

this road to either have no Federal Government except for Medicare, Medicaid and Social Security, or we are going to double taxes on the American people in one generation.

That is their vision of America. Our vision is one of limited government, better government, more effective government, one where our children and grandchildren still have an opportunity to use their God-given talents to roll up their sleeves, to work hard and to create the kind of future that they want for themselves. It is an America that is growing. It is an America that has more freedom, and this is what we see, and that is why these budgets are so different.

But the Democrats, again, want to keep this spending going. They want to have a tax increase.

Now, they do not like to talk about it. They like to point fingers at the Republicans; but let me tell you, for the last 10 years, every time the Republicans submitted a budget, the Democrat alternative budget spends even more, and they are pointing the finger of fiscal irresponsibility?

Mr. Speaker, I sit on the House Budget Committee, as does my colleague from Indiana, and we just marked up the budget. Every single Democrat amendment to the budget would have spent more money. They say the Republicans were fiscally irresponsible to provide a prescription drug benefit in Medicare, but guess what, Mr. Speaker? Their alternative plan spent even more money than the Republican plan.

It is just inconceivable that they can point the finger of fiscal irresponsibility when all they want to do is lead us to a future where taxes are double and an America where people do not create jobs, where people cannot afford to send their children to college, where people cannot find the capital to start new businesses, oh, but there will be plenty of welfare checks, and they will call that compassion. Compassion is about paychecks.

With that, I would like to yield back to the gentleman from Indiana.

Mr. CHOCOLA. Mr. Speaker, I thank the gentleman for yielding.

Recently, I was having a conversation with a friend of mine that said when you are talking about tax policy, he said, well, maybe it would be a prudent thing to raise taxes. This person was in the financial services industry, and I said, let me ask you a question: you do research on businesses and you do research on a business where every year the company has increasing losses and increasing debt. The company has not passed an audit in 9 years. The management is ineffective at combating waste, fraud and abuse; and the only strategy the management team can come up with to turn the tide is to raise prices on their customers. Do you think that is a business you would invest in? He said, you know, you have got a point; I do not think that that would be a good investment.

So it is interesting when our colleagues on the other side of the aisle

say, well, gee whiz, we have got to raise prices on our customers to pay for our lack of proper management. I do not think that that is respectful to the American people, the American taxpayer, and certainly not a winning strategy.

I think the gentleman from Texas can wrap us up here; and, again, I thank him for bringing this very important subject to the floor tonight.

Mr. HENSARLING. Mr. Speaker, again, I thank the gentleman from Indiana for joining us tonight. I certainly thank him for his courageous leadership in this body.

In these closing minutes we have, Mr. Speaker, what is it that we do about all of this? Well, several things. Number one, we need to reform the budget process that we have today. Now, it is not particularly sexy kind of stuff; but, you know, the machine we have that produces spending in Washington was manufactured back in the 1970s, back when Democrats were in charge in this body, and it is a spending machine. We need to go back and retool that to a savings machine for American families.

Number one, most American families do not realize this, but our budget does not even have the force of law. At best it is a mere suggestion. The legislation sponsored by myself and the gentleman from Indiana (Mr. CHOCOLA) would ensure that our budget, when you tell the American people here's the budget, we will enforce it as a law.

Second of all, we have got to cap the growth. I did not say a cut, but we have got to cap the growth of the Federal budget to roughly that of the family budget. Only then will programs have to compete against each other. Only then will you start to root out the waste, the fraud and the abuse and the duplication. Only then when you say, okay, this is all the money we are taking away from the American family and we will take away no more.

□ 2100

We need sunseting commissions in the Federal Government. Again, as President Reagan once said, the closest thing to eternal life on Earth is a Federal program. Many have long since outlived their usefulness.

I just tripped across this one the other day. We are still funding Radio Free Europe; and, to the best of my knowledge, the Berlin Wall fell back in 1989. We need to eliminate this thing called baseline budgeting which allows people to artificially inflate budgets. It is the kind of stuff that would make an Enron and WorldCom accountant blush, yet here people get away with it in Washington, D.C.

Mr. Speaker, it is time that we just balance the budget. It is time to balance the budget, and we need to do it without increasing taxes on the American people.

Mr. Speaker, certain principles transcend time. One of those principles is balancing the budget. Another principle is limited government. You can-

not have unlimited government and unlimited freedom. If you want unlimited government, Mr. Speaker, people ought to support the Democrat budget. If they want more welfare, if their greatest hope and aspiration is a Federal check, then people should support that budget. But if people want more freedom and if they want more opportunity and their aspiration is a paycheck with a great career where people can use their God-given talents and be everything that they can be, then they need to support this Republican budget, and we can have a brighter future for my children and for all the children in America for generations to come in this great and blessed land.

#### BLUE DOG COALITION

The SPEAKER pro tempore (Mr. SCHWARZ). Under the Speaker's announced policy of January 4, 2005, the gentleman from Florida (Mr. BOYD) is recognized for 60 minutes as the designee of the minority leader.

Mr. BOYD. Mr. Speaker, I come tonight before the country to discuss the state of our Nation and to talk about a few of the things that I think that we can do to improve the state of the Nation. This hour that we will have tonight, there will be some other members of the Blue Dog Coalition that will join me, I am sure.

Mr. Speaker, as you know, the Blue Dog Coalition is a group of 37 men and women from all over the country, Democratic Members that believe that there are certain things that we should do as a government, certain functions that we should perform to make the economic model work well, and we should try to perform those functions well, and we should be willing to pay for it.

I was very interested in the previous speaker and actually agree with what some of the previous speaker said, and I think he wound up by saying that we ought to balance the budget.

The Blue Dogs, Mr. Speaker, could not agree more that that is a very important step, and I think most Members, most folks out in the country would understand the concept or the notion of balancing the budget, whether it is our individual home budgets or whether it is our business budget, whether it is our local governments. Eventually, you have to have revenues meet expenditures, or you do not stay in business too long. Most of us understand that. Except in the Federal Government, we have a difficult time understanding it sometimes, and I think we have not done very well on that front in the last 6 years certainly.

I was also interested in some of the comments made by the previous speaker. You would have thought that the Democrats were in control of the Congress of the United States. I would remind the Speaker that the White House, the House and the Senate are all controlled by the Republican party. When it comes to doing budgets and

programs and balancing those budget and programs, that is certainly within the control of the majority party to do that.

There also was a good bit of talk about the welfare program. Mr. Speaker, the welfare program was something that this Nation worked together on back in the 1990s under a Democratic President and Republican-led Congress, worked very hard, sat down in a bipartisan way and came up with a good solution to find ways to move people off of welfare and get them into the workplace.

The previous speaker is absolutely right in that we need people in the workplace, getting paychecks, being productive, paying taxes into a society, and that way our economy works best and our lives are better.

Mr. Speaker, I want to talk about three specific issues, three broad areas, basically, where I believe this administration and this Republican-led Congress have failed us in being responsible.

Number one is they have failed to balance the budget. For 5 consecutive years now, we have had a budget that is out of balance.

Number two, they have failed to manage our Federal Government and its functions effectively and efficiently. Let me say that again. They have failed to manage the Federal Government and its functions effectively and efficiently, and I want to talk specifically about that a little more.

Thirdly, I believe that this administration and this Congress has failed to uphold the standards of honesty and accountability when it comes to perform their functions.

Now, I want to start with the second of those particular bullet points and talk about the management of the Federal Government and point out some of the things that have been going on the last 5 to 6 years.

When President Bush took office, he told us and we all knew that he came from a business world and with an MBA and with the charge that the government would be run like a business. Instead, Mr. Speaker, we have seen many of our Federal agencies managed by people with little or no experience. As a result, you find today 19 of the 23 Federal agencies are not in compliance with proper accounting standards. In other words, they cannot give a clean audit of their own actions in how and where they spent the money, the taxpayers' money that was given to them to perform their governmental function. What this means is that we cannot account for all of the government's assets and liability.

The previous speaker talked about the Department of Defense being the biggest offender; and, in actuality, the Department of Defense is the largest offender of this. Of course, the Department of Defense is one of the largest agencies in the Federal Government, the largest agency in the Federal Government, and we all know the high-pro-

file story of the over \$3 billion that was allocated, appropriated for Iraq reconstruction that nobody can account for. The Department of Defense cannot account for the over \$3 billion that was appropriated for Iraq reconstruction.

The complete lack of management and accountability in our Federal agencies is unacceptable. If you had a manager that operated like that in your local government or in a business, you would replace that manager. So I think that we really should demand more of our executive agencies in terms of management and accountability as it relates to how they spend the money that is appropriated to that particular agency.

In the 1990s, Mr. Speaker, Congress and the President, again a Democratic President, a Republican-led Congress working together in a bipartisan way enacted a series of reforms for the Federal civilian workforce known as the Readmission of Government. These reforms reduced the size of the Federal Government, Mr. Speaker, by over 300,000 employees.

Let me say that again. In the 1990s, the size of the Federal Government was reduced by over 300,000 employees.

Despite this reduction, many Federal agencies improved their performance substantially; and I want to talk about one of those Federal agencies specifically, I think, which is a good example. Because, Mr. Speaker, I come from Florida, and in Florida we are accustomed to natural disasters, primarily hurricanes that start about this time of year and run all the way through the summer and into the fall. Last year, I think we had so many hurricanes that we ran out of alphabetic names and had to start back through the alphabet a second time to name all the storms. I think there has been a lot of press and a lot of publicity about the storms that we have had.

Florida has created an excellent emergency management system to deal with those storms, but we always work hand in glove with the Federal Emergency Management Agency, which is known as FEMA, and I found in my 18 years of public service in Florida that FEMA was one of the premier Federal agencies, really a professional agency that knew what its role was and knew how to get the job done probably more than any Federal agency I knew in the 1990s. It was the poster child, if you will, of a well-managed Federal agency. FEMA's structure was transformed, and three national response teams were created to quickly react to any national emergency. I guess in the 1990s, FEMA's performance was more notable for the newspaper stories that weren't written about it. Anytime you find an agency that is doing a good job, doing what it is supposed to be doing, then you do not hear much about it. Disaster victims and State officials alike, including myself, gave FEMA grade A marks, unanimous applause, if you will.

Now we fast-forward 5 years, 6 years, we find FEMA in response to Hurricane

Katrina an utter failure. Just last week or 2 weeks ago, you had a Senate committee with jurisdiction over FEMA stating that FEMA is so broken that that bipartisan committee, leadership of that committee, believes that it should be completely dismantled.

How did we go in the late 1990s or in the 1990s from an agency that was acclaimed to be the most efficient and effective Federal agency to an agency that is almost dysfunctional today? Why do we have so many problems with FEMA?

Well, maybe it is because the administration dismantled the three national response teams prior to Katrina, so there was no group of folks within FEMA ready to go at a moment's notice. Perhaps it was that FEMA was folded into a brand-new Department of Homeland Security and, by all accounts, became the dumping ground for the Department.

Whatever these reasons are, I think every one of them point back to a management style or scheme or capability. One factor that certainly played a role in the change was that in the 1990s FEMA was run by professionals with strong emergency management experience at the State and local level.

Let me say that again. In 1990, early 1990s, the previous administration brought in emergency management professionals with strong management experience at the State and local level, and they took FEMA and they transformed it into a world-class organization. However, under the current administration, until weeks ago, FEMA was run by political hacks with little or no emergency management experience.

It is clear that on the fiscal and management fronts that this administration is failing the American people; and, as a result, you have agencies which cannot produce clean audits. They cannot tell you where the money was spent, the taxpayers' dollars that we are appropriating, and what was done with it. And that is one of the points that I want to make.

The other point and the one I mentioned earlier was the balancing of the Federal budget. Now, the previous speaker spoke of that; and, actually, as I said earlier, we are in complete agreement, that the Federal budget should be balanced.

I see that we have been joined by one of our fellow Blue Dogs, Representative JIM COOPER from Tennessee. Mr. COOPER serves in a role in the Blue Dogs where he chairs the policy committee and, as a result, has the task of leading us in developing of our policy positions. Mr. COOPER has done a lot of work on these issues, fiscal responsibility.

□ 2115

Mr. BOYD. Madam Speaker, I would like to call on my fellow Blue Dog from Tennessee, Mr. COOPER.

Mr. COOPER. Madam Speaker, I appreciate the gentleman's friendship

and leadership of the Blue Dog Coalition because we are perhaps the leading voice in Congress for fiscal restraint and fiscal responsibility.

The chart the gentleman has been referring to showing our national debt and each individual's share of the national debt is a truly scary document. But as the gentleman knows, I am afraid there are even scarier numbers in Washington than that because the debt figures that the gentleman is holding shows what the debt is according to a cash basis; and that is, unfortunately, a very weak form of accounting that is illegal for most businesses in America, certainly businesses of any size.

I want to put that in context for folks both in this Congress and back home because the numbers the gentleman referred to come from this document here, which is the President's budget. Every Congressman gets a hand-delivered copy of this. It is widely publicized in the media. It has a lot of good information in it, but it is the budget of the United States on a cash basis, counting dollars when they come in and go out.

There is another document which is even more important. It is almost secret. It is not classified secret, but it is even better than that. It was distributed on Christmas Eve without a press release by the United States Department of the Treasury. They only printed a thousand copies for all of America, so it is not exactly like they wanted everybody to read it. This is called the "Financial Report of the United States Government." It is issued by the Treasury Department and signed by Secretary John Snow, and it also gives a picture of our financial situation. But it does not use cash accounting; it uses modern accounting that all large corporations in America are required by law to use. So if you really want government to be run like a business, you pretty much have to use this document.

The gentleman referred to our MBA President, the first one we have had in American history, and how so many Americans expected him, with his MBA degree, to run our country like a business. But this is still a largely secret and ignored document.

Why would that be? Because the numbers in it are so grim.

Mr. BOYD. So do I understand it to be Federal law that any business over \$5 million has to use that accrual accounting procedure?

Mr. COOPER. That is exactly right. Modern accounting is required of all businesses in America with revenues over \$5 million. That basically says any business larger than, say, a single McDonald's would be required to use modern accrual accounting. And lest anyone not hear the word correctly, "accrual" has nothing to do with the word "cruel." In fact, accrual accounting is probably the kindest form of accounting because it remembers our elderly and sick and disabled. Cash accounting tends not to do that.

So modern accrual accounting is a very important innovation in accounting. All our businesses have used it for years. In fact, generally accepted accounting principles, GAAP accounting, really says that all businesses of every size should use accrual accounting because it is a more accurate picture of where we are.

As the gentleman knows, because he has a business background himself, the saying in business is if you can't measure it, you can't manage it. If you can't measure it, you can't manage it. That is what accounting does, it helps us measure our financial situation. This shows a picture of our financial situation. I hope it is clear.

Maybe I should come down to the gentleman's easel.

This is a very important chart because it shows us in clear perspective the difference between the budget numbers calculated on a cash basis and on an accrual basis. This top number of \$319 billion is the cash deficit for the year 2005. That is a lot of money. That is the third largest budget deficit in all of American history in absolute dollar terms. It is not quite the third largest in percent of GDP terms; but it is a huge, whopping number.

If you look down the chart, you will see if you do not count the borrowing from the Social Security trust fund, the true cash deficit for the year 2005 was \$494 billion, almost \$500 billion. That is still using the old-fashioned, antique cash accounting method.

If you use modern accrual accounting, according to the Treasury Department and the Bush administration, Secretary Snow says the deficit for 2005 was \$760 billion. That is starting to be a truly large number. That takes into account many of the obligations that we have in future years because what accrual accounting means, it takes into account when you use that national credit card to buy something. You have obligated yourself to buy something. It might have been pensions for our elderly, health care for our elderly, health care for the disabled, things that we know we are going to have to spend money on but we have not actually paid cash yet. That is the \$760 billion number; but that is not the scariest number on the chart.

Everybody in this body has said that they believe Social Security and Medicare are vitally important programs for our Nation and that those benefits should be preserved for our seniors and those who are going to be seniors. Guess what, folks. The accrual number, as good as it is, does not take into account Social Security and Medicare benefits. How could that possibly be? Well, the reason is under modern accounting methods you only take into account contractual obligations, and Social Security and Medicare are not contractual obligations. Congress retains the right to vary the benefits.

Because of that, those numbers are left out of this deficit calculation. So I

believe if you truly care about preserving Social Security benefits and Medicare benefits, as I do and most Members of Congress do, certainly on the Democrat side, you have to look at these other numbers because the budget deficit for 2005 actually goes up to \$1.7 trillion if you include the anticipated Social Security benefits that we are going to have to pay in the incremental increase of 1 year.

If you add Medicare to that, the true budget deficit for 2005 was an astronomical \$2.7 trillion.

I am indebted for these last two numbers to the professor of law and accounting at Harvard Law School, a gentleman named Howell Jackson who did these calculations. And they are still in draft form and subject to some refinement. But it is the first time we have really taken the numbers that originally professors at the Wharton School of Business and a business economist in Washington, D.C. have helped put together. Those gentlemen are Kent Smetters and Jagadeesh Gokhale. Those gentlemen have shown America and the world that our true unfunded liabilities are astronomical. If you look out a few decades, they are on the order of \$49 trillion to \$67 trillion.

So it is a situation where if you are just trying to measure it so you can manage it. Look at one year's annual deficit: you will see that the number we are given by the administration of \$319 billion is probably not an accurate number. In fact, it is probably only one-tenth of the true size of the deficit because if you believe in Social Security and Medicare, as I do, you have to take into account the obligations that we are incurring on an annual basis to fund those programs.

These numbers are huge, Madam Speaker, because even this number of \$760 billion, that is a deficit for the year that is greater than most all of the discretionary spending of the Federal Government. That is greater than the entire defense budget and greater than all of the road programs, agricultural programs, parks, recreation, arts, all of the things that the Federal Government is involved with. So that is a large number. But this number down here of \$2.7 trillion, that is greater than the total Federal budget of the United States.

Madam Speaker, I think we should look at these accounting numbers, these facts, these fiscal facts so that men and women of goodwill all across America can evaluate our situation. As I said earlier, if you can't measure it, you can't manage it.

This should not be a partisan issue. I am taking these figures primarily from administration documents. This is a reality that I especially think all of our business people should pay attention to. The Tennessee bankers were in today. I acquainted them today with all of these numbers, and we had a number of Tennessee insurance agents visiting today. Unfortunately, our media have not seen fit to do many stories on these numbers. Perhaps they

are too large for the media to understand. I think it is very important for America to focus on this. What they really spell is a crisis for our country.

We are borrowing so much of this money; and we are not just borrowing it from ourselves, we are borrowing it from foreign nations.

I am proud to stand with my friend from Florida who is a great leader of the Blue Dog cause. It is very important that we get the word out on these facts.

There are many different ways to measure it. JOHN TANNER from Tennessee points out that it took 204 years of American history to borrow our first trillion dollars. That is 204 years, all of the way from George Washington through almost Jimmy Carter to borrow \$1 trillion. Then we started on this pace where we are borrowing a trillion dollars now almost every 18 months, something that it took us 204 years to do before. That is unsustainable, to put it politely. It is crazy if you use more normal language.

There are other things that are going on that are worrisome. Under President Bush's administration, we have borrowed more money than all previous presidencies in America put together. President Bush is our 43rd President, and that means he has borrowed more money than our first President, George Washington, all of the way through our 42nd President, Bill Clinton. That is an amazing thing. And it is not just borrowing in general; it is borrowing from foreign nations. We have borrowed more money from foreign nations today than all previous Presidents in American history.

I am hoping that men and women of goodwill across this country will focus on some of these accounting facts. Maybe ask a little more of your newspapers and TV stations back home to get more real news because I think this will do more to determine the future of our kids and grandkids than anything else we talk about on the floor of Congress, because when you run deficits like this, that means you accumulate debt and that debt carries a high interest rate, and that interest simply must be paid.

That is the one tax increase that can never be repealed, and those debt costs are mounting every year. Petty soon the debt that we are having to pay our creditors, many of whom are foreign, is getting to be so large it is almost larger than the entire defense budget of the United States.

So it is a crisis, Madam Speaker. It is something that we must deal with, and I hope that our colleagues will pay more attention to these issues.

We understand that next week the budget is supposed to come up for a floor vote. They were unable to pass a budget a few weeks ago. It is vitally important that not only do we have a budget, but we have a budget that reflects reality. The budget that will be brought to the House floor will not reflect these true numbers. They will

still be focused on the cash numbers with inadequate accounting.

However, I was able to get passed in the Budget Committee unanimously, House Democrats and Republicans, an amendment that said for next year we will start using the more accurate, accrual-based numbers. I think that is progress. Accrual will not replace cash budgeting, but at least you will be able to refer to both sets of numbers as we do the budget so that you can see what our true fiscal situation is.

Madam Speaker, I thank my colleague and friend from Florida for yielding. He has been a great leader of the Blue Dogs for a long time now, and I appreciate his leadership, and together I think we can continue to make progress on these issues.

□ 2130

Mr. BOYD. Thank you, Mr. COOPER.

A couple of things that you said struck me. One is, unsustainable; and the other is, we have to work together. Those of us who have been in this business, those of us who have any kind of accounting training in our background understand that those sorts of numbers, first of all, that reporting procedures, or those reporting procedures, are wrong; and the trend there of red ink, deficit spending, is unsustainable. It will be, and I think the public will recognize it when the markets begin to react to their fears that someday, if America doesn't turn around its habit or change its habit of deficit spending, that it will have difficulty sustaining itself economically.

The other thing that struck me about what you said is what I call the bipartisanship thing. I want to go to this chart here, and this talks about the budget deficits from 1982 to 2006, a 24, 25-year period, starts with President Reagan back in 1982. And you see the minus numbers here, all the way down through the fourth year of the Clinton administration, or fifth year of the Clinton administration, in which, working together right in here, a Republican-led Congress and a Democratic President worked together for the Balanced Budget Act of 1997, which then produced a positive result that got the country back on the right track, at least in terms of its cash basis deficit issue.

So you see that that was a very positive thing here.

And the biggest issue we had in 2001, when President Bush was sworn into office, was how do we deal with the \$5.6 trillion, 10-year projected surplus we had. We had a \$5.6 trillion, trillion, now, projected surplus in 2001.

Many of us, especially of those of us in the Blue Dogs said, hey, there are several things we can do. Number one is we ought to address these priorities related to Medicare and Social Security. We know those programs have long-term problems. Let's spend part of the money there. Let's use part of it to give back in tax breaks and let's use part of it to pay down this huge Federal debt that we had.

But this Congress and this administration decided not to follow that sort of three-pronged approach, debt reduction, deal with Medicare and Social Security, and tax relief. Instead, they poured all the money into tax relief. And then immediately you see what happened. You had 9/11 come after that and an economic downturn, and then now we have got deficits.

We have structural deficits. What does a structural deficit mean? It means that even if the economy works, everything works like it is supposed to, you are still going to have a deficit. You are still spending more money than you take in. That is wrong. That is fundamentally wrong. And we ought to, we have to correct it. We just can't afford to let it go on like this.

America is the greatest country on the face of the earth economically, politically, militarily. We won't be that way long if we don't fix this very dangerous structural deficit that we have.

We have been joined by another outstanding member of the Blue Dog Coalition. We come from all over the country. We have with us tonight Congresswoman LORETTA SANCHEZ from California who has joined us now. She has been a leader. She is a member of the Armed Services Committee and a leader there; and I would like to yield at this time to my friend, LORETTA SANCHEZ.

Ms. LORETTA SANCHEZ of California. Thank you so much, Mr. BOYD. I just am very grateful that you decided to take this hour to talk a little bit about the financial crisis, really, that our United States is in, and what we can do or what we must do in the near future to begin to get our financial house in order of our Nation.

As you know, I am an economist by training and a former financial advisor and investment banker for 12 years before I came to the House of Representatives; and besides sitting on the Armed Services Committee and the Homeland Security Committee, I also sit on the Joint Economic Committee for the Congress, the economic committee that looks at the macro picture of what is going on in the United States.

And, quite frankly, we take a look at our position vis-a-vis the rest of the countries of the world. In other words, how are we going to hold on to our financial status, our quality of life, our way of life as we know it? And I believe, every night when I go to sleep, I believe that this is the biggest issue that is facing us here in Washington, D.C., and as Americans.

Earlier, Mr. COOPER showed a chart that said that we are telling the American people, this Congress, this Republican-led Congress is telling the American people that, in this coming year, our shortfall or what we are overspending by for the year will be \$319 billion. And it says it right there.

But the reality is, take aside our responsibilities that we have told people we are going to do for Medicare and Social Security for the future, the reality

is that we spend much more than \$319 billion this year. Without that Medicare and Social Security responsibility, we really spend \$760 billion more than the money we take in.

Now we sat down a while ago with the Comptroller of the United States as a Blue Dog Coalition, and he said to us that 70 percent of the deficit that we have on an annual basis is because we are not collecting the taxes we should be collecting from the American public. In other words, with the three sets of tax cuts that were given by President Bush and the Republican Congress, we have failed to take in the money we need to pay our bills. What we are basically doing is borrowing to pay, and at some point that comes due.

It is like putting it on a credit card. At some point, the credit card company will come and tell you, okay, you have got to pay up. And, as you know, it becomes much more difficult than to have paid it as you went along.

We, as Blue Dogs, believe that we should do pay as you go, that we should make tough decisions every year and decide how we are going to spend and how we are going to tax and bring in the monies we need, how we are going to cut spending, if we need to cut spending. But we haven't been allowed to do that. Each and every year, as Blue Dogs, when we get together and we make our budget and we think about it, Mr. COOPER, on the Budget Committee, others of us, and the reality is that every year the Republicans decide that it is not the year to get our house in order, our financial house in order.

Now, you know, there are some things that people haven't even begun to think that will impact even more our deficit spending over the inability for us to pay our bills on an annual basis and, therefore, put it on the credit card.

The Medicare part D, the prescription drug program that the Republicans voted in 2 years ago, okay, it hasn't gone very well. We all know that. We all wonder what they are doing with it, et cetera. They said it would cost \$400 billion over 10 years. This is extra that they were going to spend. We now know it is going to cost at least \$1.5 trillion if we meet the responsibility of that program. That is not factored into the budget deficit that we see coming in the future.

Hurricane Katrina, that is not factored in. We have done really very little. We have already given about \$33 billion towards Hurricane Katrina, but the two Louisiana senators from that State have a bill that says they want us to spend almost \$300 billion more just for Louisiana to get the place fixed up. That is not counted in the deficits we see for the future.

And the Iraq war, \$1.5 billion a week of spending. How long is it going to take? We are already approaching almost \$400 billion spent on that war by the end of this year. And I sit on that committee, the military committee. I

don't think we are going to be out by the end of the year.

You do the math. \$1.5 billion a week. That is the operating cost of being bogged down in Iraq. Will it be 3 years, 5 years, 10 years, 20 years? Korea, at 50 years?

Start adding up those numbers, America, and you will understand why we, the Blue Dogs, are so concerned that the Republicans will not take this seriously and sit down with us and hash out what we need to do in order to begin to get this under control.

That is why I am grateful that you have come down here today to talk about this, Mr. BOYD.

Mr. BOYD. I thank the gentlewoman from California for your leadership on these areas and particularly on the Armed Services Committee.

Mr. COOPER. I thank the gentleman for yielding.

I just wanted to add a note to what the gentlewoman from California said talking about pay as you go. That is a policy that former Federal Reserve Chairman Alan Greenspan said would be the single most important thing we could do in Congress to help get our fiscal house in order. Alan Greenspan saying the single most important thing we could do to get it in order.

Because Chairman Greenspan and most other economists know that PAYGO worked very well from 1990 when it was first put in place, until 2002, when the Republican majority allowed it to expire. Chairman Greenspan can even remember the day and the hour that PAYGO was allowed to expire, because he knew then that our Nation was risking serious trouble.

But we have not really been allowed to vote on bringing back pay as you go. It is a shame, because that pay as you go policy forces Congressmen to make responsible decisions. You cannot increase spending unless you find offsetting cuts somewhere else, and you cannot reduce taxes unless you find some way to pay for it. It is very sensible. It is the sort of policy we all have to do in our own household expenses, and our Nation was doing so well with it for 12 years, from 1990 to 2002. But, since 2002, we have not had PAYGO, and that is one reason you are seeing these terrifically high deficits.

Mr. BOYD. If the gentleman would yield.

I know the gentleman served in Congress prior to 1994 and is actually on his second trip back and was not here in 1997 when we did the 1997 Balanced Budget Act. But Congresswoman SANCHEZ and myself were. And one of the keys to that 1997 Balanced Budget Act which led us to balancing the budget here in this era was PAYGO.

Spending caps was another key element of that. You put caps on spending programs, and you leave them there, and you agree upon that. Those are not here anymore, as you know, under this administration, this Republican-led Congress and Republican administration. Back then, it was President Bill

Clinton, a Democrat, Speaker Newt Gingrich, a Republican, and Majority Leader of the Senate, TRENT LOTT, a Republican, sat together and said how do we do this in a bipartisan way. You don't have any of that at work anymore.

I think that is the thing that disappoints me more than anything, is I know that there are people of goodwill that would work in good faith all over this country that serve in this body that don't have that opportunity because we are not allowed to sit down. The majority party in many cases just won't sit down with us and work together to solve these problems. So these are very, very difficult solutions.

I know the chart that showed the accrual accounting and the \$2.7 trillion deficit, those are hard numbers to understand. Here is one that is not hard to understand. This is what you actually owe today. We owe as a government today \$8.352 trillion. That is trillion with a T. \$28,000 for every man, woman and child. That is what our debt is today. And somebody has to pay that back. We also have to pay the interest on that. We have to service that debt on a regular basis. And as the interest rates go up, then, obviously, that is what I call a debt tax which cannot be repealed. It has got to be paid.

Mr. COOPER. If the gentleman will yield.

He is exactly right. Those numbers are much clearer than the numbers I gave, because every American can look at that \$28,000 and say that is what I owe. That is what my spouse owes. That is what each of my kids owes.

But if the gentleman would like the modern accounting comparison for those numbers, under accrual accounting, each American today owes \$156,000 apiece, \$156,000 for every man, woman and child in this country. And that would mean for a family of five, that is almost  $\frac{3}{4}$  of \$1 million. That is a luxury house anywhere in America, the cost of a luxury house. And yet we don't get to live in the house. We just get the mortgage. And that is on top of our real house and our real expenses and car payments and rent and all those things we have to pay.

□ 2145

So it is a terrific and crushing financial obligation that has been put on us just in the last few years.

Mr. BOYD. Madam Speaker, the fact is that some future Congress and some future President has a lot of hard, tough work to do, a lot of painful decisions to make to get us back in balance. It will be done somewhere down the road. We know that will happen, but it is going to be very painful.

Ms. LORETTA SANCHEZ of California. Madam Speaker, if the gentleman would yield, the other problem is that as soon as we focus, and we must focus, on beginning to figure out how we pay this down, we need to do that. We have explained why. But the

reality is that when we are doing that, that is less money in our pockets, if you will, to be able to educate our children, to educate ourselves, to invest in roads and water systems and sanitation systems and what makes America productive vis-a-vis the rest of the countries of the world.

I can guarantee you that this debt is held to a large extent by countries around the world, Japan and China, the European countries. They are who we owe. And they are looking at ways of how do they increase their quality of life. And they are investing in education. They are investing in water systems. When we have to pay this down, we will not be able to make that investment.

Mr. BOYD. Madam Speaker, the gentlewoman makes a good point. In the past when we had to run up debt, for instance, during World War II and at other times in a national emergency, that debt in large part was bought by Americans. That financing was provided by Americans. That is not the case today. Of this over almost \$3 trillion that has been borrowed since January 2001, the great bulk of it, the majority of it, has been lent to us by China and Japan. So in most cases, foreign countries, some not necessarily that are friendly to our cause, are lending us this money.

Mr. COOPER. If the gentleman would yield, many Blue Dogs have asked where are the war bonds for the Iraq war. Because during World War II, we had war bonds and it was a patriotic obligation, if you could afford to, to lend money to our government to conduct the war. The administration has not asked for war bonds for Iraq. Nor have we asked for Katrina bonds. That would be a great way that Americans could show their support. I saw in the newspaper today that a Middle Eastern country, Qatar, has offered to pay millions of dollars to New Orleans. There should be an effort for the American people to lend ourselves the money we need to get through this. Instead, we run up \$1 trillion of debt with China. Already many countries have gigantic amounts. You may have seen the cartoon. When the President of China, Hu Jintao, came to visit a couple of weeks ago, there was a cartoon in the paper where there was a little balloon out of the White House saying, "Oh, our landlord's here." When you start lending money on that scale from China to the United States and we have to pay that back to China, that almost means that we are beholden to them, and that is a very dangerous security risk for our country.

So I appreciate the gentleman's leadership on this issue.

Mr. BOYD. I appreciate both of you folks being here today.

One last thing that I wanted to talk about, the third point that I wanted to make, was the issue of honesty and accountability by the administration. We have to deal with the American people in all areas, and particularly our finan-

cial area, with honesty, and we have to be accountable. On the congressional side, our forefathers designed our system so that the congressional side would have an oversight role, that we would make the laws and appropriate the money, and our job was to make sure that the executive branch, the President and the executive agencies, spent the money and applied the laws in the way that we intended them to be. And I do not think that is happening as well as it should these days. And I want to cite a couple of examples.

An article in Monday's Boston Globe reports that the administration has disregarded more than 750 laws enacted since he took office, adopting the policy that basically the administration has the authority to pick and choose a provision of which laws that they wish to follow. This is a blatant disregard for the way our forefathers set up our Federal Government and has really upset the balance between the branches of government, and it has prevented Congress from carrying out our responsibility of lawmaking and oversight.

Let me cite an example of oversight abdication: from 1994, when President Clinton sat in the White House and the congressional House and the Senate were controlled by Republicans, there were over 1,000 subpoenas issued from 1994 to 2000, over 1,000 subpoenas issued to appear before House committees, under oath, to justify and explain actions of the administration. It is a role that Congress should be playing, an oversight role.

Since January of 2001, there have been virtually no subpoenas issued by this House to this administration to explain their actions. And Congress has basically abdicated its oversight role. And as a result, you see misuse of power and some corruption springing up in places, and I think we will see more of that unless Congress steps up and exercises its role of oversight over the executive branch.

Ms. LORETTA SANCHEZ of California. If the gentleman would yield for a moment, but part of the reason of why no subpoenas have been issued is that this House is controlled by the same party that controls the White House. And the Democrats, my party, we are not allowed to issue a subpoena. A subpoena can only be issued by the consent of the chairman of a committee, and that chairman would be a Republican. And, believe me, I have had a lot of questions and a lot of things I have wanted to ask the administration and its Departments with respect to some of their spending. I am not allowed to do that. NANCY PELOSI is not allowed to do that. It must be done by a Republican, and they have refused to subpoena. This is one of the reasons why there have been no subpoenas basically issued out of the House.

Mr. BOYD. That is a great point, and I thank the gentlewoman for making it.

Madam Speaker, we have been joined by my good friend and fellow Blue Dog

from Tennessee, Representative LINCOLN DAVIS, and I yield to my friend now.

Mr. DAVIS of Tennessee. Congressman BOYD, thank you for yielding. I deeply appreciate your efforts and the gentlewoman from California and my good friend from Nashville, Tennessee, for the comments that you have been making and trying to make this Congress, this House, and those who may be observing us, aware of the situation that we are in.

In the mid-1990s, I was amazed and somewhat taken aback and, quite frankly, somewhat was in agreement with the contract that was proposed by a group of individuals on September 27, 1994. And I looked at most of those and I thought that sounds just like a Southern Democrat in what they would propose. I am going to read some of those to you.

I am a general contractor, and I do not do much work anymore. Our job sure does not allow us to do that; so, therefore, I am not out building as I was through the 1990s and the 1980s and the early part of the 21st century. But when I signed a contract with someone, there were certain ordinances in that that said you have to abide by these or else if you do not, we will take over that contract and we will hire somebody else or put someone else in your place that will fulfill those commitments that you have made. And I would sign a payment of performance bond that would do exactly that. So I felt that any contract that you made with this country, it was a contract that was binding. So I want to read some parts of the contract.

Item No. 2, it says on the first day we will "select a major, independent auditing firm to conduct a comprehensive audit of Congress for waste, fraud, and abuse." We cannot even audit several of our different Departments and agencies of the Federal Government today. This was a pledge in 1994.

I look at something else here. It says we "guarantee honest accounting of our Federal budget by implementing zero base-line budgeting." In the Tennessee legislature, we understood what that was. Apparently, the folks who agreed to sign this contract did not, and the rest of the story, as some famous person says, is still being told.

Then I take a look at No. 6, the National Security Restoration Act: no U.S. troops under U.N. command and restoration of the essential parts of our national security funding to strengthen our national defense and our credibility around the world." When I go to other countries, I am sometimes frightened, not that I am an American, because when God put my soul in the body of a woman who lived in America at conception and let me be born an American, it was one of the greatest blessings I could receive. But other folks I do not necessarily agree with. I think they misinterpret the American people and how they have a lack of respect for us. I do not like that and I

want us to change that, and I think foreign policy can make a difference. So I think that those are failures.

Our national defense, September 11 happened after 1994. I am not blaming anyone there, but I am just saying we need to start thinking in this country.

Another one said "term limits to replace career politicians with citizen legislators." We have a Senator who ran from Tennessee and said he would serve 12 years. I applaud BILL FRIST for not running again. I do not necessarily always agree with him, nor do I disagree with him a lot. But one thing I do agree with him on: he kept his word. We may not have passed the bill. But, quite frankly, the bill does not require you to keep your word. My father always said if you are honest, you will be rewarded; if you are dishonest, you ultimately will be punished and will lose.

Here is something else: "a balanced budget and tax limitation amendment and a legislative line-item veto." I have been here for a little over 3 years. I have never seen either one of these items that these folks who signed the contract, as I would sign as a builder, have tried to pass. Again, if you were back in Tennessee and if you were working for a developer, the first thing that would happen is they would say you have broken your contract; so we will take it over and get somebody else to finish the job. I think the American public needs to understand that, that when you give your word, your word is your bond.

I travel my district, all 24 counties, and, quite frankly, there is no conversation about \$3 a gallon of gasoline, very little. There is very little conversation about a \$1,000 per month-plus for health care; very little conversation about the huge deficits that we have today; very little conversation about the war in Iraq, where we have lost 2,500 young men and spend \$100 billion a year, approximately, in that country. But we played a little game one day as I played when I was a kid in school. We called it tag. In essence, you have to tag somebody else out so they can chase the other folks until ultimately they capture someone, and then they have to start running someone down. So I said let us kind of play tag. If you were President, what would you do?

An older fellow in the back said, No, Congressman. We have elected you. If you were the President, what would you do?

I said the first thing I would do for this country is I would audit this country. I would get the best CPAs, the most honest, the most knowledgeable, and I would audit every Department, every agency. I would look at every no-bid contract to find out how much profit was made. I would audit this country, and I would tell the American public why in 2001 we had 200-plus billion dollars in surplus and why now we have 300-plus billion dollars in deficits. So I would audit America. I would find out and tell the folks, this is where the

money went. This is where your money went. It is your money and here is where your money went.

And the next thing I would do, I would call up at Andrews Air Force Base and I would have them cap off Air Force One with fuel. I would get 10 of the best pilots in the Navy. I would also get 10 of the folks who can speak Arabic really well, and I would load them up, and we would have a nonstop flight to Kuwait. And I would tell the folks in Kuwait, remember about 10 years ago when you were invaded by this fellow named Saddam Hussein, or almost 15 years ago, and you came to the world's stadium and platform and said, Please help us. We have got 600,000 people, and a 25 million population country and their leader, Saddam Hussein, has just invaded us and they have taken over our oil fields, and the rest of the world came to your rescue.

I would get the sheiks. I would get the mullahs and the emirs and whatever they call themselves, the royalty, the folks who inherit the position, and I would say \$3-a-gallon gas is breaking the back of every woman and every man who is working in my district.

□ 2200

That is our worst enemy. We have conquered your enemy. You help with ours now.

I would go to Saudi Arabia and some of those folks, and I would tell them the same story. Then I would go to Iraq and put the troops there that was needed to put production back in those oil fields up to 3.5 million barrels a day that was there when Oil for Food was a policy that we criticize now so much. And certainly the dishonesty of it should be criticized. But I would put back on line those oil wells.

What that does for us is to help us balance our budget. Instead of us spending \$100 billion of American taxpayer money, HAROLD FORD, a candidate for the U.S. Senate, says that the American taxpayers are footing the bill for both sides in this war. As we pay \$3 a gallon gasoline, we are helping the insurgency get money, especially from some of their buddies in Saudi Arabia, and other places fund their insurgency through the dollars that go in and go back out to the radical groups of Islam. And then American taxpayers are paying for the American troops that are sacrificing their lives there.

I would put on line the oil fields in Iraq and get them producing more than 1.5 to 1.9 million barrels a day, and I would bring the revenue in to where the American taxpayers would have to quit paying for the cost of the war in Iraq.

I know our time is about ended. I have a whole lot more I would like to talk about. The point I want to make is that in this country today, we have a battle on our hands.

If you notice, I am not mentioning a word on the other side, their name. It saddens me when folks come to this

floor and they want to criticize Democrats and Republicans. We are all adult and mature individuals. It is time we started acting like Americans instead of Democrats and Republicans.

It is my hope we can start working together and take this bitterness away. Bipartisanship is the only thing that is going to solve this thing. In the Rules Committee, when we are not allowed to introduce amendments, I just got a news release that went out, and I will mention this because it is from the National Republican Committee.

"DAVIS Shares Blame for High Gas Prices.

"National Democrats are desperate to gain traction on any issue they can in the lead up to the 2006 elections. As gas prices across the Fourth District rise, so does the Democrat rhetoric. What Representative LINCOLN DAVIS probably hasn't mentioned though is that he voted twice against helping consumers feel less of a pinch at the pump."

They mention resolution number 519 and number 145, the Gasoline for America's Security Act and the Energy Conservation, Research and Development Act.

You realize that Republican Senator BILL FRIST wouldn't even put this bill up on the Senate floor because it didn't do what it said it did? So, in essence, even the Republicans in the Senate disagreed with those who voted in this House on this bill. That is the kind of truth you get from the truth squad when they come up and start talking.

Mr. BOYD. Madam Speaker, reclaiming my time, I appreciate the gentleman. He brings a lot of common sense and wisdom.

I know our time has expired, Madam Speaker. I just want to conclude by saying that I hope that you understand that the Blue Dogs are a group of men and women who are ready to work together across the aisle in a bipartisan way to solve these problems. We have some very, very tough problems, and we have a group of folks who are ready and willing to roll up our sleeves and go to work, and let's solve some of these problems.

Mr. DAVIS of Tennessee. Madam Speaker, that doesn't say Blue Dog Democrats. It says Blue Dog Coalition. Republicans can join it.

#### REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4954, SECURITY AND ACCOUNTABILITY FOR EVERY PORT ACT

Mr. SESSIONS (during the Special Order of Mr. BOYD) from the Committee on Rules, submitted a privileged report (Rept. No. 109-450) on the resolution (H. Res. 789) providing for consideration of the bill (H.R. 4954) to improve maritime and cargo security through enhanced layered defenses, and for other purposes, which was referred to the House Calendar and ordered to be printed.