border. Prior to NAFTA, the average was 2 million. Since NAFTA, it is better than 7.5 million. CAFTA will continue these trends. Eighty-five percent of the language in CAFTA is identical to the language in NAFTA.

Let me give another example of what has happened to American jobs. In 2002, the Congress, I did not support this legislation, decided to give the President trade promotion authority, known as TPA. Since that time, America's annual trade deficit grew $195 billion to $617 billion. That is how much the trade deficit grew.

Let me give an example of TPA and how it relates to North Carolina. Since TPA passed, North Carolina has lost over 52,000 manufacturing jobs. The United States has lost over 600,000 manufacturing jobs.

□ 1815

Mr. Speaker, on my left I have got two news articles, one from a couple of years ago in the Raleigh paper known as the News & Observer; it says, Pillowtex Goes Bust, erasing 6,450 jobs. These were five plants in North Carolina that lost that many jobs, 6,450. Then I have got another article from a business in my county I share with the gentleman from North Carolina (Mr. BUTTERFIELD), the Wilson Daily Times, says VF Jeanswear Closes Plants, Last 445 Jobs Gone By Next Summer. The jobs are going down to Honduras.

Mr. Speaker, a couple of more points. CAFTA means more U.S. job losses. We know what NAFTA has done. We know what Trade Promotion Authority, TPA, has done. CAFTA provides every incentive to outsource jobs to Central America. Average wages in Nicaragua are 95 cents an hour; Guatemala, $1 an hour; El Salvador, $1.25 an hour. Plus, these countries have few labor and environmental standards and CAFTA does little to improve them.

CAFTA will allow the Chinese to backdoor fabrics into Central America where it can be assembled and shipped into United States duty-free. The last thing we need is to help China. We have already outsourced 1.5 million jobs to China in the last 15 years.

Mr. Speaker, as I begin to close, I want to show my fellow colleagues that might be watching in their offices, recently this was dropped by my office, and it says candy decorated fruit snacks, real fruit. Then you turn it over and it says, ''made in China.'' If the candy we are eating now in America, many of it is made in China, then I wonder if one day at the rate we are going of losing these manufacturing jobs, that we might be buying our tanks for our military from China.

I hope, Mr. Speaker, that does not happen. I hope the House will defeat CAFTA. It is not good for America, it is not good for the American worker, and I do not even believe it is good for the people who live in Central America.

Mr. Speaker, with that I will close by asking God to please bless our men and women in uniform and their families and ask God to please continue to bless America.

THE BUDGET DEFICIT

The SPEAKER pro tempore (Mr. MCCAUL of Texas). Under the Speaker's announced policy of January 4, 2005, the gentleman from South Carolina (Mr. SPRATT) is recognized for 60 minutes as the designee of the minority leader.

Mr. SPRATT. Mr. Speaker, this is not the first nor will it be the last time that we take the floor of the House here in the well of the House to address a problem that is of great concern to all of us, and that is the budget deficit. This year past, it was $412 billion and while it appears to be improving, thankfully, a bit for the current fiscal year, it still will come in likely in the range of $350 billion, and that will make it the third-largest deficit in our Nation's history, the third in a row where we have approached the pinnacle, the largest deficits we have run in our country's history.

We are not here to score political points. We are here to call attention to a problem that we think has grave consequences. It may be that we do not feel or see the consequences right now, but we feel that a day of reckoning lies on or just over the horizon. I believe that, because sooner or later the fundamentals in any market begin to take hold. It happened to the dot coms; it could happen again to us with the budget deficit that we are running today and the trade deficit we are running also today. It could hammer the dollar. After all, the fundamental is, simply stated, like this. When you raise the demand for credit, which is what you do when the government runs a deficit of $312 billion, $412 billion, when you raise the demand for credit, eventually you raise the price of credit. In other words, you raise interest rates. What do interest rates do when they go up? They stifle growth in the economy, long-term growth and short-term growth. They could have devastating consequences, for example, on the housing market, on the automobile market. That is a likely consequence of the policies we are running today.

For the time being, we have not felt or seen the results, the consequences, and largely that is due to the fact that this country is running large current account deficits, which means we are pumping dollars into the world economy which come back here, are recycled here by the purchase of our Treasury bonds and Treasury notes. So for now, foreigners are lending us the money to bridge our budget, which is sparing us the effect of high interest rates.

But at the same time, debt means dependence, and over the course of years if we continue this practice, we will find ourselves having undercut our independence in foreign policy which is something none of us wants. Even when foreigners buy our debt and spare us the outlay for now, we still have to pay the interest. We still have debt service. The debt service in the total budget this past year was $165 billion, $170 billion, and it is going up inexorably because we have got more debt, and interest rates are rising again. As those two factors converge, you are going to see the debt service, the interest we pay on the national debt, go up to $200 billion, $225 billion, $250 billion within the foreseeable future. This is an obligation that has to be paid. Indeed, there is no other item in the budget that is more obligatory. The United States of America has to pay its interest on its national debt or otherwise our currency and our credit would collapse. But once we pay the debt, once we pay the debt service, the effects are that priorities in the budget we could otherwise afford and fund and increase, such as medical research and scientific research and education for our children and Social Security and Medicare for the elderly become all the harder to fund because the interest has to be paid first.

This deficit problem is all the more distressing because it did not have to be. Just a few short years ago in the year 2000, the last full fiscal year of the Clinton administration, this country was running a surplus of $236 billion. It is a fact. You can look it up. Every year the Clinton administration was in office due to two budget plans we adopted, one in 1993, another in 1997, the bottom line of the budget got better and better and better.

The President came to office and inherited a deficit of $290 billion. He sent us on February 17 a deficit reduction plan that barely passed the House, a one-vote margin, barely passed the Senate, the Vice President's tie-breaking vote.

But look what happened, as this chart here shows. The deficit every year came down and down and down to the point where in the year 2000, we had a surplus, without including Social Security, a unified surplus of $236 billion. Unprecedented. This was the surplus that President Bush inherited when he came to office in the year 2001. And that is why I say this did not have to be. We did not just fall out of the sky with these enormous deficits. We did it because of policies that were adopted and passed in this House. Not by all of us. Most of us on our side of the aisle voted against them. Foreseeing this problem and knowing how difficult it had been to move the budget finally back into the black again for the first time in 30, 40 years, we did not want to see us backslide into deficit, but that is exactly what happened.

What we have seen now is that we have gone from a surplus, projected, of $5.6 trillion between 2002 and 2011. That was the 10-year projection that Mr. Bush's own economists made at the Office of Management and Budget when he took office, $5.6 trillion. We have gone from a projected surplus of $5.6

trillion to a projected deficit of $3.8 trillion over that same 10-year period of time. That is a swing of $9.4 trillion in the wrong direction. We have never seen a fiscal reversal like this, at least since the Great Depression, $9.4 trillion in the wrong direction, and much of that was policy driven.

The President says we have got to get our hands around spending, but a large part of this problem was driven by his insistence that we have unprecedentedly large tax cuts, and when the surpluses that we thought were going to obtain over that 10-year period of time appeared to be overstated substantially, by some estimates as much as 50 percent, the President charged ahead with his tax cuts. In 2002, 2003, in addition to 2001, there were substantial tax cuts, and the loss of revenues has had a big impact on the bottom line and has helped put the deficit almost intractably in the red again.

But most of the spending increases have come on the discretionary side of the budget in the appropriation bills that we adopt every year in four different accounts, four different programmatic areas, which is important to know, because all of these areas are areas where the President has sought and we have provided what he has sought in the way of additional increases in spending.

If you look at the increases in spending over and above current services, and that is the amount of money necessary to maintain the government services at their existing level, if you look at those spikes in the budget that rise above funding for current services alone, you will find the landscape for 4 years dotted by the same increases, namely, defense, homeland security, the response to 9/11, they account for 90 to 95 percent of the increases in spending.

So, while the President is saying that Congress needs to tighten spending, in truth much of the spending that has driven the budget into deficit is spending that has been called for for defense and homeland security and for the response to 9/11, called for by the President, passed by the Congress, and the fact of the matter is we are simply not paying the tab for these necessary expenses.

I am not disputing the need for this money. What I am disputing and calling attention to is the fact that we are taking the tab for defense in our time against terrorists in the Middle East and elsewhere and shoving this tab off onto our children.

That is why I often say that the deficit is a problem for the economy because eventually it will raise interest rates and stifle long-term growth, eventually it will affect the priorities in the budget because debt service is obligatory and has to be paid; and as debt service increases, other things get eclipsed and shoved aside. But the biggest problem with the deficit in my book is moral, because what we are doing is instead of paying for defense in our time, we are telling our children they have got to pay for defense in their time and our time, too, or at least the incremental cost of it.

This is the concern that we would like to address tonight, the fact that we are not facing up to the situation that confronts us and the fact that we have a budget deficit of enormous proportions and by any honest, fair, and accurate calculation or projection of what it is likely to be, it shows little signs of abating over the next 10 years, as this particular chart right here will show.

This chart shows where we believe, using Congressional Budget Office numbers, the President's budget, if implemented over the next 10 years, will take us. The budget deficit will get a bit better, as indeed it is scheduled to improve this year, probably $350 billion. Good news. The bad news is that the President in projecting the future course of the deficit, number one, is only giving us a 5-year projection; and, number two, he has left out some significant costs, such as the cost of maintaining troops in Afghanistan and Iraq after the year 2005, such as the cost of fixing Social Security, such as the cost of repairing something we call the alternative minimum tax, which actually raises tax revenues above the level that would otherwise exist if people were not required to pay this alternative minimum tax. It will soon, by 2010, affect 30 million tax filers as opposed to 4 million this year.

I do not think politically that is likely to happen, and if you fix it to avert that problem, the problem of having the alternative minimum tax apply to middle-income families, for whom it was never intended, then you get a result here of a deficit, 10 years from now, equal to $621 billion. No improvement; and indeed after a few years of slight moderation, a worsening deficit every year to the point where at the end of our 10-year time frame, it is up to $621 billion.

Let me just wrap up this introductory presentation of what concerns us about the budget by showing you sort of the back-of-an-envelope, the easiest way I know to explain what I think is an out-of-control situation. Back in 2001 when the Bush administration was pushing its tax cuts, they came to us and they said, The future looks so rosy that you can pass these tax cuts, you can pass these defense increases, you can pass our budget, and we won't be back to ask you to increase the debt ceiling of the United States, a legal limit beyond which we cannot borrow. We won't be back until 2008, 2010.

Well, the Republicans in the House and the Republicans in the Senate passed the President's budget pretty much as he requested, with a few moderations. The next year they were back, hat in hand. 2002, notwithstanding what they told us the previous year, they needed an increase in the debt ceiling of the United States of $450 billion. The following year, 2003, they were back again. This time they wanted a phenomenal increase in the debt ceiling of the United States, $984 billion, an increase in 1 year of $984 billion. How much is that? That amount is equal to the entire debt of the United States the year that Ronald Reagan took office. It is a bit more than that, as a matter of fact. The following year, having obtained a $984 billion increase on May 26, 2003, the following September, 2004, Secretary Snow was back saying, I need $800 billion more.

□ 1830

They ran through $984 billion of debt ceiling in 1 fiscal year and came back hat in hand and asked for $800 billion more, which the Congress passed in late November of last year. And then when the budget resolution was brought to the floor this year, the Republican budget resolution, when it passed the House and passed the Senate, buried in it was a provision that called for another increase in the debt ceiling of $781 billion.

This is a budget which they claim will eventually move us to halving the deficit over 5 years. At the same time they make that claim, they bury in that budget a request provision that Congress increase the debt ceiling by $781 billion. Add those together, 4 fiscal years, we get an increase in the deficit, an increase in the national debt of $3.015 trillion. That is just phenomenal.

There it is on the back of an envelope. It sums up the fiscal course and policy of this administration as succinctly as anything we can present: $3 trillion of additional debt-borrowing capacity, which will basically all be used up by the end of this fiscal year, and they will be back again asking for more.

So this is what concerns us. We frankly do not think the country can continue on this course. And that is why we are here tonight to talk about a problem that we think should be a front-burner problem for both parties, both Houses, both executive branch and the Congress. It needs more attention than it is now receiving.

Mr. Speaker, I yield to the gentleman from Maine.

Mr. ALLEN. Mr. Speaker, I thank the gentleman for organizing this event to talk about the Federal deficit and the Federal debt. And the chart he has up there is really significant.

What our Republican friends are doing, if we look at what they do and not what they say, they have decided that the most important thing in this country is to increase payments for interest on the national debt. It makes no sense, but that is what they are doing. And let me give a couple of numbers. In 2004, the Federal Government paid $160 billion for net interest on the Federal debt held by public investors. By 2010, we will be spending about $312 billion, almost double the $160 billion that we spent last year.

So it is pretty clear when we look at the chart in front of us here today that over the next 6 years education spending will not go up much at all, environmental spending will be about the same, spending on veterans benefits will go up slightly; but there is an explosion in interest on the national debt. So the Republicans in this House are basically saying we are not spending enough on interest on the national debt. The trouble with that is that it is of virtually no use, virtually no use to any of us.

Think about the contrast between fiscal year 2005, which we are in, and fiscal year 2006, the coming year. There is an increase in spending on interest on the national debt of $36 billion. That is with a ''B.'' Thirty-six billion dollars, that is what we will spend on interest in the national debt next year more than we have spent this year.

And then let us look at what we are doing. This year how much is the increase that the Department of Education is getting from Labor, Health and Human Services, and Education bill? $118 million. That is the increase in the bill, a tiny increase. Far less than 1 percent. $36 billion more this coming year for interest on the national debt, $118 million more for education. Those priorities are completely out of whack.

Mr. SPRATT. Mr. Speaker, reclaiming my time, the chart we have here shows graphically exactly what the gentleman is saying, namely, interest just a bit over $150 billion in 2004, the last fiscal year; but by 2010 if the Bush policies are completely implemented over the next 6 years, look what happens to debt service. That big rising red spike goes from $150 billion to over $300 billion, and it eclipses everything else in the budget.

Mr. ALLEN. Mr. Speaker, will the gentleman yield further?

Mr. SPRATT. I yield to the gentleman from Maine.

Mr. ALLEN. Mr. Speaker, just one more point here. I think we have a moral obligation to our children that can be easily summarized: number one, protect them from harm. And that is what governments at all levels do, try to do, and that is what a lot of social service agencies try to do, protect our children from harm.

Number two, we need to give them a healthy start in life. We have to provide them with quality health care. Number three, we have to create opportunity for them, and that means investing in education, giving them a chance to succeed in life.

So as I said before, $36 billion more is what the Republicans in the House want to spend on interest on the national debt. But they are cutting the Maternal and Child Health block grant by $24 million, or 3 percent. They are failing to raise the maximum Pell grant by even $100. They are doing that by only $50. The bill is making a 5 percent cut in the Healthy Start Initiative, which makes targeted grants to improve prenatal and infant care in areas with high infant mortality rates.

So in those areas with high infant mortality rates, we are just saying we are going to take money away from those parents and their kids. We are going to take it away because we have to pay interest on the national debt. They are freezing money for the child care block grant at last year's level. They are freezing after-school health care funds. It goes on and on. It is just an abomination.

To do what we are doing in this budget to our children, cutting their health care funds, decreasing opportunity, simply so we can pay for tax cuts and a war in Iraq is beyond belief, and we need to reverse it.

I want to thank the gentleman for yielding to me. I want to thank the gentleman from Virginia for letting me go at this moment in the proceeding. And I am very grateful for all the work the gentleman from South Carolina is doing.

Mr. SPRATT. Mr. Speaker, I thank the gentleman from Maine for his comments.

Mr. Speaker, I now yield to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. Mr. Speaker, I thank the gentleman for yielding to me.

I just want to point out some of the things that he did not mention in his presentation, and using this same chart. Could he explain what PAYGO means?

Mr. SPRATT. Mr. Speaker, PAYGO is shorthand for a rule we adopted in 1991 and helped us achieve the phenomenal fiscal results I just showed the Members, where every year from 1993 to the year 2000, we had a better bottom line and a surplus of $236 billion in the year 2000. PAYGO simply provides that if we want to have a tax cut when we have got a deficit, it has to be deficit neutral. That is to say the tax cut must be offset by a tax increase somewhere else within the Tax Code, or we must go to an entitlement program, which is permanent spending, and cut it enough to offset the loss of revenues. By the same token, if we want to increase or improve a new entitlement, we have to identify a revenue stream or other entitlement cuts to pay for it. It has to be, bottom line, deficit neutral.

Mr. SCOTT of Virginia. And if the gentleman will continue to yield, as a result of that fiscal responsibility and the tough votes that we cast, we were able to eliminate the deficit and go into surplus, a $236 billion surplus.

What we are looking at now is it does not get any better. After we have gotten back into the ditch, it does not get any better.

Could the gentleman explain what this blue line up here is?

Mr. SPRATT. Reclaiming my time, Mr. Speaker, the blue line, believe it or not, is the path the Bush administration plotted when it was trying to sell its initial budget, its tax cuts, its defense increases, to the Congress of the United States. They said even with these policies, this is the budget we foresee. This is the bottom line that we foresee between 2005 and 2011.

Mr. SCOTT of Virginia. And, Mr. Speaker, just a few years later, look at where we are. The President, down in the ditch where we are now, has promised to reduce the deficit 50 percent. First of all, how modest a goal is that from someone who inherited a $5 trillion surplus to say that he is going to clean up half the mess that he has caused? Is that a realistic goal? Is that a fair goal to be judged by?

Mr. SPRATT. Mr. Speaker, reclaiming my time, I do not think, given his budget policies, it is a realistic statement of what is likely to happen. One can call it a goal if they will, but I do not think it is a goal that is likely to be achieved under the policies that are now being furthered by this administration.

Mr. SCOTT of Virginia. Mr. Speaker, in other words, what the gentleman is saying is that he started with a surplus; he is now in a deficit, only promises to eliminate half the deficit; and he probably will not even be able to do that.

Mr. SPRATT. Reclaiming my time, Mr. Speaker, the gentleman is holding a chart there that indicates the likely path that we think the budget will follow if we factor everything into it that is politically realistic: a fix in Social Security, a fix to the alternative minimum tax, and some reasonable provision for maintaining troops in Afghanistan and Iraq after 2005.

Mr. SCOTT of Virginia. Mr. Speaker, if the gentleman will continue to yield, if we run up deficits, we have to pay interest on the national debt. And we had a $5 trillion surplus projected. Now we have over $3 trillion in deficits. The interest that we are going to pay goes up. By 2010, according to this chart, where the interest we were going to pay was going down and the interest we have got to pay is going up, by 2010 the increase in interest is over $230 billion, and that is $230 billion that we are going to have to pay for interest on the national debt going down the drain that we are not going to be able to spend on public broadcasting; NASA Langley Research, in my area, aeronautics research.

We are closing bases. We are only going to save a few billion dollars in base closings, certainly not $230 billion that we are going to have to spend in interest payments. We are closing bases, and the highest estimate I have seen over the course of time is about $40 billion that we may save. $230 billion and growing interest on the national debt. We are cutting back on ship building. We do not have the ship building budget that we ought to have. Cops on the beat being cut. Education programs, Pell grants. Ask somebody who is going to college how much tuition went up: 5, 10, 15 percent. Pell grants are going up 1 percent under this budget.

And it is getting worse before it gets better because, as we look at the interest on the national debt that we are going to be paying going on and the cost of these tax cuts exploding, the gentleman indicated that we only had a 5-year budget, and when we look at the cost of the tax cuts after 5 years, we can see why they did not want to reveal a 10-year budget. But this shows the exploding cost of the tax cuts going out to 2015.

What it does not show is the Social Security trust fund changing from a surplus, going into a deficit in 2018. That is when we have to be best prepared financially to be able to withstand the difference in the $100 billion surplus we are getting out of Social Security going into a growing deficit. And we are going into that change in our worst possible fiscal situation.

Finally, when we put all these tax cut proposals into perspective, we see that the cost of making the tax cuts permanent, about $12 billion is a lot more than the Social Security shortfall. In fact, the tax cuts for the top 1 percent is almost enough to cover the entire Social Security shortfall. So we cannot separate the tax cut policy from the spending priorities that we are going to have to address.

When we talk about public broadcasting, education, ship building, base closings, aeronautics research in my area, cops on the beat, education, this budget includes requirements to cut school lunches and student loans because we are funding tax cuts for the wealthy. There is even one tax cut that is going into effect in the next couple of years, the PEP and Pease, Personal Exemption Phase-out, and the Pease tax, which the President wants to repeal, that is about $10 billion a year when the President finally gets his way to repeal those provisions.

$10 billion a year and 97 percent of that money goes to those making $200,000 or more. Almost half of it goes to about the top one-fifth of 1 percent. Those making $1 million or more, about half of the benefit of that goes to that group, and we are cutting taxes approximately $10 billion a year when it is fully phased in and at the same time cutting school lunches and student loans. How moral a decision is that to make?

So I would thank the gentleman for his answers. And also we have a chart up here saying what the promises were as we went along, as we went into skyrocketing deficits. We were first told that we could do tax cuts without budget deficits and then the next year our budget will run a little deficit, but it will be short term, then our current deficit is not large; and now he is promising maybe to clean up half of it.

When we run up that kind of debt, and the gentleman has a chart right at his feet, who owns the debt and what is the pattern there? Could the gentleman explain that chart?

Mr. SPRATT. Mr. Speaker, reclaiming my time, I said earlier that one reason we do not have the sort of moral outrage in the country about the deficit, that people are concerned about it but they do not quite feel and see it, this is the reason why.

□ 1845

Foreigners have been buying our debt in copious quantities, relieving us of, for now, the outlay that we would have to make, digging out of our own capital and our own savings, they are picking it up, for now. But what this means is that over time, debt means dependence, and we are incurring dependence to our debtors, and this has happened increasingly since the year 2000.

In the year 2000, foreigners held 30 percent of our Federal debt. Today, at least at the end of the last fiscal year, that had risen by 50 percent, almost 50 percent, or 44 percent; almost half of our debt is held today by foreigners, and that is a matter of some concern. It has to be one of the reasons that we do not need to be running persistent, perennial, huge deficits.

Mr. SCOTT of Virginia. Mr. Speaker, I want to thank the gentleman for his leadership. Just one final question. We have complained about how bad a situation we have gotten into, how much work we did to eliminate the deficit, running into surplus. Does the gentleman from South Carolina have a plan to get us back on track?

Mr. SPRATT. We did. We offered it on the House floor this past budget season, and we will put it up again. As my colleagues will see, it involves foregoing some of the tax cuts that the Bush administration has pushed through Congress, primarily for the reason that the projections upon which those tax cuts were based have not been obtained, they have not come about, they are a fraction of what was forecasted and expected.

So, we have to adjust our budget, our taxes, back to fiscal reality. If we do that, by the year 2010, 2012, we are back in the black again. But it is a big decision. It is a big decision. It can be done, and that was one of the purposes of our budget presentation, was to show that it can be done. We can argue about how to do it, but it is certainly feasible.

Mr. SCOTT of Virginia. I thank the gentleman.

Mr. SPRATT. Mr. Speaker, I thank the gentleman from Virginia, and I now yield to the gentleman from Kansas (Mr. MOORE).

Mr. MOORE of Kansas. Mr. Speaker, I thank the gentleman for having this Special Order and for giving us an opportunity to talk to the American people about what is happening in our country.

Mr. Speaker, on February 17, 2004, the national debt of the United States of America exceeded $7 trillion for the first time in our Nation's history. Sixteen months later, our national debt now stands at $7.8 trillion. In that time, our country has added $800 billion to our national debt, which I believe is unconscionable.

Two months ago, this House approved an increase of $781 billion in the statutory debt limit, raising that figure to a record $9 trillion.

Mr. Speaker, enough.

The out-of-control rise in the national debt over the last year and the rise in our debt demonstrated in the fiscal year 06 budget resolution conference reports are further signs of the dangerous position I think in which we find our country and our future. In 2001, this country had 10-year projected surpluses of $5.6 trillion, and now we have likely 10-year deficits of, deficits instead of surpluses, of $3.8 trillion. That is a $9.4 trillion reversal.

Whether intentional or otherwise, our country's current fiscal policies are depriving the Federal Government of future revenues at a time when unprecedented numbers of people are going to start to retire, the baby boomers, and that is going to put a tremendous strain, a tremendous strain on our country and our ability to pay for Social Security and Medicare.

Our current fiscal irresponsibility is going to land squarely on the shoulders of our children.

Mr. Speaker, we talk so much here in Washington, D.C. and in Congress about values, and I say to my colleagues, putting our children deeper and deeper and deeper in debt is not a family value. My dad taught me when I was a little kid that you should live within your means, live within a budget, and do not spend more money than you have, and I think that truly is a value that we should teach our children. It is truly a value that we should follow here in Congress for our country. Because if we put our country and our children and grandchildren in a hole so deep we will never be able to climb out, we will not have done them any favors, and I think we will have committed an immoral act on them.

A true measure of values is not always what people say; it is where people decide they are going to spend their money. Congress is all about setting priorities, and part of the priorities, if we decide the priorities in this country are going to be more tax cuts, the permanent elimination of the estate tax is going to cost $280 billion over 10 years, as opposed to raising the credit to $3.5 billion, or $3.5 million, which is only going to cost $80 billion over 10 years; $80 billion versus $280 billion over 10 years. If we decide that is what is important, then we are going to have to make cuts in other domestic spending, such as children nutrition programs or not funding No Child Left Behind, which we shortchanged $9 billion the first year it was implemented, and other important domestic programs.

I think values need to be discussed in real terms and we need to understand that again, a true measure of values is where we decide we are going to spend our money. If tax cuts are the most important thing for us, then that is the way it is going to be. But if we decide other things are important to us, children's nutrition programs, education, and all the other domestic programs, then we need to make those decisions.

I thank the gentleman for providing the time this evening.

Mr. SPRATT. Mr. Speaker, I recognize the gentleman and yield to the gentleman from Tennessee (Mr. COOPER).

Mr. COOPER. Mr. Speaker, I thank the gentleman from South Carolina for yielding. I want to take a little bit different tack, because I think our audience has heard a blizzard of numbers and sometimes it is hard to take in all that data at one time.

This chart shows right here a few dates on our calendar. One date is the year 2004, last year. Most Americans got through that year all right, and they do not realize the fiscal gravity of our situation. Do not take my word for it. Our Nation's top accountant said that the year 2004 was ''arguably the worst year in our fiscal history.''

That says a lot. That is a big statement. That includes the Great Depression, that includes all the world wars, the Civil War. How on earth could 2004 have been ''arguably the worse year in our fiscal history?'' Because in that one year, Congress promised $13 trillion worth of future spending that is completely unpaid for. Never in American history has Congress been that irresponsible, and that is why our Nation's top accountant made that declaration about 2004.

We will look at some future years. The debt that we are running up that our colleagues have explained so well is going to cost us so much in interest, that by about the last year of the Bush administration, we will be spending more money on interest payments to our Nation's creditors than we will be on regular domestic government in America. In a sense, it will be a better deal to be a creditor of this country than to be a citizen of this country, because the creditors will be getting more money than we will be, if we look at regular, nondefense, discretionary spending.

Let us look at another key date in our future. This was in the Wall Street Journal. At the rate that foreigners are lending us money, buying our debt, by February 9, 2012, the Chinese will have bought the last bond from a U.S. citizen, and then they will own all of our foreign debt. Their pace of buying our debt, of loaning us money, of getting us dependent on their credit is so ravenous that just a few short years from now, they will own all the foreign debt, if current trends continue.

Look at another key date. By the year 2017, that will be the first honest picture of the deficit in American history, because today the true size of the deficit is being disguised by the Social Security surplus. Last year, people like to say the deficit was $412 billion. Well, the true deficit was $567 billion, because $155 billion of Social Security surplus was used to disguise the true size of the deficit. We owe that money to Social Security recipients. That is one of the most solemn obligations our country has ever made, and yet people never mention the true size of the deficit. Well, by 2017 there will not be a surplus anymore, and then the true deficit will be revealed.

Look at the year 2035. A reputable group, Standard & Poor's, they rate all of the debt in corporate America, all the debt in the world. They are predicting that the U.S. Treasury bond by that year will achieve junk bond status. If that is not a dire warning, I do not know what is, because the U.S. Treasury obligation is the soundest obligation on this Earth. We have always paid our debts as a Nation. That is the gold standard of bonds. But here is Standard & Poor's, the most reputable private sector debt-rating organization, saying that if current trends continue, our bonds will be junk bond status.

Look at the final date on here. I think it is 2040. That is when, again, our Nation's top accountant says that it will take all revenues collected by the Federal Government to do one thing; every penny collected from Federal income tax, Federal corporate tax, all the other taxes to do one thing. What? Service the debt, pay our creditors. Interest alone. There will not be one red cent left for any national defense, for any Social Security, for any Medicare, for any anything. That is not my prediction; that is our Nation's top accountant.

That is the sort of fiscal hole that these numbers that my colleagues have revealed are leading us into. This is a problem. This is a true crisis. I have called this the ''road to ruin.'' That is what it is. We have to change course.

Let me show my colleagues this. A lot of folks say, well, 9/11 did all this. What people do not realize is the Cato Institute revealed in a recent study that President George W. Bush and the Republican Congress are the biggest domestic spenders, nondefense spending, since Lyndon Baines Johnson. The title of the report is called ''The Grand Old Spending Party: How the Republicans Became the Party of Big Government,'' and this graph shows it. One might think that some previous Democratic Presidents were big spenders, but look at this: Carter and Clinton, they are down toward the bottom. Lyndon Johnson did try to give us a guns-and-butter budget, but only President George W. Bush has approached him in terms of growth of domestic spending. These are the true numbers; this is what the American people need to focus on. We have a dire deficit situation, and we need action.

So I appreciate the gentleman, my good friend from South Carolina, holding this Special Order. It is very important that all the business people of America, all the citizens of America, wake up and take notice of this situation, because they are not seeing it on regular television, they are not hearing the truth, they need to focus on reality.

Mr. SPRATT. Mr. Speaker, I thank the gentleman from Tennessee.

I now yield to the gentleman from North Carolina (Mr. PRICE).

Mr. PRICE of North Carolina. Mr. Speaker, I thank the gentleman for yielding, and I thank him also for taking out this Special Order so that a group of our colleagues can speak with our constituents and speak with the American people about the budget situation that we face. And I think the previous presentations have left little doubt that it is a budget in crisis, it is a budget in moral crisis in terms of the priorities that this Nation needs to be addressing. It is also a budget in fiscal crisis, taking us over the cliff.

One might find that easier to take if, as the reward for our efforts, so to speak, we were getting adequate funding for major priorities, or if we were getting a good stimulus for the economy, but it actually seems we are getting the worst of both worlds. We are going over the cliff fiscally and we are not getting these other benefits.

So the American people are asking, where is this economic stimulus? Where is this support for what our communities need to grow and prosper and widen opportunity? I am afraid the answer is a lot of this money is down the rat hole, so to speak, in terms of the budget deficit, the growing debt; a lot of red ink, but not very much to show for it.

Our colleague, the gentleman from Maine (Mr. ALLEN) was saying earlier that there is a familiar refrain these days about there is just not enough money to do this and that, and I can vouch for that as a member of the Committee on Appropriations. I think there is probably no refrain that we hear more often, and we hear it on bill after bill after bill, that we would like to have more adequate funding for cancer research and heart disease research and the work of the Institutes of Health; we would like to build more highways, because we know this creates jobs and because we know it is a boost to the economy; we would like to do right by Medicaid because we know that millions of people are probably going to have their medicaid benefits cut or leave the rolls altogether, and that adds to the number of uninsured, the number of people who are not getting good health care.

Sometimes our colleagues say, well, we would like to improve the military quality of life. We know that we are actually spending less than we did before the Iraq war on base housing and on some of the provisions for our military families that do determine their quality of life.

Sometimes it is said, we would like to do more for first responders here, too. We are doing less for our first responders than we did before 9/11. And by first responders, we mean the people on the front lines every day protecting our communities, policemen, firefighters, emergency medical personnel, but there just is not enough money.

□ 1900

Sometimes we hear not enough money for after-school programs or other educational programs designed to close the achievement gap and to help communities meet this challenge of No Child Left Behind.

After all, No Child Left Behind was not just supposed to be a program for labeling classes failing. No Child Left Behind was supposed to be a way of diagnosing problems that needed addressing and then having some resources to address those needs. But we hear there is just not enough resources.

This very day, marking up the transportation bill in the Appropriations Committee, we heard there is just not enough money for Amtrak, not enough money to maintain rail passenger service in this country. We heard there is just not enough for community development block grants for the infrastructure and the rehabilitation of housing, to make our neighborhoods viable, and on and on and on. We just do not have enough money, we hear.

And, Mr. Speaker, I say this as a Member who does not believe any program, domestic or foreign, should have a blank check. Of course, we need to economize, and of course we need to be responsible with public funds. But I also believe that we need to be honest about where the problem is coming from in the Republican budget. And the problem is not mainly coming from domestic discretionary spending. And the ranking member of the Budget Committee has made this very, very clear. And we need to underscore it here tonight.

Our friends over at the Center For Budget and Policy Priorities asked an interesting question a while back. They said, where did that $9.5 trillion fiscal reversal come from, going from $5.5 trillion in projected surpluses over the next 10 years at the beginning of the Bush administration? What is now, Mr. Ranking Member, the projected addition to the national debt?

Mr. SPRATT. We say we have gone from a projected surplus between 2002 and 2011 of $5.6 trillion to a cumulative deficit, over the same time period, of $3.8 trillion. That is your $9.4 trillion.

Mr. PRICE of North Carolina. That is the $9.4 trillion reversal. And the analysts asked, Where did that money go? The largest chunk of it went to President Bush's tax cuts, which mainly benefit the wealthiest people in this country. A significant chunk of it went to defense and security spending after 9/11.

And of course in many ways we have had agreement that that spending needs to increase, but it is not the bulk of the increase we are talking about. It is not the bulk of the fiscal reversal that we are talking about.

The poor economy produced some of that. So there are many reasons for this. The tax cuts are the main reason. But the one thing that does not figure prominently in the fiscal reversal is domestic discretionary spending. That has not been all that much above projected levels.

So the strategy of the administration and the strategy of the Republican leadership here in the House to pretend that we are going broke in this country because of these domestic investments, who can believe that? Who can believe we are going too broke because we are doing too much cancer research or because we are building too many highways?

The chart here pretty well tells the story. The Republican tax agenda worsens the deficit by $2 trillion. And the gentleman can confirm, we are talking about $1.4 trillion over the next 10 years and a worsened deficit situation because of the Bush tax cuts. And then if we take account of the alternative minimum tax and fix that, then that is another $600 billion.

So something like $2 trillion that the Republican tax agenda is going to cost us in the next 10 years is what that chart says to me. And then we have the next chart.

Mr. SPRATT. Yes, sir

Mr. PRICE of North Carolina. Then the next chart shows that the story is worse than that, because the Bush budget omits a number of 10-year costs. The repairing of the AMT I have already mentioned, over $600 billion. The cost of social security privatization, $750 billion.

The realistic estimate of war costs, beyond what we are appropriating this year, almost $400 billion. Paying interest on all of this accumulated debt, $267 billion; that is another $2 trillion. Where is it going to end?

This is a deeper and deeper hole that we are digging, and very little of it has to do with domestic discretionary spending. But the main victims are these domestic investments that we are seeing every day on the Appropriations Committee squeezed mercilessly, and squeezed in a way that really do shut off growth and opportunity for our people.

Just think what we could do with the interest alone on this growing debt. This chart shows how interest payments are dwarfing appropriations for other priorities. The red bar is interest. The blue is education spending. The brown is environmental spending. The dark bar is veterans spending. And then you look ahead to 2010, you see the disparity is even more.

That is money down the rat hole, money that anyone in our hearing tonight could think of better public and private uses for that money that we are paying mainly to foreign purchasers of our national debt.

But that is where the money is going. It would be more than enough, of course, to fix the Social Security problem totally. And it is, in the meantime, preempting so much that this country needs to be doing to ensure expanding opportunity for all.

So I thank the gentleman from South Carolina (Mr. SPRATT) for the Special Order tonight, for the presentations, which I think have underscored quite clearly the deficit situation that we are facing, the accumulating debt, and what we are paying for that, the kind of opportunities lost because of this fiscal excess.

Mr. SPRATT. I thank the gentleman for his insights into this very critical problem. And I yield again to the gentleman from Virginia (Mr. SCOTT.)

Mr. SCOTT of Virginia. Well, I would just ask the gentleman, we have outlined what some would think would be quite a crisis. If you look at this chart, something happened in 2001: we passed all of those tax cuts. I would just ask the gentleman from South Carolina (Mr. SPRATT) if this administration or the majority in Congress has ever expressed any acknowledgment that there is a problem.

Mr. SPRATT. Well, the administration avows its aversion to debt. And yet it keeps tacking debt on top of debt. The deficit in the year 2003 of $378 billion, a record. A deficit the next year of $412 billion, another record. A deficit this year of $350 billion. And they claim to be cutting it in half, but it does not appear that way if you accurately project it.

And then the Bush administration begins it second term with this policy initiative, the first that the President brought forth, namely, to privatize Social Security. In order to privatize Social Security, the Bush administration would allow workers today to take up to a third of their payroll taxes, take them out of the Social Security trust fund account where they accumulate to a surplus, and put them instead into private accounts.

That means a diversion of well over $3 trillion over the next 10 years, or the first 10 years during which that program would be implemented. And here is a depiction in bar graphs of how much additional debt would be stacked on top of the enormous mountain of debt already accumulated if privatization took place as the President proposed it. As you can see by the year 2025, 2028, we would have racked up $4.9 trillion in additional debt on top of even more debt incurred in the ordinary budget of the United States.

So the Bush administration claims that it does not like debt any more than anyone else, but its policies contradict that claim; and the Social Security proposal coming on top of an already out-of-control deficit-ridden budget just leaves one incredulous as to what they say about their fiscal policy.

Mr. SCOTT of Virginia. So in other words, they have not only failed to acknowledge a problem, they are actually, with their policies, making the problem worse?

Mr. SPRATT. This would clearly make the problem worse, probably 100 percent worse over this 20-year period of time

Mr. SCOTT of Virginia. Now, if you did not acknowledge that there is a problem, how likely is it that you will take the very difficult, make the very difficult decisions that we had to make in 1993?

Mr. SPRATT. What we have seen in the 1980s and 1990s in coming to grips with the budget deficit, a compelling problem that nevertheless eluded a solution for years, is that unless the administration, the President and the leadership of the Congress, is focused upon this problem and there is a driving priority, it simply will not be resolved.

And that is the problem we have today. When we finally put the budget to bed, the deficit to bed, got rid of the remaining deficit in 1997, it was because President Clinton had not only made that his number one priority for his second term, but he put his first team on the field.

Every time we met for negotiations, Frank Raines was there, Bob Ruben was there, Erskine Bowles was there, everyone in the room had the President's proxy and could speak for him; and the participants, the budget principals, knew that the administration was pushing hard.

Unless everybody pulls hard in that same direction, there are too many otherwise outside forces that stray you off course. So you have got to have leadership to get this done. And we do not have that leadership.

Mr. PRICE of North Carolina. What you are saying about leadership, I think, really is important, because it is pretty easy to get cynical about Congress and the budget process over the 1980s and the 1990s as so often action was pretty ineffectual. But there were three times, were there not, when Congress rose to the occasion: once in 1990, on a bipartisan basis when the first President Bush joined with the Democratic congressional leadership and concluded a significant budget agreement; in 1993, with Democratic heavy lifting alone, an agreement that was actually rather similar to 1990 and moved the ball further; and then the 1997 agreement led by President Clinton, but with some bipartisan support.

Looking back to that 1990 agreement, which I think most of us remember as a difficult time, but a very positive achievement, is there any prospect that this present administration or this present congressional leadership has any inclination to undertake this sort of tack?

Mr. SPRATT. Well, if the gentleman will recall, in the late 1980s, we came to this conclusion that we had to have Presidential leadership as well as congressional leadership solidly behind us. And so we sponsored resolutions several years in a row which called for a budget summit.

We finally passed such a resolution, convened a summit, they met at Andrews Air Force Base something like 60 different days, and once again they succeeded. They capped discretionary spending; they devised the PAYGO rule. They reduced entitlements, rates of growth, did all of the things you needed to do.

The results were obscured by the fact that we had a recession. But the Clinton administration built upon the successes and upon the processes of the Bush administration, the Bush budget that moved us from a $290 billion deficit, to a $236 billion surplus. That was built on that foundation.

Mr. PRICE of North Carolina. If you fast forward to the present, as the gentleman from Virginia (Mr. SCOTT) was suggesting, the budget situation is actually worse; the objective budget situation is actually worse now than what we faced in 1990.

This President Bush, unlike the first President Bush, does not seem inclined to even agree there is a problem. And the congressional leadership is totally disinclined to take this up. So it strikes me as a very dangerous kind of complacency that really, I guess, bespeaks a deterioration of the budget process, but also of leadership to use the budget process to get our fiscal house in order

Mr. SPRATT. Well, the chart that the gentleman from Virginia (Mr. SCOTT) is holding tells an awful lot. Every year during the Clinton administration, due to those three budget agreements, which the gentleman just described, the bottom line of the budget got better and better to the point where we finally had the budget in surplus for the first time in 30 years.

Every year since the Bush administration came to office in 2001, the bottom line has gotten worse to the point where today we have record deficits, three in a row, record deficits: 378 last year, 412 in the year 2004, it looks like 350 this year. There have been changes made in the margins, but nothing as dramatic and emphatic as what we did in 1993 and 1997, and that is why you do not see any real results of any substance on the bottom line.

Mr. SCOTT of Virginia. In 1994, there was a change in leadership in Congress. What happened in 1995?

Mr. SPRATT. In 1995?

Mr. SCOTT of Virginia. When the Congress passed budgets that included massive tax cuts, what happened to those budgets?

Mr. SPRATT. Well, in 1995 and in 1996 we had better and better bottom lines because we had a PAYGO rule, and we had discretionary spending caps.

Mr. SCOTT of Virginia. But did President Clinton, when he looked at those irresponsible budgets, not have to veto those budgets, showing Presidential leadership?

□ 1915

Mr. SPRATT. He did indeed. And then we had a point where we could not come to a conclusion on the budget. As a consequence, the whole government was shut down and President Clinton, upon being reelected said, I do not want to go through that again. I would like to see the budget principals get together with the White House budget principals and try to negotiate a deal earlier in the fiscal year, as opposed to near the end of the fiscal year with our backs against the wall.

Mr. SCOTT of Virginia. But the Presidential leadership would not allow an irresponsible budget to become law?

Mr. SPRATT. Absolutely not. And then took the situation by the scruff of the neck the next year and saw to it that we finally brought it to a successful resolution, a phenomenal resolution: a surplus of $236 billion in the year 2000.

On that high point, since we are just about out of time, let me thank the gentleman from Virginia (Mr. SCOTT), the gentleman from North Carolina (Mr. PRICE) and the others who participated, about a subject that is of great concern to all of us. We all have this feeling that the day of reckoning awaits us, and we would like to see this done consensually, with good policy.

REPUBLICAN AGENDA

The SPEAKER pro tempore (Mr. MCHENRY). Under the Speaker's announced policy of January 7, 2003, the gentlewoman from Tennessee (Mrs. BLACKBURN) is recognized for 60 minutes as the designee of the majority leader.

Mrs. BLACKBURN. Mr. Speaker, I am pleased to be here with some of my colleagues this evening, and we have a great agenda. We are going to talk about the agenda that we have had for this session of the 109th Congress and some of the positive accomplishments that we have made. But before I start on that, I do want to make a couple of comments, Mr. Speaker, regarding my colleagues across the aisle and some of the things that they have had to say.

They are so very concerned about the budget and how the budget works and about spending. Mr. Speaker, I just have to say it is interesting for me to hear them. Some of them are talking about how we cannot have tax relief that grows the economy because we would be doing away with needed programs. And then we hear that we are not growing the economy enough. And the interesting thing is you cannot have it both ways. You cannot have it both ways. You know, you have to set a course and you have to move forward on that course, and that is what this leadership has done.

We know that it is the people's money that we are here to be good stewards of. And it was so interesting, one of my colleagues just said, tax cuts are going to cost us. Tax cuts are going to cost us. Well, you know what, every time we pass a bill that spends another dollar, it is costing everybody that is paying taxes. When we reduce taxes, we give money back to the people that earn that money, the taxpayers. We leave that money in home communities. We leave that money where it belongs, with families.

Right now in this great Nation of ours, taxes are the biggest part of any family budget. We will set about on a course, the leadership in this Congress