

The Economic Club of New York

101st Year

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Program

GUEST OF HONOR

THE HONORABLE CHARLES B. RANGEL

*Chairman, Committee on Ways and Means
U.S. House of Representatives*

PRESIDING OFFICER

R. GLENN HUBBARD

Chairman of the Club

QUESTIONERS

Robert D. Hormats

Vice Chairman, The Economic Club of New York

Vice Chairman, Goldman Sachs & Co. (International)

David Malpass

Global Economist

Introductions

R. Glenn Hubbard

GLEN HUBBARD: Good evening everybody. Good evening, if you could take your seats please. Good evening everyone. Welcome. Good evening. It's my pleasure to welcome everybody tonight to the 396th meeting of the Economic Club of New York in its 101st year. I'm Glen Hubbard, the Chairman of the Club, and it's a particular treat tonight to have everyone here at what I believe is the nation's leading non-partisan forum for talking about economic policy. Over many years, members and guests at this club have heard enriching exchanges from a host of national and world leaders, more than 1,000 guest speakers have appeared before the club over the past century and established a strong tradition of great speaking, stature and excellence.

I'd also like to recognize the members of our Centennial Society. Last year a group of club members sparked the formation of this society in order to insure the financial stability of the club as a premier speaking platform. Thus far, there are 83 club members that have made a personal contribution of \$10,000 to the Centennial Fund and are honored in the program. As a business school dean in my day job, I would remind you it is never too late to make a contribution, you can always do that.

We are especially honored tonight, of course, to hear from Charles Rangel, the Chairman of the House Ways and Means Committee, and I must say with pride, my Congressman from the 15th District of New York. I may be the only Republican member of the district, but welcome you here. Congressman Rangel is a founding member and former Chairman of the Congressional Black Caucus, he was also Chairman of the New York State Council of Black Elected Democrats and a member of the House Judiciary Committee during the hearings on the articles of impeachment of former President Richard Nixon. He's a graduate of New York University and St. John's University School of Law, and I'm proud to say, a very fine friend of Columbia University. He has spent a very distinguished career in public service as an assistant U.S. Attorney for the Southern District of New York and later in the New York State Assembly. He was elected to the 92nd Congress on November 3rd, 1970, and has been reelected ever since. As an economist, I can say with great pride that he has been a force for good in his defense of openness and trade in our country. We're all interested, Congressman Rangel, to hear from you tonight a perspective a perspective on tax policy, trade policy and anything else you care to share. After the Congressman's remarks, as is our custom, two distinguished club members will ask questions. But for now, Chairman Rangel, the floor is yours.

CONGRESSMAN CHARLES RANGEL: Thank you, thank you so much. I remember when I first became the Chairman of the Ways and Means Committee and the family and the boys on the block were saying now do we have to call you Mr. Chairman. I said no, when I become Chairman of the Ways and Means Committee, I don't want to be treated any differently than any other world leader. The truth is though that you will not be served until after I complete my talk because I don't expect to lecture with you, but to share some thoughts with you, and I have no problems at all if you go ahead with your dinners while I try to tell you some of the problems that we've got to face in our country and in the Congress.

It's really a great honor for me to speak before this group because it's your minds and your visions that allow our nation to be the economic power that it is, and of course, being an American economic power, it means that you are a part of the international power, you are part of keeping up with the changes, you are part of seeing what has happened to us in the last decade, and I don't really believe that in the next administration, with the prices, with the problems that we're having internationally, economically, with oil, the value of the dollar, the health problems, the trade problems, education problems, that this crisis that we're going through is going to lend itself to a Democratic or Republican solution. There's absolutely no question in my mind that America will have this going down as one of the most exciting, although dangerous periods, in the history of our nation. And fortunately, you as the powers of the world, and me being on it as the 63rd Chairman of this great committee that was created by the Constitution, have an opportunity not just to observe the dramatic challenges that we're going to face, but we'll be able to tell our kids and our grandkids what role we played in trying to resolve those problems, not just our great nation, but for all of the people throughout the world that are depending on our leadership.

When I first was elected as Chairman of the committee or even before that, I got in touch with Hank Paulson and exaggerated our relationship before I became Chairman because as most of you know I gained a lot of new friends after I became Chairman, so I didn't doubt that he would return my call. I went to meet with him, not to reminisce about the last decade that we had under Republican leadership, but to see just where we could take this new Congress with an old philosophical belief that we are...from the President. So believe me, the rigidity of the Ways and Means Committee was so polarized that nothing was discussed with us, and we took that opportunity to be just as partisan as the majority was. The result was that we got nothing accomplished. So I shared with him that I'd found out that Jim McCreary, who was always in defense of the Chair that I was always embattled with, was a pretty nice person and that I would be willing, if he were, to take a look at the problems that our committee was facing two years ago just to concentrate on the areas that we could find some success, and I was so pleased to find a receptive Secretary Treasurer that was willing to meet with us because previous to that the Ways and Means Committee had been a Republican vehicle and I can count on my hands the time that I had the opportunity to talk with the U.S. Trade Representative because the Republican Chairman was the committee at that time even at the expense of many of the Republicans that were never involved in the decision making.

So after meeting with McCreary and meeting with the Secretary, we went down the jurisdiction of our committee, and we decided that health care, Medicare and social security was just too big to tackle. Why? Because the President, then and now, wanted to transfer the responsibility of the nation's health to the private sector, and clearly that's still his intent, and social security, if it wasn't to be privatized was not to be talked about. So there wasn't much dialogue we could go there because the whole thrust of the Republicans was that we have to have small government, and first of all, we have to get rid of the entitlement. You don't start a conversation with Democrats in the majority that way. But we took a good look at trade and we figured we could do something there, and we were honest enough to take a look at the tax code and know that while we could not possibly get something through to Congress in our session that we owed it to our country and to the Congress and to the next administration as least to have touched that third

rail in a bipartisan way so that whomever became elected could hit the ground running having us to try to remove the political problems that were there.

As it relates to the corporate taxes, it didn't take long for the committee Republicans and Democrats to understand that we needed a competitive American industry, and I've always said that I didn't want American industry on an even playing field, I wanted them to have a fair advantage over all of our competitors. I just did not see how in the heck you people would ask me to pay for all the taxes and research and development and intellectual property and the Communists should be able to steal all of that away from us as a nation, and that while we recognize that we created a lot of jobs in trade, take my word for it, not many Americans have knocked on my door thanking me for NAFTA and they job that they were getting, and I hardly heard anybody talk about the cheap sneakers they got and thank me for our relationship with China.

Having said that, it appeared to me that the area of trade could be one that if only we started talking with each other that perhaps we could have some success. And so, what was the biggest obstacles that the USTR would not talk to us about because they claimed that worker's rights and the environment and the standard that we had as it relates to slave labor and child labor had no place at all in trade. We tried to emphasize to the USTR, and much easier, to Secretary Paulson, that trade was the engine that kept America going, but the perception of trade has been very difficult in view of the administration's refusal to talk about the Trade Adjustments Act. The private sector, as successful as it's been and as good as some of the agreements have been, and barriers removed from our entry into developing countries, it's very difficult to get a lot of Union and Democratic support when there appears to be no understanding and no compassion for the communities that have lost their jobs, their homes, their pride, their ability to keep their kids in school without having the talents of those of you that make decisions everyday about how to use the resources of developing countries in order to achieve our goals, and that while they spent a lot of time explaining to me and Jim McCreary, the Republican, as to why so many of these jobs were lost and it wasn't related to trade, it was McCreary who said I don't think you get it Madam Ambassador, it makes no difference whether Americans have lost their hopes and dreams and being shattered to trade or not as long as it's being lost, and that the government and the private sector has to pay attention to this because it is the Congress that Constitutionally has to approve these trade agreements, and while the administration is forever proud of itself in not wanting to negotiate for Colombia, not wanting to negotiate for Korea, and we've had some successes with...you know, and Panama. That the Congress deals if it's in the best interests of the people of the United States and our constituents are the most important people in the United States, and you can make our job much easier by shattering the myth that it's only the shareholder that wins.

It's America that wins, but it's the voices of despair that we meet each and everyday, and it just seems to me that the administration's refusal to talk about the Trade Adjustment Assistance Act, which doesn't make wealthy people out of people that have dislocated, but shows a compassion about retraining, a compassion about the health care, a compassion about their dreams being maintained in some way. All of us have had experiences where our fathers or grandfathers had lost their work, but it was a country that kept that dream alive for their children and their grandchildren. And so when I say there's no Democratic or Republican answer to these things, we're going to have to concentrate some kind of way and let America know that when we have

successful trade agreement, it's not just the multinationals that win, but together we're going to have to convince Republicans and Democratic voters that we all win when business wins.

So we're at the brink now that all of the protocols that we've had in the past have been broken, and we have retaliated by making certain that no one tells the United States Congress when we vote on any particular Bill that we have not been consulted on. I suggest to you that those who study the parliamentary procedure is that Speaker Pelosi has done more by expanding the time that the House of Representatives would be looking at the Colombian Bill than if it was mandated when the President tells us you vote up and down, and nobody, Republican or Democrat, would want to be in a position to have been voted against one of our greatest allies in what basically appears to be a Bill that we can negotiate if, in fact, the Executive Branch has a better understanding of the legislative branch, and indeed if some of you had a better understanding.

One of the problems that we have with the great work that you will continue to do, and the nation is depending on, is that we don't get a chance to talk with each other often. I don't have to make an appeal to you about compassion of those people who are dislocated, but I think you'd be forced to agree with me that the people that I see that represent you are not paid to talk about compassion, national security, education or health. They are prepared to talk about what they can convince us is in your firm's best interest. I'm not critical of that, that's what we get paid for, because probably they would lose their jobs, and a lot of ex-Congressman would be out of work if they came back to you and you wanted to know and so what did they do with capital gains, and he said I went in there talking about capital gains, but this guy is talking about education and health.

So in a sense I want to make an appeal to you directly, and that is that it's easier for me to understand the problems that you have if we can find some way after this meeting is over for you to help us with some of the problems that not Democrats have, but what people have who want to do the best for our country, but we do need support from you. Let's take, for example, the discussions I've had with Secretary Paulson where we were talking about driving down the uncompetitive 35% tax that we all know is out of line with industrialized countries. It's easy to do. It's no profile in courage. We identified, he and I and others of the committee, where we have more fat in the code that the people who put that preferential treatment in code probably have forgotten how it got in there. Now when the Secretary stands next to me and joins with me in saying that this is unfair to other corporations that they should have this preferential treatment. If he's with me it's good government, it's getting rid of loopholes, it's tightening the code, it's making it more fair, but you can bet your sweet dollar when Rangel and the committee does it, it's raising people's taxes.

I thought we started off on the right track in terms of setting the grounds so that we could move forward in tax reform, if not in this session, than certainly for the country and the nation to help and assist the next administration not to have to wrestle with these problems that we would take the hit. This is especially so when the Democratic high was 30.5 as the lowest and prepared to go to 28 and we can go even further depending on the courage of the Congress. And that courage, to a large extent, depends on who? It depends on you doing what is fair and equitable, not as it relates to your firm, but as it relates to a corporate tax that is fair, equitable, encourages

economic growth, and that you stand together so that no one has to really be heroic when they say they're voting for tax reform.

Let me share something with you just for you to think about. Recently, my committee raised a \$169 billion to be distributed among consumers who were forced to use that money to buy. The consideration was, and a lot of economists got together, that the money was not to go to families who were inclined to save it to plan for the future, they were not to use this for people who would put it away or pay past bills. Economist after economist after economist, including the President and the Congressional leadership said it had to be fast, we had to get it out there if it was going to be effective, but it had to be temporary because they didn't want to take a look at the second stimulus package that it looks like we're going to have to put together, but they said it had to be targeted. They said it had to be targeted. Targeted for me and you, no, I get disabled Veteran's checks and go straight to Sharper Image, you know, this is extra money. So it wasn't for us and it wasn't for the poor, the homeless and the jobless and the hopeless because they weren't in the system, and they probably wouldn't even know what to do with a check if it was given to them. We did have one interesting Congressman that represented poor folks that suggested to me that if we just had the Congressman get the money and give it out it would get in the right hands, but I told them that I didn't think the reputation of the Congress up to that innovative way of doing it.

But listen to me, that money was to be distributed to the middle class, and I don't care what happens to me politically, I will not be supporting a tax code that says that we should continue at the same time to extend the 2010, 2011 tax cuts, and at the same time distribute to our dynamic, the pulse of America, the middle class, money because they had to put food on the table and shoes on their kids feet or keep their kids in college, and I hope that all of you agree that a tax code that targets everything that America believes in, more than just the money and the material things, but the pride and the dignity that Americans have and those who come to become a part of that group. If there's any group that should be protected it would seem to me that they should have the disposable income to spur the economy and not wait for this great government of ours to give them handouts.

So how does this happen? Well it happens by taking a look at that code. In 1986, Dan Rostenkowski took a look with Reagan at our tax code, and we said never again. Well again is here right now. Over 5,000 pages was added to the tax code that we have today, 500 on top of the 5,000 I meant to say, and as a result of that, God bless the corporation that didn't get his own, because it's in that code, you've just got to look for it. When I saw the extenders that were coming, which we recently passed and God forbid that we are accused of raising taxes because they are so very popular, but it seems to be that a code that is so complicated, a code that has such high taxes that it just forces you to think of ways as to what country in the world could you create so that you didn't have to pay taxes, there's something wrong with the code if that's going to be the motivating factor.

When I went to Congress, I went to Congress to close the loopholes. I also went into the Agriculture Conference as a virgin, but those things happen. I created more credits than probably any one member that still exists in the Congress. The targeted job credits, the earned income tax credits, the educate and tuition tax credits. How little I knew that the country wasn't

prepared to do these things, and my job is to get the darn things done, and if credit's the way you do it, so I'm a co-conspirator in terms of fattening up that code. But in 1986 they said what if we just strip the code, just start it from the beginning, and so when I introduced my Bill and people said how much money I raised and 90 million people received a tax cut, they said you don't think politically this is going to happen? I said well, it was Senator Long that said it, when he was Chairman of the Senate Finance Committee, and he just said it's a simple thing, learning tax policy. Don't tax thee, tax the guys behind a tree. So all I'm saying is that those who are behind the tree, I missed you, come out and share with me.

How this helps the great American economy, how this helps business, how this simplifies the code and what contribution does your tax exemption contribute? So I expect to hear from all of our Baptist Ministers and Evangelists and churches and synagogues because I believe the contribution they make is scaring the hell out of the politicians, so that takes care of them right away. Of course, with the mortgage crisis, we'll have to take another look into how honest we're going to be with the deduction of mortgage, and coming from New York I have to listen very carefully to the deduction of local and state taxes, but there are a lot of things that are in that code that no one's going to come up from behind a tree. They're going to stay there because they've had a good ride since 1986, but that's not going to make America's job that much easier.

So what I'm suggesting to your club, they told me you guys had a club, I just never believed it, but not having had any invitations or anything, what I'm suggesting to you is that we can't do this thing without you. We know what to do politically. We don't need any help from you or the lobbyists. But I know so many of you that are concerned about our country, concerned about simple tax, simpler tax code, concern about what's good for America, if I can just jump over the lobbyist head to get to you to say can we depend on you to be fair partners in the resolution of this problem? Because if we get a commitment with the tax code, the next thing would be easier. I don't ever remember in my entire 38 years in the Congress one of your well meaning lobbyists ever coming to me and saying if you really want to help my firm, if you really want to help my company, do something about the lousy educational system that you've got. Do something about the fact that we have to come and ask you to open up the doors of America to foreigners because of their expertise in math and science. All I hear is that my firm wants a small government, and we belong to clubs, but most of the clubs say if the Constitution does not give the authority to the federal government, than that is left up to local and state governments. Small government is the best government.

Well hell, if you're going to leave my national security in terms of education and health to my local school board, you've got a bigger problem than you really think. We have to shatter this whole idea that existed 50 years ago, and I'm not asking you to have any compassion for the two million people locked up in jail, I'm just saying it violates national security when we're putting more money in the damn jails than we're putting in our schools and education so that at the end of the day we as a country will be competitive with any country and that we don't have to import talent here because we have the greatest country, the greatest education system, and with your help, with your help we can have the greatest health system that we have here. How much compassion am I supposed to have for people representing manufacturing companies where they're spending more in health care than they are on the materials that are necessary to make

whatever product they have and they're going to tell me that we've got to get rid of Medicaid and Medicare, and that's what we're going through.

So I'll hang up my partisan labels, I don't know for how long, well this was a rough ten years, you know, but I had felt at my age that at the end of the day rather than get an even, I'd like to be able to say with your help that it was the roughest of times, the country was shaky, it was historic, it was exciting. We had a white woman for President of the United States. It wasn't that long ago that she couldn't even vote. And an African American running. And a Vietnam hero walking. I'm 78, I can get away with it. The nation was begging for unity of spirit, people that were uncertain for the future, saw Republicans and Democrats working together and they saw the private sector come out like it never did before. And they just weren't talking about preferential tax treatment. They were talking about a better America, a proud America that we can go to any country and people will be proud of us. They were talking about the contributions we made, not in...but in medicine and education. And the greatest guy I knew was a fellow I used to baby-sit for, Ron Brown, when he was Secretary of Commerce, and he'd take me to all of these developing countries. I said, listen, I'm living in communities under development, but he would convince them that America was concerned about their health, their education, America was concerned about their generation, and yes, America would sell them what had to be sold, but it wouldn't be just a vendor to underprivileged or people who want it, it would be friends helping friends building up an economy so that they could be consumers. That's the America that I've loved.

No matter what setbacks, people would tell me in any country that my country had, I said my country can take care of any problem, that's why people want to get in here, and so it bothers me when you have a good Trade Bill as we have in Colombia that our national policy is to say if you don't do this, Castro's going to take over the area...Chavez. It should be the American flag, it should be our superiority to get things done, it should be how the world is depending on our leadership, and I suggest to you that don't you expect the Congress to be able to do this alone. We're scared to death of even the election system that's there, and the biggest holes that we have in the tax system, there are enough people to scare people. I mean, I've got people in the Black Caucus giving me a hard time about my views on estate taxes. I mean, it's weird out there.

So why not give the new administration an opportunity to say that before this Congress closed, before this President left, that while you should be and are concerned about how this country treats you in taxes, and believe me, as I said in starting, I don't want you treated fairly, I want you treated more than fair, I want you to create the jobs, I want you to help educate our kids or be that behind, and you can't do it if you leave it up to local and state. So I'm hoping that this is a new beginning. It's a frightening period. The easiest thing to do is just to run away from it. But it's going to take a combination of the private sector, the public sector, and we can set a tone for the rest of the country because we have our own constituencies. And so, I know you're hungry, but I hope that out of this, which I really want to be here incidentally, Bob Hormats told me that he'd see that I get an invitation if I tell you about his new book...And all I can say is that I'm proud that we'll be working together and I bring to you a Ways and Means Committee that's anxious and willing to work in a bipartisan way. I hope we can find some way to get the job done. Thank you.

GLEN HUBBARD: Thank you very much, Mr. Chairman, for those remarks. We do have two questioners from the club this evening, Bob Hormats, the author of the book you just promoted to everyone, and with the day job as Vice Chairman of Goldman Sachs International, and David Malpas, the Chief Economist for Bear Stearns. Bob, the first question is yours for Chairman Rangel.

BOB HORMATS: Well thank you very much, Mr. Chairman. First of all, let me just say what a privilege it is for me, and I think for all of us, to have a chance to hear your views, and I also want to thank you for your many, many years of dedicated service to our country. Over many decades you have given your very best to our country in the military and as a member of Congress, and I think all of us deeply appreciate what you've done. You started out in your presentation discussing trade, and I'd just like to ask your thoughts on the current trade debate. As we've seen in the current campaign, there has been an undercurrent of anti-trade feeling, not throughout the country, but at least in certain states. My question is, do you think this represents only a problem that is going to last as long as we go through the current campaigns and will recede when the Congress and new administration take over? Or does this signal a period of time when we're not going to be able to make any progress on trade or perhaps, even worse, revert toward more restrictive measures? And let me go one step further and ask you, you've made some very constructive points about the need for public/private cooperation. What can groups, such as this group assembled here, that basically believe in an open world economy and fair trade, what kinds of things can we do to be helpful to people in the Congress who are trying to push for more open trade, trying to move ahead in the DOHA round, trying to move ahead on these free trade agreements, what kinds of constructive measures can this group take to be supportive of the kinds of things you would like to do?

CONGRESSMAN CHARLES RANGEL: You'll never get to your dinner if I told you all of the things. All I can say is that the business roundtable has reached out to some of the foundations and they're working with Colombia in trying to see what they can do to make it easier for kids to go to school. I just don't think it's right for us to be debating whether or not a guy in combat should get a GI Bill. I mean, I went from a high school dropout to the Chairman of the Ways and Means Committee on the GI Bill, and I'm just suggesting that they're reaching out beyond their corporations and showing that education is important, not just to their firm, but to their country. I wish I had the genius about how you've gone into countries that I don't even want to visit, but you're able to find out what resources do they have, how can you bring some dignity and pride to these people? I can take you to so many Congressional districts where people have given up. I mean, I can take you to Syracuse and you'll have to cry because these people have tasted the American dream. When their kids graduate, they owe \$30,000 and they have to come to New York to try to find a job. The genius is your ability to think beyond the tax code in imaginative ways and I'm suggesting that we put up that flag and say that I don't think the Constitution meant it when they said that it's a local issue. I have Secretary Rice, she spoke with me at the New York Partnership, and she said it, lack of education is a threat to our national security. Hey, what's new? 7% of the federal budget goes to schooling.

There's something wrong, Bob, with that picture. And all I'm saying is that I know in each one of your hearts, you don't need a lecture from me, you know how important it is. Someone told you about the first person in your life that went to college and graduated. Someone must have

told you some story about somebody who bought the first house that they call their own and how the whole family went down to look and see whether there was really a bathroom right there next to the bedroom. I mean, this is America, and when you lose that and you tell this to your kids that you've lost what their parents have gotten, hey, there's no Charlie Rangel political answer. This is let's take back the hearts of those people and show our concern and not give them handouts because the tax code would not give them enough disposable income to buy what they need to live on. We can straighten out the code. I telling you there's tens of billions of dollars in that code that could be saved where we could lower the taxes, like I said in my Bill, was not courageous because I knew I had to deal with the other side, but 90 million taxpayers pay less taxes as a result of it. So all I'm saying is that sometime, when do you have your next meeting?

GLEN HUBBARD: June.

CONGRESSMAN CHARLES RANGEL: In June. You've got from now to June and not that much time after that, to see whether or not the different subcommittees that you have, we have the Dean of Columbia Business School here, we've got brains here, and this is a country that your country needs to find an answer because we're one step away from polarization, you know it and I know it. And so I conclude by saying there's a story about these two smart kids. They went to the sage of the town and they were going to trick. How are you going to trick the sage, he has an answer to everything? They said well what we will do is that we take a bird and we'll ask this wise old man whether the bird was alive or whether the bird was dead. The guy said what's that going to prove? He says it's easy. If he says the bird is alive, well crush it, and if he says that it's dead, we'll open our hands and let it fly away. So they did that, they went to the old man and they asked the old man is the bird alive or is this bird dead that we have in our hand, and he said to them as I said to you, the answer to that question is in your hands.

DAVID MALPAS: Chairman Rangel, thank you again for being here tonight. I share your interest in education and health care. I think a lot of the solutions will come from the private sector, so that inevitably brings us to the tax code. I was happy to hear you say in your last answer you were interested in finding areas where taxes could be cut. Right now the inflation rate is rising, and we know from the 1970s how inflation pushed people into higher tax brackets. It's doing that on two specific provisions and I wonder if you could talk to us about them. The alternative minimum tax is being pushed constantly higher by inflation. Shouldn't it just be inflation indexed right now without offsets? The same question on the capital gains tax. Inflation is pushing people up and up in the amounts that they're paying on capital gains. Shouldn't we be indexing that in the same way that in the 1970s Congress indexed the income tax code for inflation?

CONGRESSMAN CHARLES RANGEL: Yes, to the latter. We enacted the code, we put the tax rate in there, people depended on it, so inflation affects them. But I don't see how we could do anything except eliminate the alternative minimum tax. I mean, it was the Congress that are pushing the middle class people into a level that it was never intended for them to be, and it should be the Congress that should have the conscience to be able to say we made a big mistake, things are rough enough without this, but this should not be superimposed on all of the other inequities that you face. You want to know the problem with this? The problem is that the majority of the members of the House truly believe that we shouldn't go to China to get the

trillion dollars to do that, and they don't want to pay for any of these adjustments, even the most glaring gaps that we have in the code, and I can tell you, nobody's come behind the tree to meet with me, except to ask for a little transition, you know, let us know what's going to happen, and I think that's fair because I don't believe in retroactivity, but the alternative minimum tax, the more we patch it, the more billions we're putting it on for next year. And so the key, the key to my proposed Bill was if you're advocating getting rid of the AMT as you should and as I did, you better talk about simplifying the code and raising the money to do it, which I also did. So the battle is not with the House. We passed the AMT twice, we're advocating abolishing it, and if some of you know any of the Senators, there's a different group, what they put in their water I'll never know and I hope I never find out. But they, Republicans and Democrats, don't want to find the funds to pay for the AMT. So I'm suggesting that you can go to sleep at night knowing that it's not going to hit this year, but I bet they're going to borrow the money to patch it up and that's sad.

GLEN HUBBARD: Thank you Bob. Last question.

(SIDE B)

DAVID MALPAS: Well let's call it a second package...

CONGRESSMAN CHARLES RANGEL: Anybody who says recession is going to be charged with helping to create it. We've got a President that's going to go down in history, I'll tell you, he's very creative.

DAVID MALPAS: But a second package of some sort, whether one calls it a stimulus or not. If you were to shape such a package, if you were to think about such a package and the economy were to weaken, or as the President said, go through a rough spot, that's the term he uses, what kind of package would you anticipate?

CONGRESSMAN CHARLES RANGEL: Why the President of the United States, and you're not going to tempt me to go partisan no matter what you ask, would not include in that group of prior recipients of people that are getting unemployment compensation I'll never know. The President says if you give people who are out of work compensation it would discourage them from looking for a job. I refuse publicly to comment on that. If there's any group of people that have to spend money are those that worked hard all of their lives, and through no fault of their own, find themselves in the situation they do. So take my word for it, that has to be there, morally it has to be there. What happens, of course, and what makes the answer to your question very difficult is that everyone truly believes if you're buying from me it's going to stimulate the economy and not if you're buying from someone else, and so I don't think we'd have a hard time for other reasons other than a proposed...but I would like to see some emphasis based on the infrastructure of our country. When you live in New York and love it as much as I do and see most everything that we have was there before I was born, it's scary. You know, I'm going over bridges that didn't exist and tunnels and all of these things, and it just seems to me that saying a dollar and having the bridges and tunnels collapse doesn't make sense. I don't know whether providing health care could be included in that, but I'm getting involved in the very same thing I'm afraid of. I'm giving you my priorities as to what would stimulate.

So it's always a big fight. We have our economists working with us, the President has whatever he has working with him, and at some point we're going to need a cooperative Congress, and so the President will show some flexibility and the Congress will not get stuck saying that it stopped the check. Again, if out of this group came ideas that some of us could rely on and others reject, I just don't want this train to go by and you guys say that you never had a chance to get on it. I'm not saying we have the answers to those questions, I'm saying that politics is going to play a big role in what we do and you could play a big role in making us do the right thing.

GLEN HUBBARD: Thank you very much, Mr. Chairman, for your own intellectual stimulus package for the evening. It's a great preview of some of the tax and trade issues that we'll be seeing. Again, a warm welcome from the Economic Club of New York. Thank you. To everyone in the audience, I have two messages, one of which is very important, which is to continue eating, your dinner will be served momentarily, but our next meeting will be on June 9th, for lunch with Tim Geitner. So I hope to see you then and there. Thank you.

(END)