



# Committee On Finance

Max Baucus, Chairman

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### **Statement of Senate Finance Committee Chairman Max Baucus October 3, 2001 - Hearing on an Economic Stimulus Package**

This is the first public meeting of this Committee since the September 11<sup>th</sup> terrorist attacks. I know that the Members share with all Americans the sorrow, frustration, and anger about the attacks. We also share a sense of pride in our country, a resolve to become stronger, and a sense of responsibility to continue with the nation's business. For this Committee, that means a responsibility to think carefully about our economic situation.

That is why we are here today. We must continue to ask several questions. What were the strengths and weaknesses of the economy before the terrorist attacks? What could be the short and long-term effects of the attacks? Does the economy need a fiscal jumpstart? If so, what form should it take?

Let me briefly explain how we have approached those questions, thus far. I have already met with Senator Grassley, Ways and Means Committee Chairman Thomas, Ranking Member Rangel, and Secretary O'Neill. This Committee met in private with Federal Reserve Board Chairman Greenspan and Former Secretary Rubin. We have met with House and Senate Budget experts. And we had a discussion amongst ourselves yesterday.

I want to briefly share the key conclusions that I have drawn, thus far. First, we need to act calmly, carefully and sensibly.

Second, if we do decide that a stimulus package is necessary, we need to focus on measures that can be implemented immediately. We need to keep the long-term health of our economy in mind. And

we need to provide a stimulus that actually will jumpstart weak sectors of the economy.

Third, we must act together. In order to have an impact, the Congress would need to pass the economic stimulus quickly. That means we may have to leave behind our favorite partisan proposals and act together on proposals that can attract the support of Democrats, Republicans, the Senate, the House, and the President.

If there is a decision to act I believe that a stimulus package should include the following 3 elements:

One, we should temporarily extend unemployment benefits in anticipation of a growing number of layoffs, and fill in a few critical gaps in coverage.

Two, we should provide temporary payroll tax relief for the roughly 30 million taxpayers that did not benefit this summer from the tax rebate.

Three, we should address the weakness in the business sector by temporarily encouraging new investments. We might be able to do this through tax incentives, such as increased expensing or bonus depreciation.

That's my current thinking. Others may have different views. Let's get them on the table. And let's listen to each other.

Now, I want to welcome our witness. Today we want to hear what the Administration thinks we need to do and when. I thank you, Treasury Secretary O'Neill, for appearing before the Committee.

You are presiding over the economy at a time of great uncertainty, and your job is not easy. The country is grateful for your public service. We are fortunate to hear your advice today.

Senator Grassley, I thank you for engaging with me in this process. And I welcome your comments before we hear from Secretary O'Neill.