

better than a U.S.-launched war guaranteed to engender massive slaughter and spread terrorism?"

Throughout these remarks, I have said not one word critical of the President or any of his advisors or anyone on the other side of this issue.

I especially have not and will not criticize the fine men and women in our Nation's armed forces. They are simply following orders and attempting to serve this country in an honorable way.

Conservatives are generally not the types who participate in street demonstrations, especially ones led by people who say mean-spirited things about our President. But I do sincerely believe the true conservative position, the traditional conservative position is against this war.

FOUR KEYS TO CONTEXTUALIZE THE BUSH BUDGET

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

Mr. BAIRD. Mr. Speaker, it is time for this body and for our President to level with the people of the United States of America. Just a couple of years ago when people ran for office, we were all talking about the Social Security and Medicare lockbox. We need to be honest with the American people and say that that lockbox has been opened up. It has been turned upside down and every penny's been shaken out of it.

When we hear talk these days about the budget deficits, those deficits are masked and artificially lowered because we are unfortunately, once again, borrowing from Social Security and Medicare.

My colleagues will hear various talks about what the deficit is. Often times they will hear that the unified deficit is, let us say, for example, \$304 billion for next year or \$307 billion for the following year. The only way we arrive at those figures, which are admittedly very substantial, is by borrowing from Social Security and Medicare.

Were it not for that borrowing, what would the real deficits be? The real deficits for next year or for this year would be \$468 billion. For next year, they would be \$482 billion; and that is without budgeting for the cost of occupation of Iraq, nor is it for budgeting for the cost of fixing the alternative minimum tax, which this body should do.

We need to be honest. We cannot run for office 1 year and say we are going to establish a lockbox and the next year pretend that we have not opened it as we have.

Our friends on the other side are going to try to say that it is not so much deficits that matter. These, by the way, are the folks who have previously talked about a balanced budget amendment in which I think we need to balance the budget. They will say it is not deficits. It is deficits as a percentage of GDP.

The trouble with that is our own Treasury Secretary Mr. John Snow in 1995 said, and here is the quote, that a credible sustained reduction in Federal deficits will bring about major economic benefits. He was right, and he suggested that if the government spends less and borrows less from investors to cover the climbing deficits, more capital will be available for investment in the private sector of the economy. Inflationary pressure would ease and interest rates would respond by declining as much as 2 percentage points.

Today, Mr. Snow and many of his colleagues are saying it is a matter of deficits as a percentage of GDP; but when he said this in 1995, the budget deficits at that time were about where they are now as a percentage of GDP. In other words, deficits mattered in 1995. Deficits matter in the year 2003, and deficits are going to matter in the year 2013 when our kids have to pay off the debt we are creating today, and those kids are going to have to pay the debt tax.

We have heard a lot about the debt tax. The death tax is the tax on estates that are passed on to people, and it affects about two percent of the population. The debt tax, D-E-B-T, debt tax affects every member of this population from the day they are born. It is over \$4,000 a year for an average family of four and it is rising.

We need to return to fiscal responsibility. That was a concept once embraced by conservatives. I still believe it is a conservative concept. Unfortunately, it is not a concept that is shared by many erstwhile conservatives.

So what is the take-home message? The take-home message is if we are going to put Social Security and Medicare in a lockbox, we should do so and we should be honest with the American people.

Let us look again at what the deficit really is. The projection for 2004 is \$482 billion.

One final note. People will say we could solve the problem of deficits if only the Democrats or the Congress would hold down spending. There is some truth to that, but the combined nondefense discretionary spending projection for 2004 is \$429 billion. The deficit is \$482 billion. If the nondefense discretionary spending is only \$429 billion, this means we could eliminate every nondefense discretionary program, and that includes Head Start, environmental protection, agriculture, transportation, many veterans benefits, the National Institutes of Health, not hold the line on inflation, eliminate these programs and countless others entirely, eliminate law enforcement from the Federal Government to support, et cetera.

We would still then have a deficit. This deficit is not caused solely by any means by spending. It is caused to a significant degree by the exorbitant tax cuts that have been passed and the

increasing tax cuts that are proposed; and if we are going to pass those, we need to at least level with the American people and tell them what the true costs are today and the true costs are in the future.

FOUR KEYS TO CONTEXTUALIZE THE BUSH BUDGET

The "On-Budget" Deficit projections for the next five years are listed below along with the corresponding figures for the Projected Non-defense Discretionary Outlays.

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|------|------|------|------|------|
| On-budget deficit | -468 | -482 | -407 | -412 | -406 |
| Non-defense discretionary spending | 416 | 429 | 440 | 447 | 455 |
| Net if all non-defense outlays were eliminated | -52 | -53 | +33 | +35 | +49 |

Numbers in \$billions, not including any projections for costs of Iraq war and occupation or adjustments to fix the AMT.

Source: Table S-2, page 312 OMB Budget.

KEY POINTS

1. Democrats should only refer to "On-Budget Deficits" and not let Republicans mask the true deficit by borrowing from Social Security and Medicare. The President, most Republicans in Congress, and many members of our own caucus were elected based on the "lockbox" pledge. If those pledges were honored, the deficits, as shown above, are far higher than the Administration or Republican Members of Congress acknowledge.

2. When Republicans say we could achieve balance if only Democrats would limit spending, they are lying. As the chart shows, even if all non-defense spending were completely eliminated, not simply reduced slightly, we would still face on budget deficits. Furthermore, the on-budget deficits in the chart above are based on Republican revenue and spending proposals. If the Republicans truly wanted to reduce deficits, they could make the cuts or increase revenues, but they have refused to do so and instead prefer to borrow from Social Security and Medicare to mask their policies.

3. The Republican dodge of expressing deficits as a percentage of GDP is clearly a ruse because the newly appointed Secretary of the Treasury, John Snow, vigorously called for deficit reductions in 1995, a time when deficits as a percentage of GDP were almost identical to levels projected for 2003. Republicans may counter this argument by saying the projections at that time showed a widening deficit problem over the projected 5 years and the Administration's current deficit projections are shrinking. However, the Administration's present budget forecast includes no cost for a war in Iraq, no AMT fix and rosy growth forecasts. These costs will certainly add significantly to the growing deficit over the next 5 years.

4. The consequence of such borrowing to pay for the Republican tax cuts for the wealthy is an increase in the "Debt Tax". Simply put, the "Debt Tax" is the average amount every American must pay each year simply to service the interest on the national debt. The difference between the "Death Tax" which the Republicans want to repeal, and the "Debt Tax" which they are covertly increasing, is that the former only affects the wealthiest two percent of our citizens when they die. By comparison, the "Debt Tax" confronts every single American from the moment they are born and for the rest of their lives until we pay down the debt.