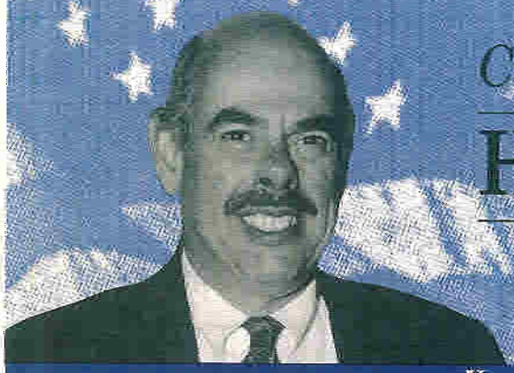

Congressman

Henry A. Waxman

Keeping in Touch **March 2001**

Dear Friends:

As I write this, we have a new political landscape in Washington. For the first time since Dwight Eisenhower was President, Republicans are in control of the White House, Senate, and House of Representatives.

I wish President George W. Bush well and hope that the next two years will be marked by cooperation and meaningful accomplishments.

In the coming months, there will be important debates on several fundamental issues, and I want to focus this newsletter on the three "E's": Education, Energy, and the Economy. These issues are all interrelated, and we will soon face critical choices that will determine our nation's direction for years to come.

There is good reason to be optimistic that Democrats and Republicans will be able to agree on a comprehensive education bill early in 2001. A strong educational system is essential to our economic future, and it's clear a consensus is emerging on many key policy questions.

I'm less encouraged by the approach being taken with California's energy crisis. Instead of objectively reviewing the underlying reasons for the current shortages, the Bush Administration has reflexively—and, in my view, wrongly—blamed environmental protections for generation and transmission problems. I will oppose any attempt to use the energy crunch as an excuse to roll back the landmark 1990 Clean Air Act.

More than any other issue, budget and tax policies will probably demand the spotlight throughout 2001. The decisions we make this year will affect our ability to meet national priorities, keep interest rates low, and maintain economic growth. They also will say a lot about our values and commitment to ensuring that all Americans have equal opportunities.

I hope you will have a few minutes to review this issue of "Keeping in Touch" and would be grateful if you could give me the benefit of your thoughts on these or any other issues that concern you.

Sincerely,

Henry A. Waxman

HENRY A. WAXMAN
Member of Congress

THE ECONOMY: THE ROAD AHEAD

Ensuring a secure energy supply and giving our children the best education in the world are both essential to our nation's economic future. So is some common sense.

Back in 1979, the federal deficit was $40 billion, and the total national debt was nearly $830 billion.

When he took office in 1981, President Ronald Reagan promised to cut taxes dramatically, increase defense spending, and balance the budget. Although his plan was called "voodoo economics" at the time, he convinced Congress to adopt it.

Taxes were cut and defense spending did increase, but the budget never got balanced. In fact, deficits ballooned to $128 billion in 1982 and $208 billion in 1983, and reached $290 billion by 1991. In all, more than $4 trillion of new debt resulted from the 1981 economic package.

In 1990, former President George Bush and Congress enacted a bipartisan package of spending cuts and tax increases in an effort to begin to address these staggering deficits.

In 1993, the Clinton economic plan was adopted and today, instead of adding new debt, our country is actually benefitting from unprecedented budget surpluses. Last year's surplus totaled $232 billion, and the Congressional Budget Office recently estimated that there could be a $5.6 trillion surplus over the next 10 years.

According to most experts, once the Social Security and Medicare surpluses are accounted for, the projected surplus shrinks from $5.6 trillion to $2.1 trillion. And, on top of that, economic projections are notoriously uncertain—they are simply the best guess at any one time.

President George W. Bush is now proposing that Congress pass a massive tax cut that would cost at least $1.6 trillion. Some analysts, however, estimate it would easily exceed $2 trillion. Now Congress, and our nation, are faced with a choice.

Everyone, of course, wants tax cuts. But no one should want a sequel to the disastrous deficits of the 1980s and early 1990s. If we've learned anything over the last seven years, it is how important eliminating the budget deficit has been for stimulating private investment, raising wages for American workers, and keeping inflation and interest rates low.

Former Treasury Secretary Robert Rubin, a leading architect of the 1993 package that reduced the deficit and ushered in surpluses, recently warned, "a very large tax cut is a significant step back to the political mindset that produced the deficits and quadrupling of the debt from 1980 to 1992. The imperative for maintaining our fiscal discipline and not taking a risk of losing the current opportunity to retire the publicly held debt of the federal government is increased by the importance of putting the federal government in the best possible position to meet the Social Security and Medicare requirements of future generations, when the federal budget is projected to be in deficit again."

I agree with Secretary Rubin and support a coordinated approach of avoiding deficits, steadily paying off the debt, providing for urgent national priorities such as prescription drug coverage, and giving balanced tax cuts to all taxpayers.

We can do that by setting aside a significant percentage of future surpluses to debt retirement, and dividing the remaining funds between spending needs and tax cuts. Within this framework, we could give every taxpayer a surplus dividend, fix the marriage penalty, and modify the estate tax so that up to $4 million of every family's inherited estate is exempt from taxes.

This would provide more relief to most families than President Bush's plan at a much lower cost, and it would ensure that we don't mortgage the future of our children and grandchildren to a scheme that has already failed once.

We have the opportunity to safeguard the promise of Social Security and Medicare, educate our children, keep interest rates low, and still send money back to taxpayers. It's an opportunity that we shouldn't squander.

EDUCATING OUR CHILDREN

Once, when speaking to a group of seniors in Fairfax, I was asked to come up with a single example of government spending that had boosted the economy. The answer was easy: California's spending after World War II on the University of California system, the State universities, and community colleges. These investments were in large part responsible for our State's great prosperity from the 1950s to today.

Education has been on the public's mind a lot recently. Polls consistently show that education reform is a top priority, and for good reason. As it becomes more important for children to be prepared for the challenges of the twenty-first century, the educational gap between advantaged and disadvantaged children is growing wider. We simply cannot afford to allow this problem to continue.

Rep. Waxman recently talked about current issues with seniors at Beverly Hills High School.

The good news is that there appears to be a bipartisan consensus in Washington for comprehensive educational reform with common goals: investing in public education to make sure every child has the opportunity to succeed, holding public schools accountable for their performance, improving teacher quality, and an early emphasis on reading.

The bad news is that President Bush's education proposal includes a controversial voucher plan that will only delay our ability to pass reform legislation. As you know, last year more than two-thirds of California voters defeated a voucher plan ballot initiative. Voucher plans have also been rejected in other states, and they have been voted down by Congress.

The overwhelming majority of American children are educated in public schools. We should not take resources away from them to benefit a select number of students. Instead, we should live up to the fundamental guarantee of public education that every child be given the same opportunity to succeed.

CALIFORNIA'S ENERGY CRISIS

With hearings this month in the House and Senate, Congress is finally giving serious attention to California's energy problems. Unfortunately, it's not yet clear whether Congress will act with California's best interests in mind—or will instead use the power crisis as cover for a stealth attack on environmental laws.

Sorting out these issues is difficult, but essential. If Congress, the Executive Branch, and state government fail to properly diagnose the cause of California's energy problems, we will surely fail in finding a cure.

In fact, there's already at least one red herring that's being promoted by special interests in Washington looking to exploit California's plight for their own gain.

I'm referring to the effort to blame the Clean Air Act for California's energy problems. President Bush may be the most visible proponent of this view. At the same time that he has resisted pleas from Western governors to restrain soaring energy prices, he has welcomed invitations to water down environmental laws.

The truth is, the Clean Air Act has <u>not</u> restricted energy production in California. Those plants that need the flexibility to operate additional hours are being given permission to do so. And in the last two years, nine new power plants have received approval, giving California more generation capacity under construction than any other state in the Western power grid.

Michael Kenny, the head of the California Air Resources Board and a respected expert on this issue, has stated categorically: "No essential electricity generation has been curtailed due to air emissions limitations. . . . Existing air quality regulations have provided the flexibility to address expeditiously the unexpected power demands of the state without material harm to air quality."

The President is also using California's electricity crisis as an argument for opening the Arctic National Wildlife Refuge to oil drilling. But this too has no basis in fact. Even if drilling in the Arctic were allowed today, it would still take ten years before any oil from the wildlife refuge could reach California. And even then, it would have virtually no impact since less than 1% of California's power comes from oil.

Those who blame the Clean Air Act and other environmental laws are doing a double disservice to California. Their efforts to rollback environmental laws not only threaten environmental quality, they also make it more difficult to solve California's energy problems. I'm committed to addressing the real causes of today's energy crunch and will oppose any weakening of our enviornmental laws.

WATCH OUT

In the first months of this new Congress, the Republican leadership and President Bush have already pushed through legislation that protects special interests and the wealthy, but unfairly penalizes middle- and low-income families.

The new bankruptcy bill—strongly supported by credit card companies and large banks—makes it harder for families facing difficult times to deal with crushing debts. At the same time, laws in many states allow wealthy families to shield millions of dollars in assets from creditors. The result? The more you owe the better deal you get. But if you owe hundreds or thousands, not millions, expect harsh consequences.

The Republican Congress also just repealed the federal ergonomics rule, the most important workplace safety regulation issued by President Clinton. This rule, which was designed to protect workers across the country from repetitive motion injuries, would have helped cashiers, waitresses, health attendants, factory workers and millions of other Americans. Experts told Congres that working women would have particularly benefited from these safeguards. The rule took ten years to issue, but at the urging of big business was repealed by the House after only one hour of debate.

BRINGING MY DISTRICT OFFICE TO YOU

My district office staff conducts outreach visits to senior centers, schools, and community and other organizations in the 29th Congressional District to discuss how my office can be of assistance with Social Security, Medicare, immigration benefits, veterans services, and other federal programs. If you are interested in arranging a meeting, please contact my district director, Lisa Pinto, at (323) 651-1040.

IS AN UNCLAIMED TAX REFUND WAITING FOR YOU?

The Internal Revenue service (IRS) is working to contact taxpayers who have undeliverable tax refunds from 1999 and prior tax years. California has the biggest number of undeliverable refunds—14,648 worth more than $11 million. You can find out whether there is a tax refund waiting for you by calling the IRS at 1-800-829-1040.

Congressman
Henry A. Waxman

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