

Sen. Joe Lieberman (D-Conn.)

The Right Stimulus Package

ANY ACTION PLAN to get our economy moving again must focus on reviving business investment, which is in its weakest state in 50 years; shoring up investor confidence in our markets; and sparking consumer spending—especially among middle-class Americans. Those are clearly the most effective ways to get companies hiring and people working—something that President Bush, having stood by as America's unemployment rolls have risen more than 2.8 million under his watch, needs to do now.

My stimulus package—which is estimated to cost \$150 billion—would give businesses an immediate incentive to invest in new information technology, rev up the burgeoning biotechnology and nanotechnology industries, send a new rebate to the 34 million taxpayers

who didn't get one in 2001, put in place a specially designed zero capital gains rate for investments in new and expanding businesses, and implement a New Jobs Tax Credit to encourage immediate hiring.

Just as importantly, it would do all this without busting the budget—by imposing caps on discretionary non-security spending, reducing wasteful corporate welfare, and banking part of the savings from postponing the next phase of the Bush tax cut to pay down the debt. With an expensive war against terrorism to fight, a debt that's now \$3.5 trillion, and other critical obligations to meet, we cannot afford anything less fiscally responsible than that. ●

From a statement issued by the senator on Jan. 7, 2003.

Sen. John Kerry (D-Mass.)

Leave No One Economically Behind

IT'S TIME WE JOINED together to make certain that we have an economy where no American is left behind.

First, we should give every working American some tax relief now—a payroll tax holiday on the first \$10,000 of income. Every worker in America would immediately receive a \$765 tax cut and every two-income family would get a cut of \$1,530. Money to help families pay for new school clothes, put a down payment on a new car, or save for the future.

Next, we should extend unemployment benefits that run out at the end of this year for 820,000 families. It puts more money into the economy and sparks consumer demand. But more importantly, it is the right thing to do for people who are newly out

of work, need health insurance and help taking care of their families. It is extraordinary that the U.S. Congress left town in 2002 after passing a bill to help businesses with terrorism insurance, but allowed unemployment insurance to run out three days after Christmas.

There are two other ways we can help hardworking families while boosting consumer demand: Raise the minimum wage and expand the Earned Income Tax Credit that rewards low-income families for being on the payroll instead of the welfare rolls. Since 1968, even as productivity has soared almost 75 percent, the minimum wage has lost more than one-third (37 percent) of its real value. Hardworking families deserve a raise. And fairness demands it.

I propose a new job creation tax credit to encourage employers to start hiring and raising wages again. This tax credit would give a one-time break from the payroll tax for every new job and for any raise given to an existing employee. It would benefit every business, from the smallest mom-and-pop shop to the largest employer. Most importantly—it would start creating jobs now.

And to encourage investments in the jobs of the future, we should eliminate the tax on capital gains for investments in critical technology companies. That means zero capital gains on \$100 million issuance of stock if it's held for 5 years and has created real jobs. ●

From a speech delivered by the senator at the Cleveland City Club on Dec. 3, 2002.

President George W. Bush:

The Wrong Stimulus Package

- Makes 2001's excessive tax cuts permanent
- At a cost of \$670 billion, drives the federal budget deeper into deficit
- Heavily tilts to the rich by cutting the tax on dividends
- Foolishly accelerates abolition of the estate tax
- Throws a few scraps to low-to-middle-income taxpayers, as well as to state and local government
- Is a transparently partisan attempt to make fiscally disciplined Democrats look like willful tax-and-spenders

THE HILL & LOST

Two analysts for the *Cook Political Report* examine the 2002 election and come to a startling conclusion: America remains equally divided between Democrats and Republicans. What makes this surprising is that so many post-election observers asserted, wrongly, that the nation experienced a seismic political shift on Nov. 5. Here's the real story.

| by **Jennifer E. Duffy** and **Amy Walter**



AS OBSERVERS WITH a unique perch in American politics, we have a close-up view of hundreds of election races and candidates. From that position, we're able to analyze contests and outcomes in exceptional detail, and reach conclusions based on mountains, rather than hillocks, of evidence. That's why we were a bit mystified by the post-Nov. 5 conventional wisdom that American voters gave Republicans a clear and convincing mandate. On the contrary, our conclusion is that the United States remains evenly divided and that national elections for the foreseeable future will be just as competitive as the last one.

That said, it's clear that Republicans had a good election night last year. After all, for only the third time since the end of the Civil War, the party holding the White House gained House seats in a midterm election (previous exceptions

being 1934 and 1998). This election was also the first since 1934 that the party holding the White House, still in its first term, gained both House and Senate seats in a midterm vote. President Bush and his party have every right to be proud. But the Republican Senate, House, and gubernatorial victories were based on strategic, tactical, mechanical, and financial factors, not a fundamental movement in public attitudes. The election had very few upsets. Instead, very close races disproportionately broke in one direction at the end. But the way it happened in House races differed from that in Senate races. Here are two separate looks at how Democrats lost the Congress:

The House. All the post-election hand-wringing by Democrats about the poor House results ignored earlier signs of

trouble for the party. Long before voters went to the polls, and even before many campaign headquarters opened, it was obvious that Democrats had an uphill climb in their quest for control of the House.

Soon after the final congressional district lines were drawn, Democrats boasted that they had held Republicans to a draw, denying them earlier claims of double-digit gains through redistricting. A draw was certainly better than the alternative, but it proved to be a double-edged sword. While redistricting ultimately helped protect some vulnerable Democratic incumbents, it denied Democrats the opportunity to expand the playing field by increasing the number of marginal seats. State legislatures and courtrooms across the country drew new congressional lines that basically solidified the status quo,

✓ **Jennifer E. Duffy** is Senate editor and **Amy Walter** is House editor of *The Cook Political Report*.