The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. MCDERMOTT) is recognized for 5 minutes.

(Mr. MCDERMOTT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

(Ms. KAPTUR addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

GOVERNMENT OVERSPENDING

The SPEAKER pro tempore. Under the Speaker's announced policy of January 5, 2011, the gentleman from Missouri (Mr. AKIN) is recognized for 60 minutes as the designee of the majority leader.

Mr. AKIN. Mr. Speaker, it is a treat to be able to join you and my colleagues today, and at the beginning of a new year, take on a subject that we have been aware of and increasingly conscious of, the problems relative to our economy, to jobs, but particularly to the Federal Government and its voracious appetite to overspend.

I'm joined by a number of distinguished colleagues today. I think it should be an interesting discussion. We're going to try to keep it simple and look at the big picture and look at the choices that America faces.

Along those lines, here is a sort of a by-the-numbers projection for this year, 2011. And you see sort of a bar graph, these tubes here. This top one is $3.834 trillion, that's $3.8 trillion, and that's what it's expected that the Federal Government is going to spend, $3.8 trillion. The problem here is this other little thing here. This is the income projection. And that's $2.6, if you round a trillion. So 2.6 versus 3.8, which, you can tell by the length of them that we are spending more money than we are taking in. People that have tried to run a budget at home understand that's a very easy thing to have happen, to spend more money than what you have coming in. And the Federal Government has that problem, and it has it big-time. In this case, the difference between the two is more than $1 trillion.

And so that's what we're going to take a look at. And what can we do about it isn't so much a matter if you are a liberal or a conservative really, the fact is it's mathematics. We're spending a whole lot more than we're taking in. And so that is the problem we're going to take a look at. When you do that year after year, spend more than you take in, you start to develop a debt. In our case, we've got a $14 trillion debt. So you have a deficit of $1.6 trillion, but you keep adding these things every year, and pretty soon you build this debt up. And the problem with the debt is that you have to pay interest on the money that you borrowed. And so that also makes things worse. And so now you take a look at the fact that not only are we spending about one-third more than what we have, but we've been doing a bad job of controlling our spending.

In the past, we have also cranked up this debt. The effect of that is that one of the things that comes as far as spending is your cost of the debt service, so the more that you borrow, the more you have to pay interest on your debt, and therefore it just compounds the situation, making it worse. So that's the lineup.

So let's take a look at, well, where are we spending all this money? And one of the things that people that are looking at numbers take a look at is three fairly big what are called entitlements. Entitlements mean that somewhere along the line, the Congress passed a law, and the law works like a little machine. It just spits money out. And anybody who meets certain parameters, the machine will just give them some money. And that's called an entitlement. And so depending on what the entitlement is, it just spends money. And Congress doesn't have to do anything. The money just gets spent. And it is called an entitlement.

The three big ones, of course, are Medicaid, Medicare, and Social Security. And if you project over time how much money those entitlements are going to spend, you find that they are growing. They are growing because of people such as myself, a baby boomer. The baby boomers are getting older, and there's a whole lot of them, and there are not as many people working to pay into the system. And so the cost of these entitlements go up.

And as you see in this chart right here, this is the typical revenue that we get from taxes coming in. It is running at 18 percent. You can see it goes up and down as we have more or less taxes depending on who is in charge of the White House and the Congress. But it averages now, over since 1965, it's averaging about 18 percent. And you see this point out here at 2052 where these three entitlements are going to use up the entire budget. There won't be any money for anything else other than just these three things.

Unfortunately, this chart is optimistic because this is only including these three entitlements. We have other entitlements also. And in fact, at this point we have come really pretty close to it even today.

So our entitlement spending, when you look at the big bar chart up here, pretty much, of our income—about $2.5 trillion, pretty much that income is spent today on various entitlements. It's not just Medicare, Medicaid, and Social Security. But there are two other categories, miscellaneous entitlements, that would be things like food stamps and public housing, stuff like that, but also debt service, because you have to keep paying the interest on debt. You put that all together, and that's just about what we've got for income. So we've got ourselves some challenges.

And I'm glad that I don't have to solve all this problem, but we have got some very smart people that are going to join and talk a little bit about this, what are our alternatives and what should we be doing.

The first is a freshman who is already distinguishing himself in the Congress, BILL JOHNSON. He is from Ohio. We are thankful that Ohio sent one of their great sons here, somebody who first of all has a background as a chief information officer in a global manufacturing company. ''Information officer'' means people that deal with the transfer of data and information, but also the data processing side of a company, which is really the communications and lifeblood of a company. He is also somebody who served our country faithfully as an officer in the United States Air Force.

BILL JOHNSON, it's a treat to have you on the floor. We're glad you got elected. You've heard the opening here. We've got a bit of a problem. In fact, we've got a problem that's so big that a lot of people are kind of—in Missouri we have an expression, hunker down like a toad in a hailstorm. A lot of people look at this and they go, oh, my goodness, what are we going to do?

So let's talk about that for a minute.

Mr. JOHNSON of Ohio. Well, Mr. Speaker, and to my distinguished colleague from Missouri, thank you so very much for the opportunity to be here. You're exactly right, and you've pointed it out so well. We have a disease here in Washington, and that disease is called ''overspending.'' And it is, by and large, what has brought us economically to where we are today. And the debt that we see is the symptom of that disease.

It's amazing to me how many in D.C., how many in the administration and in the previous Congress, really believe that we can borrow, tax, and spend our way back to prosperity. As a businessman, as a graduate from a business school—I have a minor in business administration—I don't think that there is a business theory in place that says that you can prosper that way.

□ 1220

Mr. AKIN. Let me just stop you. I want to cut in on you.

What you are saying is most businessmen, if you tell them we are having trouble with overspending so what we are going to do is spend some more, they are going to laugh you out of the shop; is that basically what it boils down to?

Mr. JOHNSON of Ohio. That's right. You know, that kind of thinking has never been good for families. It has never been good for businesses, and it certainly is not good for America. We see where that has left us. Your charts point out that we are on the path to a train wreck here. Yet we see policies

consistently coming out of the administration and out of the previous Congress that continue to punish the job creators.

Take Ohio for example. Since the giant stimulus bill was passed in the previous session of Congress, only three States have lost more jobs than the State I come from, from the great State of Ohio. Unemployment in the district that I represent is another symptom of that disease. We cannot continue down this track of spending and borrowing and punishing job creators and expect America to pull through this economic crisis that we find ourselves in.

Mr. AKIN. BILL, once again you are right on track and right on topic. This is so important because down here in Washington, DC, there are really two very different schools of thought on this; aren't there? There are some people, and I think they are people probably who come from your background as executives in companies, people who had responsibility and had your own small business, and you understand what it takes to make a small business work. And the mind-set of those people when you get into trouble over spending is that you have to either increase your revenue somehow or you are going to have to cut back your spending.

But there is a whole other school of thought down here which to me is kind of weird because I come from the business world, too, and the theory is that somehow you can get the economy going by spending a ton of money, and that is what the ''stimulus'' bill that we passed 2 years ago, it was supposed to create I don't know how many hundreds of thousands of jobs. The projections in terms of the numbers of jobs it was going to produce, it actually lost more than what they projected it was going to do.

At the time, I stood on the floor with a bunch of other people who came here with a business background and said, Hey, this thing isn't going to work. Don't spend this money.

It was at least theoretically excused under the Keynesian sort of idea that if the government spends a lot of money, it ''stimulates'' the economy and everything will be okay. It is like grabbing your belt loops of your boots and lifting up and flying around the Chamber here. It is a bizarre idea. And it was tried by that guy Henry Morgenthau who worked for FDR. They tried it for 8 years, spending money like mad. He appeared before the House Ways and Means Committee and said: It just doesn't work. Now, that was 1938 he told Congress it doesn't work to spend money like that.

So that is one possible way that the Democrats propose, and that is spend lots and lots of money. But we see we are spending so much money, the question is—it isn't working because it created unemployment big time.

Of course you in Ohio with your manufacturing background, we are just killing jobs. Somehow there is this disconnect. You can punish companies and then you are surprised there are no jobs. It is sort of bizarre.

I yield again, BILL.

Mr. JOHNSON of Ohio. Thanks.

You hit the nail on the head. We are punishing the job creators. I mentioned in Ohio, only three States have lost more jobs since that stimulus bill went into effect. Now, I don't know the exact number today, but in November, around election time, Ohio had lost over 400,000 jobs.

Mr. AKIN. Are a lot of those manufacturing, BILL?

Mr. JOHNSON of Ohio. Absolutely. Absolutely.

And here is what puzzles me: I don't understand why more don't realize that when you let families and businesses keep more of their hard-earned money, that builds economic confidence. That builds buying power. They invest. They spend more. That's what gets an economy going. They begin to become innovative.

Let me give you an example. Ohio borders on a State that has no sales tax on clothing. One of the first things I saw when I started looking at how I could help the State of Ohio was: How can we keep that sales tax revenue in the State of Ohio? So we started doing the research. We found out that 17 States have sales tax holiday programs.

So I built a grassroots effort to put a sales tax holiday program in place in Ohio. Without going into excruciating detail, having a sales tax holiday around back-to-school time and a sales tax holiday around Christmastime promised to bring upwards of $250 million in additional sales tax revenue into the State coffer, keep retail jobs, and let Ohio families keep more of their money. It was amazing what that program would do. Yet we could not get those on the other side of the aisle in Ohio to understand that and to buy into that concept. It is a simple economic concept.

Mr. AKIN. Just interrupting again, what you're really saying is that you can get more revenue in a State if you back off on taxes?

Mr. JOHNSON of Ohio. Absolutely.

Mr. AKIN. That is an interesting concept, and I would like to pick that theme up. That is something we really need to understand.

I assume you were a member of the Ohio Legislature at one time?

Mr. JOHNSON of Ohio. No, I was not. I built a grassroots effort to try to address that problem. We were successful in getting a bill introduced into the Ohio State Legislature to put those sales tax programs in place, but it never made it through the system.

Mr. AKIN. Oh, boy.

Well, we have another gentleman here, coming a little farther from the west, Congressman BISHOP, who is joining us. He is also a guy who has had some experience in the business world, and also as a teacher and a leader here on the floor. He has represented his district on some armed services kinds of issues and is somebody who has really earned the respect of his colleagues and has done a great job in setting up some of the new rules that have been established for this Congress.

Congressman BISHOP, I would be delighted to have you join us. You have heard what we are talking about. We have a problem. We are spending too much money, and the question is what should we do about it.

Mr. BISHOP of Utah. I thank the gentleman from Missouri for allowing me to have some time here, and I appreciate the comments of the gentleman from Ohio illustrating what happens in the States. I think oftentimes we should be looking to the States as an example of what does and what does not work, and we can emulate those concepts here in Washington.

You are right, as you initially said, we have a severe budget problem. There are really only two ways of trying to reconcile that budget problem: We can either raise taxes or we can cut spending.

I think it is interesting to look at some other States. Cal Thomas had a wonderful article this morning—maybe it was last night—that talked about comparing what other States have done. So we see the State of Illinois, another midwestern State whose solution to their problem was to raise the personal income tax 67 percent and their corporate tax rate by over 46 percent.

Mr. AKIN. May I interrupt. You said raise the personal income tax in Illinois. Was it by 6 percent?

Mr. BISHOP of Utah. Sixty-seven is what I heard, and 46 percent on corporate taxes. And let's face it, corporate taxes are paid by consumers anyway. So you get hit with it coming or going.

You can compare that with what other States have done, like the neighboring State of Indiana or Wisconsin, Virginia, New Jersey, my home State of Utah, which decided to solve their problem simply by reducing their spending. I am told that Indiana, since 2004, reduced spending by 40 percent.

Mr. AKIN. Whoa, 40 percent. That is a number.

Mr. BISHOP of Utah. And it will be interesting to see if the Illinois experience will replicate what happened in Indiana and those other States I listed, and my gut guess is it probably will not.

But when we instituted income tax for the first time in this country, the statute that did that would cap the maximum rate of income tax at 2 percent, even though we only applied a 0.5 percent income tax. I think if people would look at their paychecks today, they would see it slightly different from that original time.

Mr. AKIN. As I recall, gentleman, at that time, weren't there people who said that income tax could possibly get

as high as 5 percent and they were laughed off the floor of the Congress, that income taxes could get as high as 5 percent? Am I right on that?

□ 1230

Mr. BISHOP of Utah. It is alarming, but that is actually accurate. As we found out in that experience, the best tax is, obviously, something paid by somebody else. It was estimated when that original income tax was in place that 80 percent of it would actually come from only four States. Apparently, four States were fighting it, and the rest of the States kind of liked it.

Unfortunately, there was—and I'm not impugning anybody here—a Representative from Missouri at the time who actually did say that a new dawn has broken with this new income tax and that, actually, the government would be more careful with people's money now that we are taking it directly from them than in the past when we simply ran government by taxes coming from tariffs or land sales.

Mr. AKIN. We're not proud of everybody from Missouri, gentleman.

Mr. BISHOP of Utah. That certainly does not represent your thinking anyway.

Mr. AKIN. No.

Mr. BISHOP of Utah. What happened is, within a short period of time, using World War I as the excuse, that top rate was not at 2 percent or at 5. It was at 75 percent. Now, what we found out is the actual amount of money coming into the country was in a decline, not in an incline.

So, when President Coolidge came into power and initiated the first tax cuts by reducing the rates across the board, the amount of revenue coming into the country actually increased. The same thing happened when President Kennedy tried it, President Reagan, and President Bush, because what we found out was that people with money are not stupid. They had money for a reason and that it was not that they were avoiding their taxes. They had just found an alternative way of investing—in the case of World War I, it was a lot of municipal funds that were going in there that were not taxed—or they simply did not invest their money. They sat on it until such time as they actually had control of their money again.

So the bottom line here is, if we look at the tax pot, or proposal, as a way of solving our problem, all we do when we allow taxes to increase is allow Congress to actually spend more.

It's like going on a diet, which I desperately need. I may change my diet to my only eating good food; but if I eat a whole lot more of good food, it's not going to really solve the problem. There is another problem, too, that goes onto the spending side, which is I can actually be full and malnourished at the same time. If I only eat potatoes as a diet, I may be full; but I'm not helping my body.

When we look at the spending side, which is really the only option that we have, and when we don't look at it in a way of looking at how we are spending, all we're doing is malnourishing us. All the CRs we passed last year, without actually doing a real budget or a real appropriations act, may have flat-lined our spending, but it didn't help us out. It was like eating potatoes all the time, which in moderation are good; but if that's the only consumption you have, we are making serious problems.

Mr. AKIN. I think what I'm hearing you say, gentleman, is that America has been getting high on junk food. At least you have an economic analogy.

Is that where you're going?

Mr. BISHOP of Utah. Well, so am I, and I have to admit I love potato chips; but, yes, that's where we're going.

What we need to do is, I think, what this Congress is looking at, which is to try and readjust what we are doing and look at our spending levels, which is why 2008 spending will be a starting point to adjust and look at what we are doing. We have to look at our spending in prioritization so we're not just spending everything. We have to look at what our responsibility as a government is, and we have to look at the spending side seriously.

As the gentleman from Ohio stated and you stated with your charts, if we do not take the spending side seriously as the solution to our problem, we will never find a solution to our problem; and the end result will be disastrous for this country.

Mr. AKIN. I appreciate your thoughts and particularly the direction that you're taking, because my argument would be the problem that we've pointed out with overspending cannot be solved with increasing taxes, and I'd like to talk about that for a minute.

My good friend from Ohio, just hold for a second. I'd like to try to illustrate something.

When I first came here a couple of years back, people talked about the Laffer curve and the idea that you could have the government take more money in by reducing taxes.

Now, I'm an engineer by training, and to me that seemed counter-intuitive. How in the world can the government lower tax rates and take in more revenue? It seemed like such an odd thing. Then I started sort of puzzling it in my mind a little bit.

I thought, Let's say that someone were to appoint you to be king for a year, but the only thing you can tax is a loaf of bread. So you start thinking, Huh, how do I get the most revenue for my country out of a loaf of bread?—because I'm a political guy, and I have to pay the bills of the Federal Government.

So you start thinking. You say, Well, I think I'll put a one penny tax on every loaf of bread that people eat. No one will notice the penny, and I'll take in a certain amount of money. Then you start scratching your head and saying, What if I went the other way? Let's say I taxed a loaf of bread at $10 a loaf. Boy, then I'd get a lot more money in that way. Yeah, but the trouble is nobody would buy any bread.

Common sense would say somewhere between a penny and $10 there is some point in there at which you're going to get the maximum tax you can get on a loaf of bread; and as soon as you go beyond it, your revenue is actually going to fall off because people will stop buying it, and there just won't be any more bread market going on.

So the point of the matter is that there is an optimum level that you can tax. When you go beyond it, you stall the economy and destroy the Federal revenues. Now, that may seem like a theory, but, in fact, it's true. It is what happened.

I'd like to just run through a couple of charts here.

This happened in 2003. In the second quarter of 2003, in May, we passed a big tax decrease in capital gains, dividends and the death tax. What that did was it freed up a lot of money for, BILL, who you've been talking about—the people who own businesses. The death tax ties up a whole lot of money because, you know, somebody dies, and you just hammer him and put a small business or farm out of business. Capital gains and dividends, they're all money that was being tied up because of our Tax Code. So when we reduced those taxes—this is what happened on this black line. I've got three charts here. This black line is when we cut capital gains, dividends and death taxes.

The first thing: look at the gross domestic product of our country. You can see it's spotty in here. We were in a recession. The amount of money we were taking in was not good in these early years.

Here is what happens when we do the tax cut:

You see that there is a jump from 1.1 percent GDP to 3.5, so GDP goes up when we cut taxes. That tells us, hey, the economy is going. It's doing better.

What else happens? Let's take a look at the chart. It's the same thing.

This is May of 2003. This is job losses. Everything below the line is a job loss. We're losing jobs like mad, and we've got some problems with unemployment. Here are a couple of times where we gained some jobs just for a quarter, but these are by the quarter. We're losing jobs. Then—boom—we put this tax cut in place, and look what happens in terms of job creation. We created 168,000 jobs, and here we've lost 100,000. So, first of all, GDP goes up. Job creation goes up, so people go back to work.

Here is the key point: look what happens here to Federal revenues. We have cut taxes here, and Federal revenues are shooting up. Now, that seems like you're defying the law of gravity, but what happened was those taxes were stalling our economy.

So when you've got a recession and when you've got unemployment the way we do, what you've got to do, this would suggest, is you have got to cut taxes, give the money back to the people you're talking about, BILL, who

own those companies. Let them invest—build additional wings on a building, new products, new technology—and when that happens, you pull out of the recession, and it helps you with your revenues.

The bottom line is, when you take a look, going back to our original question of how do we get out of the problem that we are spending too much money, the answer is, if you start taxing, you're going to drive us further into a recession, making the problem worse. So, really, tax increases do not work to fix the problem that we've got going here.

I wanted to jump over, BILL, and allow you to piggyback some.

BILL JOHNSON, from Ohio, is a great freshman Member. Congratulations to those in the State of Ohio for sending us some good people down here.

BILL, please jump in.

Mr. JOHNSON of Ohio. Well, you've made so many points there.

I'm a businessman. After my military career, I founded two small businesses. Before I came to Congress, I was the chief information officer for a business, a global manufacturing company; and I sat at the table with our executive leadership team, and we talked about how do we increase the value to our shareholders; how do we make our company more profitable; how do we put ourselves in a position to be able to invest and grow.

There are two sides to that formula. On one side, you've got spending. On the other side, you've got revenue. There is a balancing act. Controlling spending, we've talked about. We've got to stop the out-of-control spending here in Washington, and we're going to address that in this Congress.

□ 1240

But how do we increase the revenue? That is what you've been talking about here for the last few minutes. And you're exactly right, it does not come through tax increases; it comes through letting Americans and businesses keep more of their money because that builds economic buying power, that builds confidence. They invest; they spend.

Now when we did our research on the sales tax holiday back in 2009, what we learned is there were 17 States that had already implemented a sales tax holiday which validated the concept that you just referred to. Take one State, for example, implemented their sales tax holiday in the very first year. In the month that they implemented that sales tax holiday they saw an overall—now there were adversaries that said you can't take that sales tax revenue out of the coffer at a time when we are struggling to meet the State budget. Fortunately, sound minds prevailed and they were able to get the bill through. And in the month that they passed that bill and they had that sales tax holiday, their overall sales tax revenues did not decline; they went up nearly 5 percent.

Mr. AKIN. So what happened—let me see if I understand this. The sales tax holiday was not a total cutting of all the sales tax; it just reduced it much lower.

Mr. JOHNSON of Ohio. That's right.

Mr. AKIN. And by reducing the tax, their revenue increased.

Mr. JOHNSON of Ohio. Well, what it was, it eliminated sales tax on certain items like back-to-school items, things that people had to have to get their kids back in school, to put them in college and those kinds of things—clothing, school supplies, computers. For example, many States included computers in those sales tax holidays.

Over the next year, they saw another nearly 5 percent increase in the overall sales tax revenues. By the third year, they saw a nearly 8 percent increase in sales tax revenues. And over a 3-year period, they were looking at close to 20 percent overall sales tax revenue increases over that 3-year period.

Mr. AKIN. By cutting taxes.

Mr. JOHNSON of Ohio. Because what happened was when people got a tax break on things that they had to have, they would channel those savings into buying things that they wanted to have and that they had been saving up for with their families. And other States started coming across the border to take advantage of that holiday. It's a simple concept that we need others to understand: when you let families and businesses keep more of their money and you put the decision about how they spend that money in their hands, America prospers.

Mr. AKIN. Well, I really appreciate that. That's a real-life example, something that you worked on looking at different States. And it was the same principle of what we've seen.

Now, the idea of cutting taxes in a recession and cutting Federal spending is not new. JFK understood that principle. He cut taxes when he was President during a recession and put us back on a good economic footing. Ronald Reagan had the biggest tax cut just about in the history of the country until Bush came along, and the same thing. People made fun of him, that it was trickle-down economics and all that kind of stuff; but the fact of the matter was the economy became strong, and he had to have a strong economy to face the threats of Communism in the Soviet Union.

And ultimately he bankrupted the USSR because of the fact that our economy was strong enough that they couldn't keep up with us in the arms race, and he basically got them to the point of ''tear down this wall.'' But it was based on this same principle of the fact that he had tremendously cut the taxes which allowed the American economy to surge and allow free enterprise and the businessmen to start making some money.

We're doing the exact opposite. At the Federal level, our income tax is the second highest income tax in the whole world. That doesn't make a whole lot of sense.

Now, I want to go to this problem a little different angle from it, and that is, we've talked about we're spending too much money. We've talked about, really, that raising taxes is not the solution, which means then, by definition, you've got to cut spending.

Well, what are we spending money on? I think that's something we need to take a look at here. And I've got a chart. Before I had the chart that showed Medicare, Medicaid, and Social Security. And these things people call entitlements because we passed a law a long time ago, and it just spits money out, more and more money out over time. This chart suggests if you keep your taxes at 18 percent, at a certain point, at 2052, these things get so big, they squeeze the rest of the budget out. The trouble is this chart is optimistic. The problem with the chart is it doesn't include all of the entitlements. There are a lot of entitlements that are not on that chart.

But here, take a look at this, what has happened since 1965. I think this also adds perspective to what's going on in terms of our spending. In 1965, entitlements were 2.5 percent of gross domestic product. It starts here. The red line goes up to the point now that in 2010 the entitlements have gone from 2.5 to 9.9 percent. That's a four-times increase to 2010. The trouble is that's just Medicare, Medicaid, and Social Security.

The additional entitlements would go up even further. This is probably saying that since '65, we've had probably about a five-times increase in entitlements. And what's happened in return to national security and defense? The U.S. Constitution says the most basic function for the Federal Government is to provide for the national defense. It may say that we're supposed to promote general welfare, but it specifically—because the only government that we have that can defend our country is the Federal Government. It is the primary function of the Federal Government, in our preamble to the United States, ''provide for the national defense.''

We were spending 7.4 percent of GNP in '65, which has now dropped down to not quite 5 percent of GNP. And we have the problem now with the two wars, with all of our equipment aging. So we're having a whole lot of trouble trying to stay competitive, particularly with China and a lot of their new developments, with national defense because the entitlements are just going nuts.

And so the problem is that we're going to have to take a look at entitlements, not just Social Security, Medicare and Medicaid, but there are other ones too. You've got food stamps, you've got public housing, and you also have the debt service. All of this, when you put it together, is using almost all of the money coming in in a given year. That says we had better get serious about doing some cutting.

And once again, I will come back do you, Congressman JOHNSON, if you

would like to comment on that aspect of where we are.

Mr. JOHNSON of Ohio. Well, you hit the nail on the head again. National defense is our number one priority; it has to be. In fact, the oath of office that you and I took on January 5, virtually the same oath of office that the President takes, it says that we swore or affirmed to support and defend the Constitution of the United States against all enemies foreign and domestic. That requirement to provide for the national defense is the number one most important thing that we in the Congress, in the administration are required to do, keep America safe, keep America free, protect Americans and American interests around the world.

There is no question that we must invest in those programs that are going to support our troops in the field. And I agree with you that we must look at the proper balance between defense spending and other spending to make sure that we achieve what we have been charged by the American people to do.

Mr. AKIN. As a good Air Force man, I knew you would come up with the right answer. The point of the matter is if you don't have national security, you don't have any other kind of security.

Mr. JOHNSON of Ohio. Well, I often ask my constituents, what is our number one job? What is the President's number one job? Is it to keep us safe, or is it to keep us free? And of course you get a number of different hands being raised. In my opinion, based on the Constitution, the Declaration of Independence, the President's—and therefore the Congress'—number one responsibility is to keep us free, because if we are not free, we will never be truly safe.

□ 1250

And safety is obviously pretty close on the same level. And they play into one another. But our national defense, flowing down from our national security strategy, our national strategy, that's paramount.

Mr. AKIN. I very much appreciate your perspective.

We're joined by another great freshman coming from pretty near by Missouri, from the great State of Kansas, Congressman YODER. It's a treat to have you on the floor. And as you've heard, we've been pontificating here a little bit about how are we going to deal with this. You know, the Federal Government is spending a whole lot more than we take in. So we've got to deal with that problem. We've been talking about the fact that taxing isn't a good solution because if you raise taxes, you drive your revenues down. It means we're going to have to do some cutting. So that's a tough subject.

But I appreciate a little bit of common sense from the great State of Kansas.

Congressman YODER.

Mr. YODER. I appreciate the congressman from Missouri's indulgence for a little time here.

I've been watching this conversation you've been having on the floor, the gentleman has, along with the gentleman, and it seems like we're in the middle of an ideological battle in this country. On the one hand, you have folks on the left that argue that government is the solution to all the problems our country is facing. Unemployment, their argument is that we need to create more government jobs, that Washington can solve these problems.

And out in Kansas we know that it is the private sector. It's the individual that creates jobs in this country. We know that it's hard work and determination. And you can't substitute that with government bureaucrats or government mandates. You can't mandate or regulate someone into prosperity. It just doesn't happen. And that's a real battle that's happening in this country right now, and I think this is a challenge that we've really got to face in this Congress

On the one hand we have more entitlement spending, greater deficits, higher taxes. And the other hand you've got free enterprise, economic freedom, prosperity. And to me, that's the real essence of this challenge: Are we going to create a free enterprise country or are we going to be an entitlement society?

Mr. AKIN. In a way, I think you've really framed things. I appreciate your perspective because you're getting a little bit off at a distance and saying look, there's two choices and the two parties really are very, very different in this. One seems to be the party that wants entitlements. They want food stamps, and they have unemployment. And the other party is saying we want jobs and paychecks. And that's kind of the choice. And if you want jobs and paychecks, you've got to have a free enterprise economy.

If you want the government to just subsidize you and live off of welfare, that's a different perspective.

So what we're seeing is this growth in entitlements, this number is low on this chart because it doesn't have food stamps, it doesn't have public housing, and it doesn't have the debt service. When you put that all together, we're right at the point where the money coming in is just barely paying for all of these entitlements and the debt service. You put that together, that's not a good picture.

And the solution I think most Americans—I bet you that's what your election was about, the fact that we want to have jobs, and we want to see a strong America. We want to see an America that's free. We want to see a Federal Government that doesn't enslave us, doesn't tame us, put us in velvet chains of a welfare state, but rather that allows us to rise the way Americans have always risen to the challenges that each one of us, the dreams we have in our heart to make those happen, to have a chance to fail or to succeed. And that's what made America such an incredible place.

And I appreciate, Congressman YODER, your standing up for those basic American principles and values. And I think what that means is we're going to have to deal with this level of spending.

Congressman JOHNSON, back to Ohio.

Mr. JOHNSON of Ohio. I wanted to comment on what you said and what the gentleman here said about what makes America great.

When people stop to consider that this little sapling of a Nation in terms of age, 230-plus years old, virtually—and we're a baby compared to many of the other nations in the world—yet every modern convenience, virtually every modern convenience known to mankind was birthed right here in this country. And why was that? It was because of that system of free enterprise based on individual freedom. The ability to pursue our dreams, the ability to innovate that created this free enterprise system that we've come to know.

It did not come about in the Halls of Congress. It was not discovered in the deliberation rooms of courtrooms.

It was discovered around the campfires and around the dining room tables, the kitchen tables, the fields, the factories. As America came along, we learned when individuals are allowed to pursue their dreams in an environment of freedom without an oppressive Federal Government taxing them into oblivion, everybody wins. America wins, our allies win, everybody wins.

Mr. AKIN. You know, just even hearing you talk about that, somehow that gets me excited.

You know, I think about it. God made all of these different people, and all of us are different. And from the day that you grow up as a little kid you start thinking about stuff that you'd like to do, whether you want to be a fireman or a doctor or an Indian chief, you know, people kind of talk about that.

And you never really know for most people, they don't really know where their life is going to go, what they're going to achieve or accomplish. But there's something inside human nature that has this idea once you start to get the idea that you can dream and do something cool.

So people have these crazy ideas. And America was full of these crazy people and all of these crazy ideas. They didn't know the ideas were impossible, and they kept trying and trying, and finally the idea becomes maybe vaguely possible and then pretty soon, it actually happens.

You take the crazy guy who built lightbulbs. What'd he build, a hundred, two or three hundred lightbulbs? And somebody said, Boy, you've got to be discouraged, Thomas Edison. He said, No, I've got a couple hundred ways not to make lightbulbs. So I'm even closer to the right solution. You've got to be a little bit pretty entrepreneurial to have that perspective.

So America, if you think about it, this great country was built one dream

at a time by all these people. And one of the great things, Congressman YODER, that you do and Congressman JOHNSON, is you have a chance to serve your people.

What's going to happen—because you're both freshmen—what you're going to find is that through the years, all these people from your district, you'll run into them, and you'll see some sort of a little warehouse somewhere and all of a sudden you realize that thing is a thundering success. Some guy's dream just happened there. And we have a chance to see all of these people around us that have experienced that American dream. And it is cool. But it doesn't happen by a whole lot of redtape and taxes.

Congressman YODER, please jump in.

Mr. YODER. I think what the gentleman is speaking about is the American dream. It's the American free enterprise system. It's the essence of what makes America what it is. And to watch and to see it under threat here in Washington, it angers and it frustrates Americans.

And that's what we saw this last year, Americans coming out to town hall meetings and expressing themselves. They don't feel like their voices are being heard on the floor of the United States House of Representatives. They want people to stand up and to explain that greater spending and greater deficits, that's not the road to prosperity.

The road to prosperity is built brick by brick by hardworking Americans out in Kansas and out in Ohio and out in Missouri and all across this country as they work to put a little of their own money in and build a business or to take care of their family. They work hard. Sweat equity. That's what built this country.

And when they see the folks in Washington believe that that money isn't the people's money, it's Washington's money—and in fact, the folks in Washington, they don't even spend the money they're given; they spend as much as they want, regardless of how much money we have.

So part of this job situation, this American prosperity situation, it comes back to spending. And what we do here on the floor of the United States House of Representatives and how we advocate and stand up for those people that sometimes aren't always heard, that's what we have to do here.

Mr. AKIN. I'm glad that you're joining us in that. In fact, there is a Congressman JORDAN from the great State of Ohio who was, I believe, holding a press conference not so long ago talking about what are some of the things that we're going to cut, because people ask us, you know, what are you going to cut?

Well, one of the things is we're going to reduce the nondefense discretionary spending to 2008 levels. Well, what's that worth? Well, that's a lot of money that you can save that way. We're going to reduce the budget office of every congressman. That was our first week. Your first week here. We cut the congressional budget offices by 5 percent. That's just to let people know we're serious.

Then we read the U.S. Constitution on the floor of the House to say any bill you introduce now has got to be consistent with the Constitution.

But we've got another whole series of things that we're going to do to try to reduce spending, some of them—there is $25 billion in unused Federal property. So what are we going to do with that? Why not sell some real estate? Let's get rid of it. $123 billion is allocated to programs to which government auditors can find no evidence of success.

The one that I find amusing is, the Department of Energy was designed so we wouldn't be dependent on foreign oil. And the department's grown like mad, and we're more dependent on foreign oil than we ever were.

□ 1300

That needs a good question. Eliminate duplicative programs, among which we have got 342 economic development programs. Do we really need 342 of them? 130 programs serving the disabled, 130 programs serving at-risk youth. Program, program, program. Do we need that many? Maybe we need a couple of good ones, but certainly we don't need that many of them. So these are all things that are on the table.

So the proposal that's being made by the study committee has been, instead of having the graph of the discretionary spending going this way, nondefense, they are going to try to flatline that at about 400.

So there are a lot of things going on. It's an exciting time. We realize we are going to have to get efficient in government, and we have to basically go back to where we started.

The government was to be the servant of the people. It wasn't supposed to be the master. We didn't expect the government to pay for everything for us and keep us as little dependents. We simply wanted it to get out of the way. We wanted it to defend our right to life and liberty and the pursuit of happiness, and, beyond that, to leave us alone. Don't bury us with redtape and government regulations and taxes and uncertainties, which we have seen, which have created all the unemployment.

I appreciate two great patriots joining me on the floor today kicking around where we are.

I am very encouraged by our first week or two. First week or two we started by cutting congressional budgets. We read the Constitution on the floor. We put together a rule that says every single bill has to be proven to be constitutional or else it doesn't even get out of the hopper. And then, of course, we took a look at one of the biggest jumps in entitlement spending that America could ever take, which was ObamaCare. And we voted just yesterday to repeal the whole thing.

I will tell you, gentlemen, I know that you were involved back in your own States because you were worried about the fact: If the Federal Government can't manage Medicare and Medicaid without it breaking the budget, what's going to happen if they take over all of health care?

I think what people understand in America intuitively is the fact that if you look at American health care, the front end of it's good. If you get sick, where do you want to get sick? In America, if you have to. The trouble with health care is: How do we pay for it? That part's broken. So the point isn't to scrap the whole thing and turn it over to the government, which is what ObamaCare did. Instead, we're going to fix the things that are broken, but leave the free enterprise part up front, which gives us the best health care in the world.

You guys were here voting for that. And for those of us that were fighting that the last 2 years, I tell you it felt so good to stick your little credit card in the machine and push that you wanted to repeal it. It was something we were all really looking forward to. And you were part of that historic event. And that's just in the first couple of weeks.

I'm looking forward to both of you gentlemen in the months ahead really charting that course back to the American Dream.

If you would like to add—I think we are pretty close on time. If you would like to conclude, a couple of comments, either one.

Mr. JOHNSON of Ohio. I will just sum up with this, because I think you have hit the nail on the head. We can cure this disease. It's called stopping the out-of-control spending. And at every opportunity, we should seek ways to allow American families and American businesses to keep more of their hard-earned money. That's going to result in economic confidence. That's going to result in investment. That's going to result in increased consumer confidence, and it's going to increase and create jobs, and we know that.

I urge my colleagues—I thank you for this time, and I urge my colleagues to join with me in supporting the legislation and those policies that are going to accomplish those goals: cutting the spending, letting Americans keep more of their hard-earned money, and ultimately creating jobs and putting America back to work. And I want to thank you for the opportunity today.

Mr. AKIN. Boy, that's a fantastic, straightforward approach to where we have to go. You take a look at it.

Unfortunately, the gentleman who was here from Utah before, those of us who are in the ''over 60'' category recognize, when it comes to weight, there's two problems: It's either what you eat or how much exercise you get. And you can't really change that very much. The Federal budget problem is the same way. It's either how much

you're going to spend or how much you can tax. And what's happened is we just can't tax anymore, and we're going to have to deal with the spending.

These are some of the items in the proposal that was being made in the press conference today. $80 billion, this is nonsecurity. That means not the defense discretionary spending. We're going to cut that back to the 2008 level. That's just going back a couple years to knock that back. That saves $80 billion. $45 billion, that's a repeal of unspent stimulus funds. That stimulus bill that created all of the unemployment that did not work. There is some of that money still left. We take 45 there.

Two, almost 3 trillion, that's the nondefense discretionary spending to 2006 levels. And also to eliminate the automatic inflation increases now and for the next 10 years. So that saves a whole lot of money there. Sixteen billion dollars, that's return the Medicaid FMAP spending to 2008 levels. And then $30 billion, end the Federal control of Freddie and Fannie Mac. That's also another area that we have got. We have not dealt with that. That created the economic crisis we are in. We have not dealt with the cause of the problem.

You put this all together, you are at about $2.46 trillion for 10 years, which the result of that comes out at flatlining some of the nondefense discretionary. Does that solve the problem? No, it really doesn't. It helps, but still the bottom line is we're going to have to deal with those entitlements that are totally out of control.

You guys have got a lot on your plates. It's a big job. It's going to be an exciting couple years. And I would recognize Congressman YODER, if you would like to make a couple of closing comments. I think we have got about another 5 minutes or so.

Mr. YODER. I thank the gentleman.

And I think what the Congressman from Missouri is discussing, these specific points of how we could reduce spending and how we could bring the Federal budget back towards a balanced budget, which is what Americans want us to do, we've all seen across this country, Americans have, what happens in Washington. They spend as much as they want, regardless of how much money they have, and that has to stop.

This is an opportunity this year, with a new Congress and new energy and new enthusiasm on behalf of the American people, it's a chance to stand up and say, We're tired of the overspending. We're tired of trillions of dollars being spent on programs for which some of which we can't find real tangible results. We're tired of duplication of programs. We're tired of endless bureaucracy and red tape.

Americans want to see action and they want to see bold proposals, such as what you are outlining there, to show that we can actually, truly cut spending. We have heard folks on this floor say we can't cut spending, that it will hurt too much. Well, what hurts is this $14 trillion debt, this legacy we are leaving to our children and our grandchildren. This is an immoral legacy that we're passing along to the next generation.

And I think what the gentleman from Ohio is standing up for, and the gentleman from Missouri, is that this is the time to say enough is enough. It's time to stand up and to start cutting spending and reining in this out-of-control government.

Mr. AKIN. You know, the thing that's exciting to me and encouraging to me, it's not just you gentlemen, but the fact that you came here because America was waking up. America is saying it's time to take back America. We're tired of being bullied by our own government. And we're tired of the idea that what you should do is to be paid for not doing something, and that an existence in America is sitting around and not having a job. What we want is we want Americans to be able to follow the dreams that are in their heart, you know. And the mentality of the fact that anybody looks like they're having fun, we want to tax them, that just doesn't make any sense at all.

And sometimes it seems like it's such a gloomy perspective to think of America as a country which is nothing but the government's going to take care of you. You know, the Soviet Union years and years ago, they had this basic idea the government's going to provide you with a home; it's going to provide you with food; it's going to provide you with medical care; it's going to provide you with an education; the government's going to provide you with a job. That was their formula, and it didn't work worth a hoot. And the Soviet Union collapsed. It's in the dustbin of history.

And here what are we doing? We're trying to look at the government to provide you food and a home and an education. The government's going to provide you health care and the government's going to provide you a job, or if you don't have a job, they'll pay you anyway. That's a formula that didn't work. There's no point in going down that blind alley again.

So what we are coming back to again is the thing that's just so exciting about our country. It's a country of exceptionalism. It's a country that's led the world. It's a country that is a source of hope for people all around the world as they take a look at our country.

□ 1310

It was interesting, during the days of Ronald Reagan, that he got a message out of some of the concentration camps up in Siberia and gulag and different places that were really rough. And the people were thirsty for news of what was happening with America and they were praying for us, because they realized that we were a source of hope and inspiration to the rest of the world.

There was a group of our Founders, came over on a boat, it was called the Lion. It was 1630—it was some of the Puritans under Winthrop—and they wrote something called ''The Model of Christian Charity.'' It was a long, sort of a long Puritan-type document. But it said something about we must consider that we should be a city on a hill, a light to the people around the world.

And that was where Reagan picked that up in his speeches. Of course, it came out of the Bible that we should be a city on a hill, a light to people of the world, a good example and an inspiration so that they would think of also being free from the influence of excessive government.

So that's the challenge that you as freshmen, that all of us, all Americans are facing. I think people are starting to understand this is going to mean some changes. There are going be changes in our behavioral pattern and the fact that we have just got to start cutting back on government and we just can't continue to let the thing run the way we have.

The bottom line, as we get back to it, I want to restate the problem, and the problem is this, that when you put those entitlement programs with the debt service together, we are spending almost the same amount of money as what we take in in revenue. That's not a penny for defense or discretionary spending at all. That's where we are. That's pretty sobering.

That's why the challenge is significant. We are not going to get there overnight. We are not going to balance the budget in 1 year.

I don't even think the most conservative guy in Congress would think that we could do that, that there is any probability that America could adjust that rapidly.

But we can balance a budget and we must. The fact is we have to take steady steps, one at a time, and move forward on this because of the fact that we are protecting that most precious idea that America has been that hope and that bright light on a hill for people all around the world.

The aspect of America and the American Dream, there is something that I talked about sometimes when I was doing some campaigning. I like to throw into the mix there the concept that in following the dream that's in your heart, it takes a certain amount of courage. Those people like Thomas Edison, the people that came by the Statue of Liberty with the shirt on their back and a little change in their pocket, it took guts to do that. It's going to take guts to go where we have to go. But with courage and God's blessing we can do it, gentlemen.

God bless you all.

REPEAL OF HEALTH CARE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 5, 2011, the gentleman from Iowa (Mr. KING) is recognized for 30 minutes.