



For Immediate Release
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**Hearing Statement of Senator Max Baucus (D-Mont.)
Strengthening America's Economy: Stimulus That Makes Sense
Part 2: Economists**

Willa Cather once wrote: "Religion and art spring from the same root and are close kin. Economics and art," she wrote, "are strangers."

Today, despite Cather's admonition, we will seek common ground between economics and art. We will continue our examination of economic stimulus. And we will consider whether we can find any artful solutions for the American economy.

Tuesday, we discussed the criteria for what makes sense for fiscal stimulus. A consensus is developing that stimulus needs to be timely, targeted, and temporary. Today, we discuss specific proposals with two prominent economists.

There are reports that a deal may be close on the House side. The Senate will want to speak, as well. We want to ensure that Congress does its utmost for the American people. I have spoken with Senator Grassley, and we have agreed that we will hold a markup in the Finance Committee next week.

For example, tax rebate checks for middle- and lower-income Americans could provide an immediate stimulus for the economy. Middle- and lower-income Americans would spend those rebates quickly. That would provide income to businesses across America. And those businesses would then spend that money. CBO has said that tax rebate checks could be very cost-effective.

Another example would be expanding unemployment insurance benefits. In recent recessions, Congress has extended the number of weeks that unemployed workers could receive benefits. We could do that again. We could provide a further extension for recipients in high-unemployment states. And we could also temporarily increase the dollar amount of benefits to help unemployed workers to pay their bills.

Unfortunately, under current law, fewer than four in ten unemployed workers receive unemployment insurance benefits. To address this problem, we could extend eligibility. For example, we could extend benefits to part-time workers.

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I understand that there may not be anything on unemployment insurance in the House deal. I believe that is a mistake. And I hope that we can improve on that when we consider the bill here in the Senate.

Another example would be tax incentives for businesses. Businesses are employers. Keeping Americans employed is an important way to fight economic decline.

We could allow companies experiencing losses in the current economic downturn to deduct those losses against income from prior tax returns and get an immediate tax refund. The refund would inject cash that could allow a company to survive, retain workers, and maybe even expand.

Another option would be to temporarily allow businesses to deduct from their taxable income more of the money that they spend on investment. This would encourage businesses to spend now on buildings, equipment, and other physical capital.

Others are suggesting stimulus proposals related to the housing sector. Still others advocate fiscal relief to state governments who are struggling to comply with balanced budget requirements.

So let us see whether there's any art in economic stimulus. Let us press to find that common ground between the two disciplines, and between the two parties. And let us try to find those artful solutions for the American economy.

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