the courts, and unrelated to the amount of effort or risk undertaken by the attorney.

Such a system would randomly and grossly overcompensate some plaintiffs who won the “race to the courthouse,” thereby exhausting the fund of public and private monies available for compensation before other victims had been compensated for the most basic losses, like the death or permanent maiming of a family breadwinner. Such a system would pit victim against victim, promote overreaching by unscrupulous attorneys, and impose on top of already horrific costs inflicted by terrorism a whole range of crushing litigation expenses.

That is why some observers have described efforts to strip these provisions from this economic rescue legislation as “piracy on a hospital ship,” and why bipartisan majorities in both houses of Congress overwhelmingly passed similar reforms twice since September 11 as part of vital antiterrorist legislation.

The existing legal system is simply not designed to redress premeditated attempts to inflict mass murder and cripple the American economy. The 1993 World Trade Center bombing, for example, killed six people but resulted in 500 lawsuits by 700 individuals, businesses, and insurance companies claiming \$500 million in damages. Eight years later, these cases are just now coming to trial, and hundreds of plaintiffs have yet to receive a penny in compensation. And bipartisan majorities of both houses of Congress have already twice acknowledged that allowing the existing tort system to address the September 11 terrorist attacks would have imposed catastrophic economic consequences on the United States above and beyond the losses caused by the attacks themselves—including paralyzing the commercial aviation industry that is the lifeblood of interstate and foreign commerce. Congress must apply this lesson to future acts of terrorism, as well—and continue to focus our closest attention on inflicting “punitive damage” on international terrorists, those truly responsible.

Promoting Free Enterprise and Democracy Across the Americas

March 14, 2002

Free trade applies the power of markets to the needs of the poor. We know that nations that open their economies to the benefits of trade are more successful in climbing out of poverty. ... We also know that free trade encourages the habits of liberty that sustain freedom over the long haul.

President George W. Bush, July 17, 2001

Next week, President George W. Bush begins a three-day trip, including his first presidential visit to South America, to stress to our American partners the importance our nation attaches to invigorating hemispheric relations. Even as we prosecute the War on Terrorism, the President is redoubling our efforts to focus on trade and democratic institutions.

The President will be in Monterrey speaking to an international conference on the importance of free trade and free enterprise; Lima for a meeting with the leaders of Peru, Bolivia, and Colombia on renewing regional trade agreements and counter-narcotics efforts; and in San Salvador for meetings on the prospects of a Central America Free Trade Agreement (CAFTA) with all seven Central American heads of state.

At the top of the President's agenda will be hemispheric free trade through the Free Trade Area of the Americas (FTAA). President Bush will emphasize that trade supports economic prosperity, political stability, and the rule of law.

"There's a vital link between freedom of people and freedom of commerce," the President told the Organization of American States in April 2001. "Democratic freedoms cannot flourish unless our hemisphere also builds a prosperity whose benefits are widely shared. And open trade is an essential foundation for that prosperity and that possibility."

The Agenda: Mexico

In Monterrey, the President will reiterate his call for ending international loans to governments which have a proven history of subsidizing corruption and capital flight, and replacing them with grants, which can be more carefully monitored. He will support "responsible aid" for hunger, education, and health—effective humanitarian assistance that does not have the deadly side effect of destroying emerging agriculture and industry.

The Mexican venue is a suitably symbolic starting point for the President's historic tour through the Americas. Presidents Bush and Vicente Fox held an unprecedented joint Cabinet meeting between the Mexican and United States governments in Washington, September 5-6, 2001, on issues including crime, agriculture, water issues, energy, migration, and foreign policy. President Bush made clear the importance we attach to our close working partnership with Mexico. During this U.S.-Mexico summit, President Bush will continue his bilateral work with President Fox. The agenda includes continued cooperation on border security; trade; economic development; and immigration.

Mexico is the United States' largest trading partner after Canada. U.S.-Mexico trade accounted for \$247.2 billion in goods in 2000. Our exports to Mexico represent 14% of worldwide U.S. sales in 2000, while purchases from Mexico account for 11% of America's overall imports.

The Agenda: Peru

In Peru, the President will conduct a bilateral working session with President Alejandro Toledo, and meet with the presidents of Bolivia and Colombia, to discuss trade, investment, and counter-narcotics. A highlight of these discussions will be the Andean Trade Preference Act (ATPA).

In his testimony before the Senate Finance Committee in August 2001, Deputy

U.S. Trade Representative Peter Allgeier reported that this agreement—reached in 1991—has successfully doubled trade between our countries. ATPA has promoted export diversification and broad-based economic development in Peru, providing alternatives to drug crop cultivation throughout the Andean region. Recognizing the importance of this cooperative U.S.-Peru agreement, the House renewed ATPA in November 2001. However, the Senate failed to take up the issue and, in December 2001, ATPA ended.

ATPA renewal is a major objective of the Bush Administration, both to stem drug crop cultivation and to improve the economic well being of people in Peru and throughout the Andean region. To continue its benefits while the Senate has failed to act, on February 14, 2002, President Bush announced that import duties on eligible products from the ATPA countries would be suspended for 90 days. Both presidents will take the opportunity of their summit to reiterate calls for the Senate to pass ATPA.

The Agenda: El Salvador

In El Salvador, President Bush will meet with President Francisco Flores and the leaders of the seven Central American nations. This extraordinary meeting of presidents will hear directly from President Bush on his proposal for a Central American Free Trade Agreement (CAFTA), which he submitted to Congress on January 16, 2002. CAFTA would include provisions to promote U.S. exports, support democracy and economic reform, and advance free trade throughout the Americas.

United States exports to Central America totaled \$8.8 billion in 2000—an amount greater than all U.S. exports to the 1.4 billion people of Russia, Indonesia, and India combined. The fact that U.S. imports from Central America totaled \$11.8 billion in 2000 is the strongest argument for CAFTA: it would further open up Central American markets to U.S. exports. Moreover, by committing these countries to even greater openness and transparency, it would deepen the roots of democracy, civil society, and the rule of law in the region, as well as reinforce market reforms.

It would also improve U.S. competitiveness in the region: Canada and Mexico already have free trade agreements in place with Central America, leaving U.S. business at an international disadvantage.

CAFTA is an important stepping-stone toward the establishment of the Free Trade Area of the Americas, which President Bush has committed the U.S. to joining by January 2005. The Free Trade Area of the Americas will be the largest free market in the world, comprising nearly 800 million people spread over two continents.

The House Majority strongly supports the President's efforts to increase free trade in the Americas. Our hemispheric relations depend on free enterprise, free men and women, a free press, and strong democracies. Prosperity throughout the Americas is in the interest of each of our nations and will lead to a more peaceful, stable hemisphere.

Challenges Beyond Trade

The North American Free Trade Agreement (NAFTA) is a prime example of how improved trade has far-reaching effects throughout society. As U.S. Trade Representative Robert Zoellick has noted, NAFTA was “always about much more than trade. It was a key to political transformation of a modernizing Mexico.”

In 2000, Mexicans elected Vicente Fox, a member of the opposition PAN party, ending more than 70 years of single-party PRI rule and a heavily Socialist economic tradition that had impoverished generations of Mexicans. Economic empowerment created the conditions for greater civil participation in the democratic system.

The President's initiatives on the Americas are needed now more than ever. Recent polls indicate dissatisfaction or disappointment with democracy throughout much of Latin America. To counter this trend, the President will emphasize not only the importance of trade, but also America's strong desire to improve the well-being of Latin Americans and to help create the conditions for stable democracy.

A poll of 17 nations conducted before September 11 found that 48% of Latin Americans prefer democracy to authoritarian rule, down from 60% the year before.² The most marked decrease in support for democracy was in Central America, where support plunged 20 points from last year.

The Economist reports that while “democracy is holding up” in Latin America, “polls show people to be deeply dissatisfied with its failure to bring jobs, improve living standards or tackle violent crime.” Continued and often increased migration to the United States and Europe is cited as concrete evidence of growing dissatisfaction.

To stem this lack of confidence—and its effects—America must advocate trade and economic development as the necessary prerequisites for sustaining democracy and the rule of law. Before the OAS last year, President Bush pointed out, “Open trade fuels the engines of economic growth that creates new jobs and new income. It applies the power of the markets to the needs to the poor. It spurs the process of economic and legal reform. It helps dismantle protectionist bureaucracies that stifle incentive and invite corruption. **And open trade reinforces the habits of liberty that sustain democracy over the long term** (emphasis added).”

Strengthening Democracy

When President Ronald Reagan took office in 1981, the majority of Latin Americans lived under authoritarian or Communist rule. By the end of the 1980s, nearly every country had held free elections and had instituted free market and democratic reforms. Republicans in Congress have spoken clearly and consistently in support of increased trade, democratic development, and rule of law in the Americas. But the continuation in our hemisphere of democracy is not assured.

The continuing Colombian drug war and escalating political violence—including the kidnapping of elected officials there—

threatens that country’s stability. Assassinations of opposition candidates in Brazil are dangerous to democratic pluralism. Continued political consolidation of power by President Hugo Chavez, and recent calls by senior military officers have raised red flags as to the future of democracy in Venezuela. Lawlessness and lack of democratic practices were the key determinants in the U.N.’s decision last year to withdraw its mission from Haiti.

On the very day the terrorists struck the World Trade Center in New York, the OAS adopted its Inter-American Democratic Charter. It declares that the “peoples of the Americas have a right to democracy and their governments have an obligation to promote and defend it.” This is a ringing and defiant challenge to the continued existence of a Communist dictatorship in Cuba, to the narco-terrorists, and to the unreconstructed socialists who continue to prey upon the Americas. It is a timely reminder that not all of the people in the Americas are truly free—and that our own future will not be secure unless we rise to meet the challenge to freedom and democracy.

Human Rights

Congress has a vital role in promoting stability and prosperity throughout the Americas. Respect for human rights and an end to political violence are the touchstones of this effort. Recently, the State Department released its 2001 Human Rights Report. Cuba, Haiti, Colombia, Guatemala, and Honduras were each singled out for human rights abuses within their borders.

More than 10 years after the penultimate Latin American military dictator left office, respect for human rights and the rule of law must be constantly encouraged. Congress should positively recognize those countries that improve their human rights records. Equally importantly, Congress must subject governments that continue to abuse human rights to serious consequences.

Conclusion

In an address before the World Bank in July 2001, President Bush stated:

² Latinobarometro, July 2001.

To all nations promoting democratic government and the rule of law so that trade and aid can succeed, you're not alone. To all nations tearing down the walls of suspicion and isolation, and building ties of trade and trust, you're not alone. And to all nations who are willing to stake their future on the global progress of liberty, you will never be alone. This is my nation's pledge, a pledge I will keep.

The Americas are essential to United States national interests. The mission set forth by the President, however, is not one of self-interest, but of intercontinental interest. Free exchange among the citizens of all of America's nations—economic, political, cultural, and otherwise—will enrich the poor, strengthen democratic practices and norms and enhance stability, opportunity, and prosperity for all of the nearly one billion people of the Western Hemisphere

Throw the Death Tax From the Train!

June 5, 2002

Under current law, the Death Tax will be completely repealed effective January 1, 2010.

But the opposite is happening. Because of a last minute change to the repeal bill in the U.S. Senate (a result of arcane Senate rules), the Death Tax will rise from the grave, fully re-grown, on January 1, 2011. This caused the *New York Times* to dub Death Tax repeal the “Throw Momma from the Train Act,” as 2010 will be the only year in which a person can die without facing the Death Tax.

Repeal was intended to eliminate the economic drag and unfairness of wasteful and burdensome compliance costs associated with the Death Tax. Instead of simplifying tax compliance, the un-repeal of the Death Tax slated for 2011 is making sensible estate planning well-nigh impossible.

On April 4, 2001, the House voted for **permanent** Death Tax repeal. To spur the Senate to action, this week the House will again vote to make Death Tax repeal permanent. Sometime in June, Senate Majority Leader Tom Daschle will at last permit the Senate to address the issue.

It is time to forever bury this unfair and destructive tax. Social engineers intended the Death Tax to break up large concentrations of wealth. Instead, the tax has become the number one reason that small businesses and family farms are broken up and sold to large corporations. The extremely rich—the heirs of such long-ago multibillionaires as John D. Rockefeller and Joseph P. Kennedy—have for generations barely noticed the Death Tax, because their expensive lawyers and accountants can find ways to avoid the worst effects of the tax by using complicated trusts and other legal devices. Instead of confiscating the wealth of the super rich and redistributing it to the poor, the Death Tax hits the working poor the hardest. Unlike dead plutocrats, the living employees of small and medium-sized

businesses that are split up or liquidated when the founder dies face an effective 100% tax on their wages: they lose their jobs.

Minority-owned businesses are among the most common unintended victims of the Death Tax. A Kennesaw State College study found that half of minority businesses failed or were unable to grow because of the legal, accounting, and insurance costs associated with the Death Tax.

The Death Tax is the most expensive of all taxes to collect, with 31 cents of every dollar wasted on collection costs to the government alone. Counting the government’s sky-high costs, the Death Tax nets less than 1% of federal revenues.

According to a report by the Congressional Joint Economic Committee, when all of the compliance, collections, and administrative costs of the Death Tax are taken into account—those paid by the government, and by the taxpayers—the costs of the Death Tax actually exceed the revenues it generates for the Treasury. That is, the Death tax actually *loses* money. With the increased tax-planning complexity caused by the scheduled repeal and reintroduction of the Death Tax, the negative yield of the Death Tax will become worse still.

Abolishing the Death Tax will promote economic growth. Studies show that within eight years of Death Tax repeal, economic production will be increased by more than \$80 billion per year, 112,000 jobs will be created each year, and \$1.5 trillion will be added to America’s capital stock. Economic growth spurred by repeal will cause federal revenues from other taxes to surpass what otherwise would have been collected through the Death Tax within seven years.

The Death Tax is a tax on virtue. Knowing that when you tax something you get less of it, the government often imposes “sin taxes,” such as those on tobacco and alcohol. But the Death Tax—which penalizes continued

savings and work by the wealthy, while encouraging needless consumption—does just the opposite. It is a tax on personal responsibility.

The Death Tax deserves to be buried.

Because the Death Tax is intentionally a double, sometimes triple, tax on the after-tax life savings of Americans, it is unfair. Its

confiscatory rates of over 50% (second only to those of Japan) are punitive. Its complexity (over 80 pages of the Internal Revenue Code, plus hundreds of pages of regulations and untold volumes of case law) wreaks needless economic destruction. It raises negligible, possibly even negative, revenue. It is time for the Death Tax to die—permanently.

SELECTED POLICY COMMITTEE ACTIVITIES

Annual Reports on the United States Government

In July and December 2001, the Policy Committee published Annual Reports on the United States Government for Fiscal Years 2000 and 2001, respectively.

The 2000 report noted that after devoting 100% of Social Security payroll tax collections to the Social Security Trust Fund—a prudent practice not observed for nearly 30 years before 1999—and paying down more than \$200 billion of publicly-held debt, the record tax surplus funded the highest one-year increase in federal spending in a decade. Fiscal 2000 also marked the highest peacetime tax burden in history—both absolutely (reaching over \$2.4 trillion) and as a percentage of the economy (consuming 21% of America's gross domestic product).

The 2001 report noted that the economic slowdown that began in the third quarter of 2000 was well underway when terrorists struck the World Trade Center and the Pentagon on

September 11, 2001. After September 11, job losses and a further decline in revenues in key sectors of the economy occasioned higher federal social spending, while dampening federal tax collections. Nonetheless, fiscal 2001 resulted in the second-highest federal tax surplus in history, and the fourth consecutive year of surplus in the federal Treasury. These surpluses have been used to pay down more than one-half trillion dollars in federal debt. In fact, of the \$595.9 billion in surpluses, 94% was retained by the federal government and applied to reduction of indebtedness. President Bush returned to taxpayers \$38.2 billion, or 6% of the tax surplus, when he signed tax relief legislation, June 7, 2001.

Application of Tax Surpluses

Retained by Government 94%

Returned to Taxpayers 6%



Ensuring the Continuity of Congress

In May 2002, the Speaker of the House gave Policy Committee Chairman Christopher Cox the mission to chair the Continuity of Congress Bipartisan Working Group to ensure that the House of Representatives continues to function in the event of a terrorist attack or other catastrophe that kills or incapacitates a large number of Members. The Working Group will recommend to the Speaker and Minority Leader means to resolve these issues through changes to the House Rules, statutes, or a constitutional amendment.

House Democratic Caucus Chairman Martin Frost co-chairs the Working Group. Other Members are: Chairman of the House Rules Committee David Dreier; Chairman of the House Constitution Subcommittee Steve Chabot; Ranking Member on the House Constitution Subcommittee Jerrold Nadler; Chairman of the House Administration Committee Robert Ney; Ranking Member on the House Administration Committee Steny Hoyer; Chairman of the House Republican Policy Subcommittee on Political, Educational and Legal Reform David Vitter; Rep. Brian Baird; Rep. Sheila Jackson Lee; and Rep. James Langevin. Ex officio members of the working group include: House Parliamentarian Charles Johnson, Deputy House Parliamentarian John Sullivan, Former Clerk of the House Donn Anderson, Former House Floor Assistants Ron Lash and William Pitts, House Legislative Counsel M. Pope Barrow, Congressional Research Service Senior Specialist Walter Olesczek, and Michael Stern, Senior Counsel, Office of the General Counsel.

The Working Group has held regular Member and staff level meetings and heard from law professors, constitutional scholars, members of the academic community, think tank scholars, and other experts. The Working Group first met May 16, 2002, when former Speaker of the House Thomas Foley,

American Enterprise Institute Fellow Norman Ornstein, and Brookings Institute Fellow Thomas Mann discussed the scope of the problems of congressional continuity and possible remedies to such problems. On June 11, 2002, the Working Group met with House Parliamentarian Charles Johnson to consider changes to House Rules. On June 25, 2002, American Enterprise Institute Fellow Norman Ornstein, Brookings Institute Fellow Thomas Mann, and Woodrow Wilson International Center for Scholars Fellow Don Wolfensberger were invited to discuss proposed statutory solutions. On July 9, 2002, the Working Group met with University of Baltimore Law School Professor Charles Tiefer, Georgetown University Law School Professor Louis Michael Seidman, and Council on Foreign Relations Presidential Senior Fellow Alton Frye to consider changes to the House Rules.

Beginning in September 2002, the Working Group held a series of Member-only meetings to review draft legislation. On September 10, 2002, the Working Group met to review the draft Resolution on Expedited Special Elections. On September 24, 2002, the group reviewed proposed changes to the House Rules. On October 1 and 8, 2002, the group reviewed proposed amendments to the Presidential Succession Act of 1947.

On September 26, 2002, Chairman Cox, along with the other members of the Working Group, introduced House Resolution 559 with 109 original cosponsors, urging states to review their special election laws to ensure that, in the event of a catastrophe, vacancies in the House of Representatives may be filled in a timely manner. The Resolution passed on October 2, 2002 by a vote of 414-0. The Working Group continued to consider rules, statutes, and constitutional amendments, several of which are expected to be adopted in the 108th Congress.

The Debt Ceiling

For the first time since 1997, in early December, 2001, the Administration formally asked Congress to raise the statutory ceiling on federal debt. The Policy Committee worked to educate Members, the media, and the public about the real reasons for the growth in government debt, empowering Members to rebut false Democrat claims the growth in government debt was a result of the President's tax cut.

The Policy Committee emphasized that publicly held debt actually decreased since 1997. However, the statutory definition of debt covered by the debt limit mingles both the public debt and intragovernment accounts. The value of intragovernment accounts (such as the Social Security trust fund, civil service and military retirement funds) had grown sharply, causing pressure on the overall debt ceiling. But those intragovernment accounts constitute accrued liabilities (and assets) of the government, not borrowing. For example, the bonds in the Social Security Trust Fund are assets of the Social Security Administration and liabilities for the Treasury—on a consolidated balance sheet of the federal government these would cancel each other out. The future liabilities represented by this intragovernment accounts may well be paid from *future* borrowing (or alternatively, future taxes). Only if the government were to issue debt to the public to fund these liabilities when they mature in the future would there be borrowing that is properly subject to the debt ceiling.

Having identified the flaws in the existing accounting system, the Policy Committee championed legislation to focus the debt ceiling on actual withdrawals from the economy by redefining debt covered by the debt ceiling to exclusively debt held by the public.

Federal Reserve Chairman Alan Greenspan and Congressional Budget Office Director Dan Crippen endorsed the Policy Committee approach. “[Any] ceiling should be applied to federal debt held by the public and not to intra-governmental holdings of Treasury debt,” Chairman Greenspan said. Director Crippen concurred: “Debt held by the public...is the most important, because it's the exchange between the government and the private sector—how much the government is going to borrow from our capital markets from people is what counts more than how much one part of the government is loaning to or borrowing from the other.... A debt ceiling based on debt held by the public would probably make more sense.”

Ultimately, Congress simply raised the existing debt ceiling, but not before educating Members of Congress, the media and the public about the true nature of the debt ceiling and some of the peculiarities in government accounting, setting the stage for future reform.

Controlling Spending

When the federal government is facing a \$165 billion deficit, and the unknown future costs of fighting the War on Terrorism, controlling spending is crucial. Non-priority spending will put a drag on our economy, and hinder our ability to fund our most urgent priorities. The Policy Committee has been on the front lines of the effort to rein in federal spending.

House-White House Alliance

House Policy Chairman Christopher Cox has led efforts to partner with the White House to control spending. As part of this effort, he gathered signatures from 150 Representatives—more than enough to sustain a Presidential veto—pledging to uphold a veto of supplemental spending legislation that busts the budget.

Last winter, the President requested supplemental funding for the War on Terrorism, and rebuilding New York after the attack of September 11, 2001. The House overwhelmingly approved his request by passing a bill 280-138 providing the funding he requested, while not requiring the President to spend any more than he requested. Meanwhile, the Democrat-controlled Senate passed a bill requiring the President to spend nearly \$5 billion on projects unrelated to homeland security, or forgo the desperately needed defense funding.

By giving the President assurances that the House would sustain his veto of the Senate

bill, the Policy Committee letter gave President Bush and the House conferees the leverage needed to negotiate an acceptable bill. The final bill, signed by the President August 2, 2002, provided the necessary defense and homeland security funding, while not requiring the President to spend a penny more than he requested. The final cost was \$7.7 billion less than the original Senate bill.

The Senate's failure to pass a budget—in violation of law—has left it to the House and to the President to take responsibility to control spending. House Appropriators have proven that by partnering with the White House, House Republicans can successfully maintain fiscal discipline, even when faced by a profligate Senate.

The text of the letter to control spending and a list of signatories follow this page.

Controlling Spending Website

To highlight the runaway growth of government spending, on July 24, 2002, the Policy Committee launched a new controlling spending website. The site contains information on the history of the federal budget, the recent explosion of government spending, the burden spending places on the economy, and the shift of federal resources from defense to social spending. The site is a resource for Members, staff, and the public. For more, visit the Policy Committee Controlling Spending Website at <http://policy.house.gov/spending>.



Congress of the United States

House of Representatives

Washington, DC 20515

June 20, 2002

President George W. Bush
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

To win the War on Terrorism and sustain economic growth, the federal government must control spending.

To this end, we will sustain your veto of any supplemental appropriation legislation that:

- Requires that you spend in excess of \$27.1 billion, the amount of emergency 2002 supplemental spending you requested; or
- Provides less than you requested to win the War on Terrorism, or to rebuild New York.

The bill passed by the House on May 24 by a vote of 280-138 meets these criteria. We write to show our strong support for holding the line on excessive government spending.

Sincerely,

Dick Armey
Deborah Pryce
John Shadegg
Jennifer Dunn

J. Saxton
Jim Cooper
Chris Cox
Tom Davis

Page One

Dick Armey
 Jim Saxton
 Deborah Pryce
 Jim Nussle
 John Shadegg
 Chris Cox
 Jennifer Dunn
 Tom Davis

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Amo Houghton
 Rob Simmons
 Ben Gilman
 Walter B. Jones
 Pete Hoekstra
 Joseph Pitts
 Jim DeMint
 Steve Chabot
 John Hostettler
 Bob Schaffer
 Roscoe Bartlett
 Jeff Flake
 Paul Ryan
 W. Todd Akin
 Donald Manzullo
 Sam Johnson
 Patrick J. Tiberi
 John Culberson
 Tom Tancredo
 Ric Keller

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Kevin Brady
 Eric Cantor
 Jim Ryun
 Sue Myrick
 Brian Kerns
 Ron Paul
 Jim Ramstad
 George Radanovich
 C.L. "Butch" Otter
 Jerry Moran
 Ernie Fletcher
 Mark Kennedy
 Phil English
 Sam Graves
 Ed Royce
 Cliff Stearns
 Lincoln Diaz-Balart
 Wally Herger
 Dana Rohrabacher
 John Mica

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Joe Wilson
 Dave Camp

Darrell Issa
 Chip Pickering
 William L. Jenkins
 Mike Pence
 John Boozman
 Jerry Weller
 J.D. Hayworth
 Barbara Cubin
 Van Hilleary
 Mac Collins
 Lee Terry
 Mark Kirk
 Charlie Stenholm
 Joel Hefley
 Christopher Shays
 Joe Barton
 Kenny Hulshof
 Pat Toomey

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Charles Bass
 Pete Sessions
 Bob Barr
 Mary Bono
 David Dreier
 John Sullivan
 John Cooksey
 Henry E. Brown, Jr.
 Saxby Chambliss
 Mark Green
 Timothy V. Johnson
 Nick Smith
 Ander Crenshaw
 Richard Pombo
 Ron Lewis
 Judy Biggert
 J. Randy Forbes
 Charlie Norwood
 Chris Cannon
 Roy Blunt

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 Tom Osborne
 Spencer Bachus
 James V. Hansen
 Doug Ose
 Greg Walden
 Doc Hastings
 Gary Miller
 Cass Ballenger
 Dan Burton
 John J. Duncan Jr.
 John Shimkus
 Philip M. Crane
 Mac Thornberry
 Melissa Hart

Lindsey Graham
 Todd Platts
 John Boehner
 E. Clay Shaw
 Stephen Horn

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Fred Upton
 Dave Weldon
 Tom Petri
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 Mike Oxley
 Adam Putnam
 Paul Gillmor
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 Mark Foley
 George Gekas
 John Linder
 Elton Gallegly
 Ken Calvert
 Felix Grucci, Jr.
 Thomas Reynolds
 Bob Stump
 Mark Souder
 Bill Shuster

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Bill Thomas
 Billy Tauzin
 David Vitter
 Richard Baker
 Gil Guetknect
 Chris Smith
 James Greenwood
 Henry Hyde
 Rob Portman
 Bob Goodlatte
 John Sununu
 Ed Bryant
 Mike Bilirakis
 Greg Ganske
 Steve Buyer
 Howard Coble
 Ileana Ros-Lehtinen
 Frank Lucas
 Porter Goss
 Curt Weldon

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Scott McInnis
 Lamar Smith

Selected Full Committee Executive Session Guests and Topics

First Session			
		August 1	Deputy Secretary of Defense Paul Wolfowitz and Major General Peter Franklin (Ballistic Missile Defense Threats)
March 15	Director of the Office of Management and Budget Mitch Daniels		
March 22	Budget Committee Chairman Jim Nussle	Sept. 6	Secretary of Interior Gale Norton
March 22	Secretary of Energy Spencer Abraham	Sept. 13	Former Director of Central Intelligence R. James Woolsey
March 29	United States Trade Representative Robert Zoellick	Sept. 20	Bipartisan Economic Briefing
		Sept. 20	Terrorism Commission Briefing
April 26	Assistant to the President for Economic Policy Larry Lindsey	October 4	Secretary of Health and Human Services Tommy Thompson
April 26	Assistant Secretary of Treasury for Tax Policy Mark Wienberger	October 11	Deputy Treasury Secretary Kenneth Dam
May 3	EPA Administrator Christine Todd Whitman	Nov. 1	Federal Trade Commission Chairman Tim Muris
May 10	Secretary of Agriculture Ann Veneman	Nov. 8	President's Commission to Strengthen Social Security
May 24	Secretary of Labor Elaine Chao	Nov. 15	INS Commissioner James W. Ziglar
June 14	Senate Republican Leaders Trent Lott and Don Nickles	Nov. 29	Undersecretary of State for Arms Control and International Security John Bolton
June 21	Secretary of Education Roderick Paige		
June 28	Deputy Secretary of State Richard Armitage	Dec. 6	Leadership of the Iraqi National Congress
		Second Session	
July 12	Campaign Finance Reform, with Reps. Chris Shays, Bob Ney, and Tom Davis	January 24	Joint meeting with the Republican Conference and Chairman of the Council of Economic Advisors, R. Glenn Hubbard
July 19	Secretary of Defense Donald Rumsfeld		
July 26	Sunsetting the Tax Sunset Provisions	Feb. 28	Director of the Congressional Budget Office, Dan Crippen
July 31	Secretary of Commerce Donald Evans	March 7	House Budget Committee Chairman Jim Nussle on the Budget Resolution

March 12	Lunch with Russian Chess Champion and Commentator Garry Kasparov	June 11	House Parliamentarian Charlie Johnson
March 20	Department of Defense General Counsel William J. Haynes, II	June 13	Director of the Office of Management and Budget Mitch Daniels
April 11	Member Policy and Legislative Initiatives	June 27	Controlling Spending
April 18	Mr. C.J. Chen, Taiwan's Representative to the United States of America	July 11	Former Secretary of State Henry Kissinger
April 25	Republican National Committee Chairman Marc Racicot and Deputy Chairman Jack Oliver	July 18	Corporate Accountability
May 15	Slovene Prime Minister Janez Drnovsek	July 18	Assistant Secretary of State for Western Hemisphere Affairs Otto Reich
May 16	Bipartisan meeting with Democratic Caucus Chairman Martin Frost on the Continuity of Congress	July 25	Secretary of the Treasury Paul O'Neill
June 5	Secretary of the Treasury Paul O'Neill	Sept. 5	Chairman of the Council of Economic Advisors R. Glenn Hubbard
June 6	Health and Human Services Assistant Secretary for Planning and Evaluation Bobby Jindal and Health Policy Subcommittee Chairman Ernie Fletcher	Sept. 12	Peace Corps Director Gaddi H. Vasquez
		Sept. 19	Dr. Arthur Laffer and the Congressional Caucus to Promote Economic Prosperity
		Sept. 19	Michigan Governor John Engler
		October 3	Treasury Under Secretary for International Affairs John B. Taylor
		October 16	Homeland Security

SUBCOMMITTEE ACTIVITIES

The Americas: Rep. Lincoln Diaz-Balart, Chair

The Subcommittee supported U.S. initiatives to strengthen democracy in the Western Hemisphere by increasing trade, improving immigration policy, and advocating human rights. On November 16, 2001, with Chairman Diaz-Balart's strong support, the House passed the Andean Trade Act, 225-191. He authored legislation on immigration in the Americas and freedom in Cuba and organized briefings for Members on a wide range of topics, including a comprehensive strategy session with former House Speaker Newt Gingrich, May 17, 2001. Members of the Subcommittee worked for Trade Promotion Authority to help reduce taxes on U.S. exports and give the President the authority necessary to negotiate a Free Trade Area of the Americas. The Subcommittee also began consideration of a new legislative idea to assimilate new immigrants into the U.S. workforce more quickly and effectively.

Chairman Lincoln Diaz-Balart worked vigorously along with Chairman Cox, including a co-authored op-ed, in support of human rights in Cuba. The Subcommittee organized briefings for Members on a wide range of topics, including a meeting with Assistant Secretary of State for Western Hemisphere Affairs Otto Reich regarding U.S. policy toward the Americas. On July 18, 2002, Secretary Reich and the Subcommittee, along with U.S. Ambassador to the Organization for American States Roger Noriega, met to consider strategy in the War on Terrorism in the Western Hemisphere. The Subcommittee, jointly with the Full Committee, also met with Under Secretary of the Treasury for International Affairs John Taylor regarding the economic crisis in Latin America. In this meeting, the House and the Administration considered alternative policies to promote financial stability and economic growth in Latin America.

Biotechnology, Telecommunications, and Information Technology: Rep. Jerry Weller, Chair

The Subcommittee consulted scores of experts in all fields under its jurisdiction. In biotechnology, the Subcommittee examined stem cell research and cloning policy. In telecommunications, the Subcommittee vetted policy options to bring high-speed data connections to more Americans. In information technology, the Subcommittee sought tax law changes to reverse the bias against high-tech, and successfully pushed the Senate to renew the ban on Internet taxes overwhelmingly supported in the House. With the Health Subcommittee, Members met with health care providers to assess the effect of biotechnology developments on patients in America. The Subcommittee also worked with technology leaders to coordinate several aspects of the Congressional policy response to September 11.

During the second session, the Subcommittee continued its work to promote and strengthen the growing high-tech workforce and strengthen Homeland Security through the utilization of unique technology solutions. The Subcommittee met with security industry experts to hear their concerns and ideas regarding the homeland security bill. To promote cohesive security policy development and implementation, the Subcommittee met with the new Federal Chief Technology Officer Norman Lorentz. In biotechnology, the Subcommittee met with several CEO's to discuss the emerging uses of biotechnology in areas from agriculture to health care. The Subcommittee also considered controversial privacy issues before Congress.

Environment, Resources and Agriculture: Rep. Doug Ose, Chair

The Subcommittee successfully coordinated efforts with the Department of Commerce to promote exports with Trade Promotion Authority. Among those efforts was a standing-room-only forum in one of the Capitol's largest hearing rooms with scores of Representatives, key exporters, and Secretary of Commerce Don Evans. The Full Committee worked with the Subcommittee to issue a Policy Statement on Trade Promotion Authority. The Subcommittee also worked to improve national energy policy, playing host to Federal Energy Regulatory Commission Chairman Jim Wood.

In the summer of 2002, the Subcommittee held a series of meetings to investigate the intersections of agriculture, trade, and environmental policy, particularly in the wake of Trade Promotion Authority (TPA) and the Farm Bill. On that topic, the Subcommittee met with Jean Marie Peltier, Agricultural Liaison for the EPA, along with representatives of the agricultural industry and leading environmental experts. The USDA Administrator for International Trade Policy met with the Subcommittee and focused on the implications of TPA for U.S. farmers.

Political, Educational, and Legal Reform: Rep. David Vitter, Chair

The Subcommittee worked to strengthen democracy and protect America's borders by focusing on election reform and immigration policy. After September 11, the Subcommittee convened an expert panel to brief Members and staff on border security and immigration reform. The experts outlined strategies for tightening security and improving the nation's immigration system. Chairman Vitter arranged for Immigration and National Services Commissioner James W. Ziglar to meet with the full Policy Committee at an Executive Session on the day after the INS released its administrative restructuring proposal, giving Members their first

opportunity to question Commissioner Ziglar about legislation necessary to restructure the agency. Chairman Vitter also wrote a Policy Statement on Election Reform, making the case for legislation that addresses voting fraud, technology, and access. The Committee unanimously approved the Policy Statement November 29, 2001, as the committees of jurisdiction were preparing the legislation for the Floor. Two weeks later, the Leadership put the bill on the Floor, where, on December 12, it passed with overwhelming bipartisan support.

During the Second Session, the Subcommittee, through Chairman Vitter, continued its work on election reform. Of particular interest was the Chairman's bill to reform overseas ballots for military personnel to reduce fraud and Military voter access. The Subcommittee also worked on complex disaster management issues post September 11. As Chairman of the Political, Educational, and Legal Reform subcommittee, Rep. Vitter has helped lead the Continuity of Congress Working Group, which is charged with making recommendations to House leadership regarding government continuity issues.

Health: Rep. Ernie Fletcher, Chair

In 2001, the Subcommittee worked with the Full Committee and the Speaker on a series of Medicare Listening Sessions to develop House policy on Medicare and prescription drug Reform. The Subcommittee worked to improve healthcare by crafting the Patient's Bill of Rights, which President Bush agreed to sign; examining vulnerabilities to biological attack; and developing plans to reduce the numbers of Americans without health insurance in 2002. During the anthrax attack on the Capitol, the Subcommittee arranged briefings by Deputy Secretary of Health and Human Services Claude A. Allen, HHS Bioterrorism Chief Donald Henderson, and others to develop policy to protect the nation from such attacks. Assistant Secretary of Health and Human Services for Planning and Evaluation Bobby Jindal worked with the

Subcommittee to address the rising number of uninsured. A Congressional Research Service panel met with key Members and staff to examine the universe of legislative ideas to boost health insurance coverage.

In 2002, the Health subcommittee held two major briefing series. The briefing series on the uninsured included meetings with key Administration officials to identify the characteristics of the uninsured population, and possible initiatives to reduce the number of uninsured. The next briefing series on Medicaid reform identified the program's systemic problems, and attempt to build consensus on the best approach to address those problems. These briefings included a Full Committee Executive Session with Governor John Engler, who provided the perspective of the states. The Subcommittee determined that reform could improve the quality of healthcare available to the Medicaid population while reducing the cost of the program for states, and become the welfare reform of this decade. The Subcommittee will continue to work with the Energy and Commerce Committee and the House Leadership on Medicaid reform.

National Security and Foreign Affairs: Rep. Heather Wilson, Chair

The Subcommittee worked to brief Members and staff on newly emerging threats against the United States, and helped develop the unanimously-adopted House Policy Statement on Missile Defense and the President's New Strategic Framework. This Policy Statement suggested in advance that the President was correct to withdraw from the Anti-Ballistic Missile Defense Treaty with the Soviet Union, since the Soviet Union, the original signatory to the treaty, has been dissolved and the current missile threat is from nations and terrorist organizations without an interest in the Cold War treaty. The Subcommittee also highlighted free trade to build constructive relationships with foreign nations, and played host to Ambassador Robert Zoellick, who discussed the need for trade

promotion authority and the benefits of free trade agreements. The Subcommittee pursued a strong response to the September 11 attacks, bringing a number of experts to Congress, including an Israeli counter-terrorist and former National Security Adviser and Air Force Lt. Gen. Brent Scowcroft.

The Subcommittee took on an assignment to develop a Policy Statement on U.S. nuclear weapons by early 2003 consistent with the Administration's December 2001 Nuclear Posture Review. The scope of the study is to include:

- The role for America's nuclear weapons in our national security strategy
- Force options within a reduced stockpile
- Strategies for assuring safety, security, and reliability
- Optimal capability and capacity of our nuclear weapons complex
- Potential for enhancing non-proliferation of nuclear material
- Deterrence value against unconventional enemies and emerging aggressors

In anticipation of the Policy Statement, four experts presented their views and engaged in dialogue with the Subcommittee: Dr. C. Paul Robinson, Director of the Sandia National Laboratories, on the Role for Nuclear Weapons in the 21st Century; Dr. J.D. Crouch II, Assistant Secretary of Defense for International Security Policy, on the Nuclear Posture Review; Mr. Franklin C. Miller, Special Assistant to the President and Senior Director for Defense Policy and Arms Control, on the international relations issues regarding arms reductions and the evolving strategic threat; and Dr. Loren Thompson, COO, the Lexington Institute, on the nature of deterrence.

Retirement Security, Capital Markets and Tax Policy: Rep. Kenny Hulshof, Chair

The Subcommittee helped promote economic growth, lower taxes, and fiscal responsibility by supporting pro-growth tax relief and Social Security reform. The Subcommittee worked to pass the President's permanent tax relief in the House and fought efforts in the Senate to make it temporary. A Policy Perspective prepared in consultation with the Subcommittee suggested that the economic response to the September 11 attack include rate relief on taxes on work, savings, and investment, the elimination of the heavy dead-weight job and investment loss imposed by the alternative minimum tax, and reform of tax rules on handling business investment so they conform to prudent business practice. The Subcommittee worked with the President's Commission to Strengthen Social Security, holding an Executive Session between House and Commission members, and a briefing for House staff by the Commission's Executive Director.

The Subcommittee also worked with the Committee on reform and the appropriate response to the stock market decline. Executive Sessions were held with Secretary of the Treasury Paul O'Neill, to discuss the condition of the economy and formulate tax reform initiatives for the next Congress, and Chairman of the Council of Economic Advisors R. Glenn Hubbard to discuss the President's economic and tax policy agenda. Before the President's Economic Forum, the Committee wrote to President Bush urging him to consider pro-investor measures such as indexing capital gains to inflation and ending the double taxation of dividends – policies which the President has since advocated. Subcommittee Chairman Hulshof led efforts to make the Bush tax relief permanent. Working with the Full Committee, the Subcommittee also played host to experts from the Treasury and the bond markets to discuss the federal debt limit. In spring 2002, the limit was reduced because trust funds for the entitlement programs count toward the ceiling.

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