

what they are doing. Our government has duplicated the China model: Invest in capital, they get their capital free, and then pay the workers very, very little. The American government, I guess they are teaching our companies how to compete against the Chinese by duplicating the Chinese model through Federal Prison Industries, and it is an outrage.

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

Mr. SOUDER. Mr. Speaker, I congratulate the gentleman for his work on this and in trying to get the Department of Justice aware that they are in direct contradiction of the goals of this President and this Congress which has said we are looking at how to maximize the private sector and put Americans who are law-abiding citizens back to work.

I do not want to face people in my district who might have to wear a button that says "I follow the law, I am employed." We need to look for options for people to be trained. This is not about not giving people in prison an opportunity, but there is no reason that going to prison should give people an unfair advantage, particularly going through foreign countries, against people who in America have followed the law who are working hard who have actually outcompeted foreign companies to hold their sector until the U.S. Government behind them, waiving regulations and waiving capital costs, then giving them a mandatory advantage to go for higher prices with less quality and say you still must buy it, and then have the gall to come to Congress and say we are trying to contract out. We are trying to save money for the Federal Government when, in fact, they are putting people in our districts out of work.

It does not make sense and it does not fly, and I hope more Members and staff will pay attention to this debate. It is pretty much of a no-brainer. I hope that the Department of Justice will turn around on this. They are projecting this as a growth industry. It is incredible to me that they would not be humiliated by this, and instead look at it as a growth industry.

Mr. HOEKSTRA. That is what is coming down the road. It has been a growth industry. It is going to continue to be a growth industry. I am optimistic with the kind of support that we have for the bill on a bipartisan basis, we have had a coalition of the gentleman from Massachusetts (Mr. FRANK), the gentlewoman from New York (Mrs. MALONEY), the gentleman from Wisconsin (Mr. SENSENBRENNER), the gentleman from Michigan (Mr. CONYERS) and myself, together for a number of years, and I am looking forward to this to move through the Committee on the Judiciary quickly, and am hopeful that we can get this bill to the floor and have a good debate.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1298, THE UNITED STATES LEADERSHIP AGAINST HIV/AIDS, TUBERCULOSIS, AND MALARIA ACT OF 2003

Mr. LINCOLN DIAZ-BALART (during Special Order of Mr. HOEKSTRA) from the Committee on Rules submitted a privileged report (Rept. No. 108-80) on the resolution (H. Res. 210) providing for consideration of the bill (H.R. 1298) to provide assistance to foreign countries to combat HIV/AIDS, tuberculosis, and malaria, and for other purposes, which was referred to the House Calendar and ordered to be printed.

THE PRINCIPLES OF RESPONSIBILITY, INTEGRITY AND COMMON SENSE APPLIED TO FEDERAL BUDGET AND TAX POLICY

The SPEAKER pro tempore (Mr. BURNS). Under the Speaker's announced policy of January 7, 2003, the gentleman from Washington (Mr. BAIRD) is recognized for 60 minutes as the designee of the minority leader.

Mr. BAIRD. Mr. Speaker, we are here today to talk about fundamental principles, principles of responsibility, integrity and common sense as they apply to the Federal budget and to tax policy. Over the past 2 weeks, we had the opportunity to go home and hear from our constituents, and we hosted an event with the Concord Coalition. We had people in several of my communities get together to try to balance the Federal budget, and we learned some very interesting things from that process.

We learned, among other things, that in spite of the majority's recent claims that deficits do not matter, the American people say that common sense says deficits do matter. We cannot, year after year, run enormous deficits, pass those on to our kids and not expect somebody to have to pay the piper. With several of my colleagues tonight, we are going to talk about how we got into that deficit, how we ought to get out of it, and how the policies put forward by the majority and this administration will actually make the situation far worse rather than better.

The first speaker this evening is the gentleman from Texas (Mr. EDWARDS). He said to me tonight he has to speak first because he has to go home and tuck the kids in. It occurred to me that is really why most of us serve here, we want to create a better America for our kids. And part of that way we create a better world is facing up to fiscal responsibility and not passing on an enormous burden of debt to those children in order to gain easy election or political advantage in the short term.

Mr. Speaker, I yield to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, I thank the gentleman for yielding to me, and for his outspoken and consistent lead-

ership in fighting for fiscal responsibility, not just for this generation of Americans, but for our children and their children, future generations of Americans.

Mr. Speaker, more and more Americans, and certainly central Texans when I go home, are asking a very important question: Why has the Republican leadership in Washington, D.C. abandoned the values of fiscal responsibility and balanced budgets? That is a good question. Frankly, the party that used to pride itself and the party that fought for balanced budgets, led a fight for a balanced budget constitutional amendment has now become the party that is proposing the largest deficits in American history. Let me discuss some facts.

Fact number one, it is true that the administration in Congress this year are proposing the largest deficit in American history. Let me repeat that one more time because a lot of people do not believe it, but it is true. The White House, President Bush and Republican leaders have endorsed the largest deficit in our Nation's 200-year-plus history. \$292 billion used to be the record for deficit spending. This year it could be well over \$307 billion. That is more of a deficit than we had during World War I, World War II, the Vietnam War or the Korean War.

Fact number two, this proposed Republican historically high deficit does not include one dime for the cost of the Iraqi war or building a national health care system for Iraq which they propose, or helping build new schools for Iraqi families.

Fact three, if we do not count the billions of dollars being taken out of the Medicare and Social Security trust funds to fund this huge deficit, the real deficit to the American people is actually this year going to be over \$400 billion if Washington Republicans get their way.

Fact number four, the House-passed Republican budget supports deficits not just this year, but for as far as the eye can see. In fact, over 214 Members of this House, Republicans, voted to increase the national debt by \$6 trillion by the year 2013.

Mr. Speaker, let me put this in perspective. It took two centuries, in fact, over 200 years for America to build up a \$1 trillion national debt. Yet in 10 years, Republicans will have been successful in increasing that national debt 6 times more than the amount that it took two centuries to create. \$6 trillion in additional national debt in the next 10 years under their economic plans and schemes, versus \$1 trillion developed over the first 200 years of American history. That is the kind of history we do not hear Republicans in this Chamber and across Washington talking about very much.

Mr. Speaker, I think it is fair to ask the question who in America should worry about these Republican deficits? Do they really matter? Do they affect the average American citizen? I think

the answer is we should all care and be concerned about the historically high deficits for several reasons.

First, let us look at taxpayers. Taxpayers, according to Republican estimates, will have to pay \$1 trillion in extra taxes over the next decade just to pay the extra interest on the national debt. That is money that could have been saved for our children and grandchildren's homes and cars, for building their futures, educating their children. That is money that could have been used to provide college student loans and grants through Federal programs.

Family businesses and farms ought to be concerned about the deficit because as thousands of economists and well-respected business leaders have said, once the economy gets back on its feet, having 3 and \$400 billion deficits will increase the cost of doing business for family businesses and farms. When a farmer goes to borrow money to plant his crop or buy seed or fertilizer, that farmer is going to have to pay more in loans for interest back to the bank for loans. Small businesses wanting to create new jobs are going to have to pay more interest on the money that they have to borrow to expand their businesses. Deficits are bad for American taxpayers and American farmers, and they are bad for American family businesses.

How about American family workers, should they care about these deficits? Well, most workers are struggling to support their families, provide a decent home and quality education for their children. So now when American workers, under the new Republican Babe Ruths of deficits, go to borrow money to buy homes, they will pay thousands of dollars more for the cost of that home because of higher interest rates.

□ 1800

They will pay more when they have to borrow money to buy a car; and they ought to be concerned because according to many economists, including Alan Greenspan, if we were to have hundreds of billions of dollars of additionally proposed tax cuts despite our historically high deficits this year, then we are going to potentially hurt economic growth. That means fewer jobs for American workers. American seniors ought to be worried about deficit spending because that deficit is being underwritten by being borrowing money from the Social Security and Medicare trust funds. Baby boomers, our future seniors in the next few years, ought to be gravely concerned about undermining the fiscal integrity of the Social Security and Medicare trust funds just as they begin to retire in the next 7 or 8 years.

How about parents? Parents certainly should be concerned about deficit spending because they do not want, I do not want, we should not want to drown our children in a sea of national debt. It is morally wrong to do so. And as we Americans stand so proudly behind our soldiers and servicemen and

women who fought in Iraq so courageously, as we honor our veterans with resolutions of words here on this floor in order to pay for some of this dividend tax cut and other proposed tax cuts, Republicans from the White House to Congress have proposed the following just this year, in the last few weeks, in fact: \$28 billion in veterans cuts over the next 10 years, \$1.5 billion in cuts this year for military construction programs that help train our servicemen and women and provide better quality of life, day care, housing for those servicemen and women; \$175 million Republicans have proposed cutting in Impact Aid education that provides a better education for military children while Mom and Dad are fighting for our country in Iraq; and \$172 billion Republicans have voted for in this House to cut Medicare and Medicaid. That means fewer seniors getting nursing home care, fewer seniors getting medical care that they need.

Mr. Speaker, 2 years ago, not that long ago, Republicans in Congress passed, over my objection, a \$1.3 trillion tax cut; and when they did it, every Member, every Republican who spoke in the well of this House said we can have it both ways, we can have our cake and eat it too. We like the free-lunch philosophy. We can cut taxes by a massive amount and still balance the budget. These same economic gurus are now proposing \$1 trillion more in tax cuts.

And let me clarify this point. The public debate is between \$350 billion and \$500 billion in tax cuts, but somebody needs to recognize that there are about six or seven or eight or nine other tax cuts that the administration and congressional Republican leaders have proposed. We add them all up and we are talking about more than \$1 trillion of extra tax cuts despite the fact that we have got the largest deficit by far in American history.

I think before we buy into the next round of proposed trillion dollar free-lunch tax cuts, it is fair to ask how accurate were our Republican colleagues and leaders in predicting just 2 years ago we could cut taxes by over \$1 trillion and balance the budget. Fact: Republican leaders were off by \$12 trillion. Not million, not billion. \$12 trillion, because just 2 years ago they were predicting we would have no national debt by the year 2013. The budget that they just voted on in the House, that they have passed in the House, suggests we will have \$12 trillion in national debt.

Mr. Speaker, I would suggest that if a business had an economist that was \$12 trillion off, not to mention the 2.5 million jobs we have lost in the last couple of years, \$12 trillion off, 2 million jobs off in the economic growth projections, most companies would fire those economists summarily. They certainly would not be rehired to make more proposals and more economic suggestions.

Finally, I hope we could examine two assertions we are hearing from our Re-

publican colleagues. The first is this massive new tax cut is really a growth plan. That is not what the Congressional Budget Office said recently after an extensive report; and by the way, the CBO, Congressional Budget Office, is headed by a former top economist in this Bush administration's White House. What that report said was basically that whatever short-term stimulative effect any tax cut might have would probably be offset by the massive deficits that would result from that.

In fact, the report says: "The overall macroeconomic effect of the proposals in the President's budget is not obvious." Is not obvious. That is bad news for the free-lunch crowd that believes we can promise everything to the American people and they will be gullible enough to believe it. We could have massive tax cuts, fight a war in Iraq, rebuild Iraq, increase our defense spending significantly, provide prescription drugs for seniors, and, by the way, we will balance the budget for our children. Just trust us. The last time the American people trusted them with their predictions of that free-lunch philosophy, they were off \$12 trillion. Our children and grandchildren cannot afford another \$12 trillion mistake.

Mr. Speaker, I would point out that in today's Washington Post, Alan Greenspan was basically quoted as saying that unless we offset these newest Republican tax cuts with spending cuts, it could well harm economic growth. The article in The Post said: "Greenspan endorsed the view of a recent study by Federal economists that rising budget deficits put upward pressure on long-term interest rates, which act as a drag on economic growth by raising the cost of borrowing for businesses and consumers."

The fact is that in yesterday's Washington Post there was a fascinating article. The article was entitled, "Bush Offers New Argument for His Tax-Cut Proposal." It talks about the immediate short-term growth this might create. But it is interesting that the article goes on and says this: "Beyond 2007, the tax package would actually do more harm than good, warned Joel Prakken of Macroeconomic Advisers, LLC, which developed the computer model the White House used." So the very economists that the White House depended upon to develop computer models to try to sell their tax cut admits that the administration's growth plan could actually be an antigrowth plan, a job depressant in the years ahead because of the massive deficit spending.

Finally, the Republicans say that we will pay for those tax cuts with tough new spending cuts. We have heard some proposals cutting Medicare and Medicaid by \$172 billion, veterans by \$28 billion, Impact Aid for military kids by \$175 million; but once pressured by the public, it took about 2 weeks for Republicans to back off from some of those cuts.

But let me just state for the record, and I will finish with this: when Republicans talk about courageous spending cuts, look at what they do, not what they say, because if we look at the five programs that represent about three-fourths of all Federal spending, Social Security, Medicare, Medicaid, defense, and interest on the national debt, the administration and the Republicans in Congress are wanting to increase, increase, spending on three of those five programs. Massive increase, \$1 trillion more over the next decade on interest in the national debt; massive increase in defense spending, which I support, but I am willing to pay for; and they are proposing a \$400 billion Medicare plan for prescription drugs, which I am afraid seniors will probably never see.

Mr. Speaker, through fiscal responsibility and balanced budgets, we can create the economic foundation for America to have tremendous growth. That is what we did in the 1990s. The proof is in the pudding. That plan led to 22 million new jobs in America. The latest growth plan resulted in 2.5 million lost jobs. Let us look at the track record of these economic gurus before we sell our children and grandchildren into a lifetime of paying taxes just to pay interest on the national debt.

Mr. Speaker, I thank the gentleman for yielding.

Mr. BAIRD. Mr. Speaker, I commend my colleague from Texas (Mr. EDWARDS) for such an articulate presentation and a clear-cut explanation of what is wrong with the tax proposals and the budget plans of the majority party and the administration. The gentleman was, I think, astute in observing that when the Democrats controlled the White House and the House of Representatives, it was literally about 10 years ago, almost 10 years ago today, they had the courage to step forward and confront budget deficits, not to pooh-pooh them, not to say this does not matter, but to confront budget deficits and say we must enact fiscally responsible policies.

The other party, the majority party, claimed that if we did that, we would lose jobs, we would see interest rates skyrocket, we would see inflation go through the roof. What in fact happened? The longest economic expansion in the history of this country. More jobs were created. Unemployment went down. Healthcare was improved. Our education system was improved.

If my colleagues want to make a judgment by history, look at the recent history. When the Democrats set the fiscal policy of this country, we saw sustained economic growth. In the Republican administration, we have seen sustained unemployment and economic decline.

The gentleman from Virginia (Mr. SCOTT) is a member of the Committee on the Budget and will address precisely those issues now. I yield to the gentleman from Virginia.

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

we can continue to discuss the budget situation we are in.

I like to use charts because one uses a lot of adjectives and uses a lot of spin. One cannot spin charts because they just show us what the numbers are. This chart, for example, shows the deficit year by year over the years. Johnson, Nixon, Ford, Carter. We all remember that deficits ran up under Reagan and Bush; and we also remember that when President Clinton came in with a Democratic majority, we cast the tough votes to create a surplus for the first time in decades. We also know that during this administration, the Republican Congress, after they took over Congress, passed huge tax cuts that were vetoed time and time again. The Republicans passed the tax cuts; President Clinton vetoed them. They threatened to close down the government. He vetoed it anyway. They shut down the government. He vetoed it anyway, and we were able to have a straight line right up to surplus. Unfortunately, President Bush did not veto those irresponsible tax cuts, and we see what happened all of a sudden.

If anybody asks what is the Democratic plan now, we just point to the green. When the Democrats had control of the budget with Clinton and enough Democrats in Congress to sustain his vetoes, this was the Democratic plan. This is the Republican plan. Once we run up all those deficits, we have to pay interest on the national debt. This chart shows what the interest on the national debt would have been had we not messed up the budget. That is the green line showing what the interest on the national debt would have been. The red line is what the interest on the national debt will be as a result of messing up the budget. To put this in perspective, the blue line is the defense budget. By 2013 we will be paying almost as much interest on the national debt as we pay for defending the United States of America.

We also can make this personal. This is what we call the debt tax. A family of four, take all the interest on the national debt, divide it by population, multiply it by four. Right now a family of four's proportional share of the interest on the national debt, about \$4,400, \$4,500. It was going to zero. But by 2013, \$8,500 and rising. And how did we get in this mess? The tax cuts. And who got the tax cuts? We can say who got it, but let us look at the chart. The bottom 20 percent, the blue is the 2001 tax cut, the green is the proposed 2003 tax cut, and we see who got a little of the tax cut. There is a line right here that is hard to see, but it shows that one half of the tax cut went to the top 1 percent of the population.

As a result of these tax cuts, we also have to consider the effect that they had on Social Security. This is a chart of the Social Security trust fund.

□ 1815

We are bringing in more money in Social Security than we are paying out

right now because the baby-boomers are retiring shortly, and we need to save the money for Social Security. We cannot balance the budget with a \$150 billion surplus in Medicare and Social Security. In 2017 it is going to change. Look at what we are going to have to come up with as we go along.

Now, the interesting thing is it is challenging, and this is the \$900 billion, over \$1 trillion a year we are going to have to come up with in cash to pay this.

The embarrassing thing about this is if you go back to the tax cut, one-half of the tax cut of 2001, one-half, that is what the upper 1 percent got, had we, instead of giving a tax cut, allocated that amount of money to Social Security, we could have paid Social Security without reducing any benefits for 75 years. But, instead, we did the tax cut.

So we have jeopardized Social Security, we have ruined the budget in terms of deficits, we have run up the debt tax. And, why? To create jobs? Let us see how we did.

This is a job growth in the last 50-some years, going back to the Truman administration, Eisenhower-Nixon, Kennedy-Johnson, Johnson, Nixon, all the way through the worst job creation in over 50 years.

Now, we say, well, what do you expect? 9/11. That is why we could not create any jobs. But as you think of it, we were fighting the Korean War, we created jobs. We fought the Vietnam War, we created jobs. We had our hostages taken in Iran, we created jobs. We fought the Cold War all the way through. We fought in Grenada and in Panama. The Persian Gulf, we created jobs. Somalia, Kosovo, we created jobs. 9/11, why can we not create jobs?

We passed their plan. The worst investment growth since World War II. We had investment growth every year through the Korean War, Vietnam War, Cold War, all the way through, but not in this administration after we have wrecked the budget.

When we talk about sending people's money back on tax cuts, we are not sending their money back. As we pointed out, we are spending all of their money. What we are sending them back is their children's money that they will have to pay off.

My question is, how bad does this situation have to get? How much debt do you have to run up before you acknowledge that the plan did not work? How many jobs do you have to lose? We have lost almost 2.6 million jobs since this administration came. Unemployment is up. Long-term unemployment has tripled. How bad does it have to get before you acknowledge that it did not work?

We need fiscal responsibility. We need the Democratic plan and need to reject the plan offered by the Republicans that we are passing now.

I thank the gentleman for yielding so we could offer these graphs which show in numbers exactly how bad it is.

Mr. BAIRD. Mr. Speaker, I thank my colleague. What a clear-cut explanation of the situation we are in.

When I had those forums and town hall meetings back home, people asked me precisely the kind of questions the gentleman was addressing. What does this tax cut do for jobs? What does it do to provide prescription benefits for our senior citizens?

When I asked people, which would you rather do, a tax cut for the wealthiest people in this country, or invest in our transportation infrastructure and put people back to work? They said put people back to work.

When I asked which would you rather do, a tax cut for the wealthiest people in this country or invest in a prescription drug program so our seniors can stay healthy and actually lower the cost of health care in the long run, they said take care of our seniors.

One of the Members of this body who has done as much as anyone to keep the cost of prescription drugs down is my good friend and colleague the gentleman from Maine (Mr. ALLEN). I yield to the gentleman, who will not only talk about job growth and the tax cuts, but also about the fundamental principles of values and how those are manifested through the decisions we are making, and, unfortunately, through the decisions this body is not making.

Mr. ALLEN. Mr. Speaker, I thank the gentleman for yielding, and I want to commend him and all of my colleagues for being here tonight to try to present some factual evidence about what the Republican tax cuts are really all about.

One can see what is going on in part just by looking at the state of the economy under the Bush administration. This chart shows that with net growth of 1.5 percent, the Bush administration has now the worst real GDP growth since World War II. Every other administration has done better at creating jobs and growing the economy than the Bush administration has.

For example, the gentleman from Virginia (Mr. SCOTT) was just showing this other chart, which shows that it is the worst private sector job growth since World War II.

In fact, if you look at this chart again, what you see is that since President Bush took office, we have lost almost 2.6 million private sector jobs in this country. No wonder the administration is concerned. In every other administration, except only the second term of the Eisenhower administration, there has been job growth in this country. This has been a country where the economy has been strong, where it has been growing, even when we have had difficulty. But not in this administration.

Mr. BAIRD. If the gentleman will yield, when I look at that chart, you look at the graph where the numbers are going up, that is putting people back to work. That is helping people take care of their families, buy homes, invest in this economy.

When you see that chart going down, which has happened in this administration, that is people losing their jobs, losing hope, losing health care, losing the ability to take care of their families.

These are not just numbers. As the gentleman knows, these are real life stories of people whose lives are being ruined by the economy.

Mr. ALLEN. That is exactly right. Like the gentleman, I have been in my home State of Maine doing community meetings and talking to people throughout my district, and these are not very good times for many, many people. We are suffering losses in agriculture, we are suffering losses in manufacturing, and, for more and more people, it is difficult.

I sat with a group of people at one company which is doing okay right now, but she was talking about the cost of her health care, trying to raise her daughter, she is a single mom, trying to take care of a daughter, and she said what a lot of people are echoing: "I never thought it would be this hard."

This is a difficult economy. Young people coming out of college today, coming out of graduate school, are having a very tough time finding jobs, and many people are being laid off and losing their health care along with their employment.

Mr. BAIRD. When I talk to those folks, they do not tell me, "What I would like the President and Congress to do is give me a tax cut." What they say is, "We want jobs and we want health care."

Mr. ALLEN. Well, that is a different priority than the Republicans in Congress have. This is what the majority leader, the gentleman from Texas (Mr. DELAY), said just a few weeks ago: "Nothing is more important in the face of war than cutting taxes." "Nothing is more important in the face of war than cutting taxes."

What he meant by that is we are not going to ask anyone to sacrifice. We are certainly not going to ask anyone to sacrifice to improve the lives of their children and grandchildren.

So it is worth looking at what taxes he is actually talking about and who benefits.

This chart says how much of the 2003 proposed tax cuts do you get? Well, look at the chart. Let us leave off all of those earning less than \$46,000 a year. Let us just talk about the group earning between \$46,000 and \$77,000 a year. That group, under the President's proposal, would get \$657 on average per year. It is something, but the price to be paid for that is less money for schools, less money for health care, no prescription drugs for seniors and so on.

For those earning between \$77,000 and \$154,000 the average tax break is \$1,800.

If you are much wealthier than that, if you are in the upper 5 percent in this country and you are earning between the 95th and 99th percentile, \$154,000 to

\$374,000, you get \$3,500 a year. I can tell you, that is not going to change the lives of many people in that income category.

But it is only when you get to the upper 1 percent that you strike megabucks. Only then do you strike the jackpot, because if you are earning over \$374,000 a year on average, you get \$30,000 a year in tax reductions. That is who is benefiting from these tax cuts that the President is talking about.

He is saying this is a plan for economic growth. You have to ask, is this about growth, or is it just about greed? Is it about those people who benefited most in the 1990s, who saw their incomes soar, who are now getting the benefit of more economic growth, more money just funneled to them by the Republicans in Congress, the people who are the richest people in this country getting the benefits of this tax package if it goes through?

Mr. PRICE of North Carolina. Mr. Speaker, if I can interrupt for one second, I wonder if the gentleman could talk about the effect of these tax cuts on the economy.

It is often said this is the way to stimulate the economy and that particularly the President's new round of tax cuts is going to be the key to turning the economy around. I just saw some figures released today by the Center on Budget and Policy Priorities, and they talk about how different measures would stimulate the economy.

If you extended emergency Federal unemployment benefits, for example, for every dollar that you use for that purpose you get \$1.73 of economic stimulus, because these folks are going to use that extra money for the necessities of life and they are going to pour it right back into the economy.

If you help State governments, for example, with their Medicaid expenses, for every dollar you put into that you get \$1.24 worth of stimulus.

But what about dividend tax reduction? For every dollar of revenue you lose to dividend tax reduction, the stimulative effect on the economy is all of 9 cents. Nine cents.

So would the gentleman say these upper bracket tax cuts do very much to improve our economic situation?

Mr. ALLEN. I thank the gentleman for his comments, and clearly not. Clearly, when you look at the economists, the bulk of the economists who have commented on these proposals, this is not about economic growth at all. The President can travel across the country and say over and over again that we are trying to grow the economy, and the truth is it is not true. It is just not true. It is about something else.

I want to just conclude by saying a few things about what I believe that something else is.

The President's proposal, the proposal of the Republicans in Congress, is essentially saying to the American people, think of yourself first. These are "me first" policies.

When the President said that after taking office, that it is not the government's money, it is your money, he was encouraging every person in this country to think of themselves first; not to think about the children in this country who are going to public schools and need some funds in order to have the quality of schools that they should have. Not to think about those people who have lost their jobs and need some job training assistance to get back to work. Not to think about those seniors who have to choose between prescription drugs and their food or their rent or their heating fuel. What he was saying to America was think of yourselves first.

When Republicans stand up and say we want people to keep more of their money, they are making the same pitch. Do not think about those things we have in common. Do not think about what it takes to build a strong country. Do not think about the resources that we need to put into transportation, into health care, into education, into those things that will lift the country and make it strong. They want people to think of themselves first.

That is not what this country is about. This country is better than that. We have invested in ourselves before, since the Second World War. We need to keep investing in the American people, and, if we do that, we will be a stronger and better country in the future than we are in the past.

I have great hope that we will get there, but these Republican tax cut plans for the richest people in the country are leading us down the wrong path. We need to get back to a policy of investing in people and making sure that the government plays its role in strengthening this economy.

Mr. Speaker, I thank the gentleman for his time.

Mr. BAIRD. I thank the gentleman. The gentleman has summarized it so well. The irony is, and let me just ask the gentleman to respond to this for second. You had that chart up there that showed that the vast bulk of the tax breaks go to the very wealthiest. The majority party, the Republicans, say we are engaging in class warfare. Not at all. I admire and respect people who have made wealth in this country.

But it is interesting, when I talk to those folks, they often say to me, "You know what? We are not asking for the tax cut." This assumption that everyone is venal and self-serving and does not put the country before their own immediate needs, I am not sure I buy it for most Americans.

□ 1830

I do not think so. I think most Americans say, we have to invest. I do not know about my colleagues, but I hear small business people saying, give me a little break so I can make ends meet, take care of my family and provide health care. I hear Mom saying, make sure that I have a job that pays a de-

cent wage. I hear Dad saying, make sure that I can provide for my family and give my kids an education. I do not hear most Americans saying, let us make sure the people who have the most in this country get the most in the tax cuts. Is the gentleman hearing that from his constituents?

Mr. ALLEN. Mr. Speaker, I am really not. I do know some people in this upper 1 percent and none of them so far have said to me that we really need to have a tax cut of this magnitude. They are better than that.

So one has to wonder, what really is the underlying motivation. It seems to me that it is clearly not economic growth, because this is a plan that will not grow the economy. What is it? Mr. Speaker, that old hostility that so many Republicans have for Medicare and Social Security, we have to wonder whether or not something is going on here. If they succeed in stripping out revenues, billions, even trillions, of dollars from the Federal Government in the next few years, then there will not be money to take care of the baby boom generation when we enter Medicare and Social Security. We cannot let that happen. It is the wrong thing.

But I absolutely agree with the gentleman from Washington. Nobody, not one person in the 2 weeks I was back in Maine, not one person said to me, what we really need in this country is a tax cut weighted primarily to people earning \$1 million a year. Nobody is for it.

Mr. BAIRD. Mr. Speaker, I agree. When the President asked rhetorically in his speeches, if a little bit of a tax cut is a good thing, what about a big tax cut, well, the answer is we have already had a pretty big darn tax cut; and the second answer is, most people are not going to get that tax cut. And the third answer is, that big tax cut comes with an awfully big debt, and there is something desperately wrong with an awfully big debt.

I would like to yield to the gentleman from Wisconsin (Ms. BALDWIN), a member of the Committee on the Budget, and an individual who has led efforts in this body on education, on health care, on social justice, making sure that all Americans share in the American dream and have an opportunity to benefit from the economic policies of this Congress.

Ms. BALDWIN. Mr. Speaker, in the spring of 2001, the President and some Members of Congress told the American people that we could afford a \$1.6 trillion tax cut that was custom designed by, and primarily for, our wealthiest citizens, and still we would have money left over to shore up Social Security and Medicare, make investments in our education system, so that no child would be left behind. And still, we would have enough money left over beyond that to pay down our national debt.

Well, today we know that that was not true. Except for the passage of the tax cut, none of the rest of those things happened. And to make matters worse,

the tax cut left no room for unexpected events like the terrorist attacks on September 11 or the economic downturn that our country is still experiencing. Projected surpluses have been replaced by deficits as far as the eye can see.

Fast forward 2 years to today and this Congress is debating yet another tax cut. President Bush has made ending double taxation of corporate dividends the centerpiece of his \$1.4 trillion package, because he says that this tax is contraindicated by certain economic models.

Well, since January of 2001, our country has lost more than 2.3 million jobs, an average of 73,000 jobs per month. And the long-term unemployment level is the same as it was during the recession under the first Bush administration.

Now is not the time to have philosophical debates about economic models. Now is the time for this President and Congress to be acting on measures that would truly put America back to work.

The President said in an April 15 speech that Congress needed to take quick action on his plan to get the economy back on track. Well, I agree with the President that we must act quickly on a plan; but not the President's plan, because it is not a stimulus plan. His package provides no immediate stimulus and fails to create jobs. Studies predict that in the year 2003, the President's plan would only restore a small number of the jobs recently lost in our economy. Moreover, only about 5.5 percent of the President's plan would go into effect in calendar year 2003, while nearly 80 percent of the plan would be phased in in the future during the years 2005 through 2013. Well, people need jobs now. They cannot wait 2 weeks, let alone 2 years.

There is good reason why Americans are not sold on the President's tax cut. They realize that it is cast in the same mold as the first one, which was too much for too few. The President is proposing to accelerate the reduction of the 4 top income tax rates that was part of his original tax package.

Well, if you are a policeman, a forest ranger, an average service or retail sector employee, or one of our Nation's 400,000 enlisted servicemen or women, you would receive no tax relief from any sort of acceleration of these marginal tax rates. But consider yourself blessed if you are a professional athlete, for example, playing football, basketball, or hockey. Combined, these particular 4,000 professional athletes would get approximately \$240 million in tax relief if this plan were signed into law.

The democratic economic stimulus plan is fast-acting, it is fair, and it is fiscally responsible. The entire \$136 billion stimulus package would be injected into the economy right away, this year. It would also extend benefits for unemployed Americans whose emergency benefits right now are going

to expire on May 31. Most importantly, it would provide tax relief to all Americans. It was designed for average working families, not just the wealthiest investors.

Congress just had a 2-week break where most of us could spend extended time meeting with our constituents. I like to ask my colleagues after a recess if their constituents are concerned about the same issues that mine care about in Wisconsin. Most of the time, our constituents' concerns are very similar. That is why it is hard for me to believe now that Congress can fathom this fiscally irresponsible and misguided tax cut.

When I have talked to unemployed workers in my district, they certainly have not come up to me pleading for accelerated tax cuts. They have asked how Congress plans to help put them and the rest of America back to work. They have asked for help in getting temporary health care coverage for their kids and their families in case they get sick. My constituents wonder if Medicare is going to be able to provide their parents health care or when their kids grow up, if they will be able to find a job that pays a livable wage. They are worried, and they should be. They should worry, because this budget places tax cuts for the wealthy ahead of job creation for families. They should worry, because this budget adds over \$5 trillion to the national debt over the next 10 years.

This budget takes our country down the wrong path. While some Members of Congress complain about how long our budget and fiscal process is every year, I believe it is a good thing. It means we still have time to craft a better plan, one that does not put the fiscal health of our economy and the livelihood of our communities and our families and the ability of our children to have a better life in jeopardy. We must tackle that task.

Mr. BAIRD. Mr. Speaker, I thank the gentlewoman for her comments.

One of the issues this budget does not address that I know is important to the people of Wisconsin, as it is to my own State of Washington and, in fact, to the Committee on the Budget chairman's State of Iowa, is Medicare fairness. Many of our States are desperately underfunded in terms of Medicare compensation rates. This budget does nothing to fix that. My own State of Washington faces a terrible injustice, that we cannot deduct our sales taxes like other States can deduct their income tax. This budget does nothing to fix that. There are a host of problems with this budget. It was passed at 2 a.m. in the morning. The majority of the Members of this body who voted for it had never read it. They had seen summaries perhaps, but I guarantee they had not read it because there was not time. When you pass a budget that spends \$2.2 trillion, that takes 24 hours to debate it and you have not read it, we have a problem on our hands and, unfortunately,

our country has a much bigger problem.

We have heard from people from Maine tonight, from Texas, from my own State of Washington, Wisconsin, and Virginia. The distinguished ranking member of the Committee on the Budget hails from South Carolina. I think it is arguable that very few people, if anyone, in this Congress have more knowledge about the intricacies and the importance of the budget process than my dear friend and colleague, the distinguished ranking member of the Committee on the Budget, the gentleman from South Carolina (Mr. SPRATT).

Mr. SPRATT. Mr. Speaker, as my colleagues can surmise, we are here tonight because my Republican colleagues have put another round of tax cuts on a fast track. In fact, by next week, early next week there may be what we call a markup of a bill we have yet to see in the Committee on Ways and Means. Within 24 hours after that markup, that bill may be on the House floor for fast track consideration, probably not amendable. And, in the blink of an eye, we could very well adopt another round of tax reduction equal to \$500 billion to \$600 billion even more, a reduction in the budget rammed through this House.

We have already seen taxes cut by \$1.35 trillion. That happened in June of 2001. That was a historic tax cut, given its size. Let us just ask, what are the results of that tax cut?

Well, let us look at the economy today, barely eking out positive growth at 1 percent to 1.3 percent annual growth, barely growing, 2.5 million jobs in the private sector lost since January of 2001, 4 million Americans have literally quit looking for jobs, the unemployment rate is between 5.8 and 6 percent; but that is only because 4 million people since 2001 have dropped out of the job pool, quit looking for a job. All of this, and we had a tax cut which the administration said we needed to boost the economy. Where is the boost? Where is the economy? What were the effects?

The main effect was on the bottom line of the budget. We had the budget, when President Bush came to office, in the best shape in a generation. In 2000, the year 2000, the budget ran a surplus of \$236 billion. It is hard to imagine today, 3 short years later, 2003, because today, all we have are debts as far as the eye can see. In 2001, when President Bush came to office, his Office of Management and Budget, his budget shop said we foresee surpluses equaling \$5.6 trillion over the next 10 years. And on the basis of that estimate, despite our warnings that it was an inflated estimate, that there were storm clouds gathering over the economy that made us a blue sky estimate at best, he went ahead with a tax cut of \$1.35 trillion; and today, the surplus is gone.

Do not take my word for it. When the President sent his budget up this year, this year, OMB, the Office of Manage-

ment and Budget said, the surplus over the same period that we projected 2 years ago, 2002 to 2011, the cumulative surplus over that period is no longer \$5.6 trillion as we thought back in 2001. Today, it is \$2.4 trillion. Now, that is still a big number, \$2.4 trillion; but here is the bad news. OMB went on to say, and of that \$2.4 trillion, Congress and the President have already committed \$2.5 trillion. So we start the year in the hole, despite the fact that we had a budget surplus in 2000, the year 2000 for the first time in 30 years, we are now back in the soup, back in the red, deep in deficit; and the deficits are getting worse.

So what does the administration order up for these dire circumstances? In the face of rising deficits, we no longer have a surplus. There is nothing that will mitigate tax cuts that may be offered now. In the face of these circumstances, the President is proposing more of the same: additional tax cuts, tax cuts in his proposal with his budget this year of \$1.45 trillion and a budget, as I said, that is in deficit.

□ 1845

There is no surplus anymore out of which to offset or mitigate those tax cuts.

Mr. PRICE of North Carolina. Mr. Speaker, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from North Carolina.

Mr. PRICE of North Carolina. The situation the gentleman is describing reminds one of the old saying: if you find yourself in a hole, the first thing to do is to stop digging.

Mr. SPRATT. Well, this administration is digging deeper and deeper and deeper. As I said, do not take my word for it. We have our own budget shop. As someone earlier said, it is now run by a very able economist who came from the Bush administration.

According to their projection of the President's budget, every year, if the President's budget is implemented, every year from 2003 through 2013 there will be a deficit. If we do not include the surplus in Social Security, there will be a deficit of over \$400 billion.

The cumulative deficit over that 10-year period of time, 2003 to 2013, if Social Security is not included, is \$4.398 trillion. That is the Congressional Budget Office speaking, a neutral, non-partisan agency.

Mr. PRICE of North Carolina. Mr. Speaker, if the gentleman will again yield, that is simply an unprecedented situation. If we look back at previous Republican administrations, what is striking is that when they found themselves at a certain point in a deep enough hole, they did stop digging.

In the Reagan administration in 1982 under Senator Robert Dole's leadership, some of the tax cuts of earlier times were reversed and some spending was cut, and the fiscal erosion was halted.

Then in 1990, under the first President Bush, despite his "read my lips"

pledge of no new taxes, when the fiscal hole got deep enough and the economy was in a severe downturn, the President, in a considerable act of statesmanship, worked with congressional Democrats and came up with a 5-year budget plan that set us on the path to more sensible fiscal policy.

So in those past Republican administrations, when the hole got deep enough, some leadership was exerted and they stopped digging. In this administration, it seems there is no limit to the fiscal folly.

Mr. SPRATT. The gentleman will search the budget the President sent us in vain for any such direction or inclination. There is no plan and no process for ridding ourselves of these perpetual deficits. Back out Social Security, as I think we must, and we will find, according to the Congressional Budget Office, that every year from 2003 through 2013 there is a deficit over \$400 billion a year.

When the Republicans brought their budget resolution to the House floor the night before we adjourned for the Easter break, 2 o'clock in the morning, we scrambled to go through it and understand it as much as we could.

I never will forget finally coming upon page 93, page 93. It was a table summing up in their own figures the impact of the budget they were about to ram through the House in the early hours of that morning. It showed that the gross Federal debt this year will be \$6.4 trillion. That is what it is today, because it is limited by statute at that level.

By voting for that particular budget resolution, they voted automatically to raise the debt ceiling by \$893 billion, and they voted to put in train a budget with tax cuts that will lead to a debt accumulation of \$6 trillion over the next 10 years.

The national debt, the gross national debt, subject to statutory limit, will grow from \$6.4 trillion this year to \$12.40 trillion in the year 2013. That is absolutely astounding, absolutely frightening, in my opinion, because I do not think the economy can possibly sustain that kind of increase in debt.

Not only do we see additional tax cuts proposed in the face of rising deficits, deficits, once again, as far as the eye can see. But if the White House would simply call next door to the Treasury, they would find that we are right now at this moment experiencing a tax cut, a revenue reduction. Let me give the numbers, because last year we had one of the biggest fall-offs in revenues we have seen in recent history. This year we are seeing that trend repeated.

Our budget office, the Congressional Budget Office, which is neutral and nonpartisan, projected the budget over the next year, next 10 years. They said this year in fiscal year 2003 they expected income taxes to be about \$38 billion over last year, 2002. If we look at where we are thus far since April 15, or if we look at just until March 1, excuse

me, we do not know April yet, we will find that the total tax take thus far this year is running \$54 billion below last year, which means it is \$92 billion below what CBO, the Congressional Budget Office, is projecting.

Even though we are having this follow-up of another year on the heels of last year where we have a natural reduction due to the economy and the Tax Code, a realignment of revenues, the administration is still ignoring that and pushing ahead with a mammoth tax cut which can do only one thing: it will make the budget deficits that we see here projected on paper virtually engraved in stone. They will become so difficult to unwind, resolve, work out, that they will become all but intractable. I have seen that happen.

I came here in 1983 when we were deep in deficits. The deficits were getting worse and worse and worse. But there is one factor now that is dramatically different from the 1980s. That is something called the baby boomers' retirement. Seventy-seven million baby boomers are marching to their retirement as we speak tonight. The first of them retires in 2008. By the time the peak retirement period is reached, the number of baby boomers on Social Security and Medicare will swell to 80 million, twice today's level of beneficiaries. It will change the budget demographically in ways we have only begun to imagine.

What we should be doing now is saving, not dissaving. That is what deficits are, it is dissaving, reaching into the private capital pool and spending that money that should be saved in preparation for facts, demographic facts that are going to occur when the baby boomers retire.

We have a package which we have presented since January and will present again next week which would stimulate the economy. If there is any case to be made now for cutting taxes, it would be to try to give this economy, this sluggish, slumping economy, some kind of a kick, some kind of a boost so we can put people back to work. Once they go back to work, it will make it easier for us to deal with some of these budget problems.

We have put forth a proposal which does that. But we do not need long-term, permanent tax cuts that have out-year consequences that mortgage the future. We can simply have a tax cut that is focused on 2003, the here and now, when we have the problem.

We have proposed such a tax cut: rebates to individual taxpayers, an immediate write-off of plant and equipment for businesses large and small, going after all sectors of the economy, trying to give the economy a boost. For one-seventh the cost we get, according to well-established economic models, twice the effect in resulting jobs in the first year from our economic proposal, and we do not have any out-year consequences. We simply do something on a one-time basis. We give the economy a boost, get it going

again; and we do not have any out-year consequences. As a result, we accumulate about \$1 trillion, 400 billion less in debt in the budget we propose than the Republicans propose.

What they are proposing is not necessary, by any means. It worsens our problem. That is why we are here tonight, to talk about a problem that very much needs to be understood by the American public.

Mr. BAIRD. Mr. Speaker, this has been an exciting discussion. We have talked about responsibility, common sense, about jobs, about health care, and about getting this budget back on balance.

FOCUSING ON THE ECONOMY

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

Mr. CASE. Mr. Speaker, I want to thank my colleague, the gentleman from California (Mr. ROHRBACHER), for the accommodation. Perhaps after he hears the remarks, he may regret that; but as a consolation I will say to him that I share his passion for surfing and would be happy to show him a few waves in Hawaii, if that is agreeable.

We need to focus, as we have for some time, on what is clearly our number one national challenge, revitalizing our economy and balancing our Federal budget. I want to make two points and emphasize them up front.

First, I am happy that we all seem now finally to agree that it is all about the economy. There was some doubt in my mind, given the few months that I have been in Congress, but now there is no question about it.

There is also no question that the tragedy of September 11 and Operation Iraqi Freedom necessitated our full focus, our full energy on national security. But before, during, and after those events, it was and is and will be about a stagnating economy and a deteriorating budget.

Now, this is an issue not only, as we all know, of jobs, of being able to care for our children, for our parents, for our communities, and of adequate resources for our government to do what it must do for all of us. It is also, and this link is true, it is also about our basic ability to afford our national defense. Because as we focus on national security, as we ask ourselves, what do we need to assure our national security, we have to recall the painful lesson that the USSR learned, which is that defense spending resting on an insufficient economic foundation will get us every time in the end. It is all the same ball of wax.

Second, the point I want to make is it is not just the economy, it is the economy/the Federal budget. They are two halves of the same apple. To say otherwise, to pretend that somehow we can talk about the economy and about our remedies for the economy without asking ourselves, what is the impact on