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Good News By the Numbers

by Senator Norm Coleman

With each New Year comes the opportunity to review the state of America's union and begin a new conversation in Congress to help our country continue on the path to prosperity. I'm pleased to say that Minnesota and the U.S. are in good shape. Despite the fact that we have been through a recession, national emergency, corporate scandals, and a war, the economy is going strong.

Spurred on by the President's tax relief, a commonsense plan that puts money back in the pockets of ordinary Americans, the economy has produced more than 4.7 million new jobs since May 2003, including more than 33,000 in Minnesota this past year alone. Today, the unemployment rate is at 4.7 percent—lower than the averages for each of the last three decades and the lowest in four years. These numbers show a strong and resilient American economy. And by providing small businesses with incentives such as bonus depreciation and expensing, the economic backbone of communities across the country will be able to reinvest back into their operation, purchase more goods, and hire more employees. This translates into jobs, economic growth, and opportunity for all Americans.

Last week marked the beginning of the budget and appropriations process when the Administration delivered its \$2.7 trillion, 2,349-page budget for the next fiscal year to Congress. I know that many of us have concerns about the budget deficit. There is no doubt Congress needs to do more to responsibly control the rate at which we spend on mandatory programs. Some advocate that raising taxes is the only key to open the door of fiscal discipline. But I believe that instead of opening the door to prosperity, higher taxes will shut the door on innovation, entrepreneurship and greater economic growth. So I want to take this opportunity to highlight the benefits of tax relief and how it has helped America's families and small businesses.

The President's tax relief, which was fully implemented in 2003, has been critical to helping the economy recover from the recession after the burst of the tech bubble and the terrorist attacks of 2001. Things like small business expensing, capital gains tax relief, and bonus depreciation all helped get this economy back on its feet and help the economy continue expanding despite the hurricanes and high energy prices in 2005.

The latest numbers also confirm that a strong economy is the most important factor in reducing the deficit. The amount of revenue the federal government collected in 2005 jumped by a remarkable \$274 billion, the largest increase in 24 years. By rejecting tax increases on families and small businesses, we will help keep the economy on a continuing course of job creation and strengthen the foundation for long-term growth.

One of the most important things Congress accomplished was to reduce the tax on capital gains from 20 percent to 15 percent. Capital gains tax relief increased economic activity, leading to 32 straight months of positive job growth and the creation of over four million new jobs.

I recognize the uneasiness and uncertainty in America today regarding our economic future. But if one looks at the data and the economic picture laid out in front of us, it is clear that the economy is solid. Productivity is strong, and employment growth remains robust. Both retail sales and the housing market continue on a path of respectable growth. The U.S. economy is highly flexible, and thanks to this flexibility has been able to absorb natural disasters and high energy costs that would have easily thrown the economies of a number of other nations into a deep recession. We are the envy of the industrialized nations. And to ensure the economy's continued momentum, we must make the President's tax relief permanent—otherwise small businesses, teachers, college students and hardworking moms and dads will see their taxes go up.

Yet tax policy is not the only key to economic growth. We face great challenges today as a result of global competition, especially in the areas of math and science education. Globally, the U.S. ranks 17th in the proportion of the college-age population earning science and engineering degrees, down from third place several decades ago. Today the US produces 70,000 engineers per year, while China produces 600,000 and India produces 350,000. And for the cost of one chemist or one engineer in the United States, a company can hire about five chemists in China or 11 engineers in India. I recommend that every American read a recent study issued by the National Academy of Science entitled "Rising Above the Gathering Storm." It is a call to action for us to maintain our edge in innovation, the sciences and technology.

To regain our edge, we as a country need to make a major investment in math, science and engineering education, and to encourage innovation in our economy. I applaud the President for articulating the American Competitiveness Initiative during his State of the Union speech, and in the Senate I am proud to cosponsor the Domenici-Bingaman "Protecting America's Competitive Edge" or PACE legislation.

There are other things we need to do to keep us ahead of the curve when it comes to competing in today's global economy. We need to reduce America's dependence on foreign sources of oil; we need to reform our legal system, which includes finishing our work on the asbestos bill currently before the Senate; and we need to continue to work toward opening foreign markets to American goods and services. But what we should not do is apply the brakes on the economy by raising taxes on hardworking moms and dads, small businesses, college students and teachers across the country.

Ben Franklin once said, "Empty out all the coins in your purse into your mind and let your mind fill your purse with gold." Franklin's words ring true today: the currency of our future rests in our ability to compete globally. Like all good savings plans, we must first invest in ourselves, which includes our economy, our businesses, and our students. An investment today is a future filled with opportunity.