

He stood up to the abuses of a President— at first as a lonely voice, but in the fullness of time, the nation agreed and the President stepped down.

He took on immensely challenging and often unrewarding tasks such as rewriting the federal criminal code to make the administration of justice both effective and fair. The challenge was tough; it was complex; it was thankless; it took a decade—but it was no match for the brilliant legal mind and the will of iron of this Jesuit.

He summoned all of us to ease the plight of the oppressed—whether African Americans in our own country; Jews in the Soviet Union, or the countless heartbreaking number of impoverished, dispossessed and neglected throughout the world. He held up a mirror to our conscience, both in and out of Congress. He touched us all, and made us see in our own lives the truth of those great words:

For I was hungry, and you gave me food,
I was thirsty, and you gave me drink,
a stranger and you welcomed me,
naked and you clothed me,
ill and you cared for me,
in prison and you visited me. . . .
whatever you did for one of these least
brothers of mine, you did for me.

When I think of Bob Drinan, I'm reminded of the famous lines from Oliver Wendell Holmes: "As life is action and passion, it is required of a man that he should share the passion and action of his time at peril of being judged not to have lived."

He served with us in Congress for only ten years, but for that brief time, he was like a meteor across our sky. I think back to that first campaign, and to the team of extraordinary young people he inspired—like a young John Kerry—whom he affectionately referred to as his "minions."

They were brimming with ideas and determination to change our nation for the better, and—decades later—many remain passionately engaged in the public square unbent and unbowed in their commitment to serving others.

That's how great his influence was, and I'm grateful too to Bob, because from this group of young idealists, I think I've gotten a Senate colleague; at least two chiefs of staff; a pollster; a team of advisors; and one determined core of volunteers. So thank you Father!

That his droll wit, immense intellect, and his unwavering commitment to justice and peace are gone from us now, makes me sad.

But we know that "Blessed are the peacemakers for they shall be called the children of God"—and we know too that our great teacher, friend, and leader is smiling down on us today. God Bless you, Father Drinan.

Your inspiration still guides us.

TRIBUTE TO FATHER DRINAN

(By Max M. Kampelman)

Father Drinan and I first met in early 1980, the last year of the Carter administration. President Carter had unexpectedly asked me to spend three months in Madrid heading the American delegation to the Conference on Security and Cooperation in Europe, known as the Helsinki process and consisting of thirty-five countries.

The Congress had established a joint House and Senate Commission to make certain that the United States would not permit the human rights dimension of the agreement to be buried by the Soviet Union and those states more interested in economics and security. Father Drinan was an active member of the Congressional Commission.

In my role as Chairman, I invited the Commission to be an integral part of our delegation and urged its Members to spend as much

time in Madrid with me as they could. Father Drinan took advantage of that opportunity and I was proud to have him, a frocked Jesuit and a Member of Congress, symbolically and actively representing our country and our values.

The meetings lasted for three years and not for three months. With the help of Father Drinan and the Members of the Commission, our Delegation decided not to bring the meeting to a close until we could see signs of improved Human Rights on the part of the Soviet Union and its Eastern European colleagues. We quietly negotiated significant achievements in that area.

Father Drinan and I remained friends even after he left Congress. The decision by the Pope that he leave politics and, in the Jesuit tradition, engage in teaching was, we know, not an easy one for him to accept. My own view was that the Pope knew that Massachusetts would be in good hands with Ted Kennedy in the Congress and that there was an urgent need for the legal profession to learn what Father Drinan would teach.

Our last meeting was a few weeks ago when he invited me to lunch in the lovely new dining room for Priest at Georgetown University. I pointed out to him that I was five days older than he and, therefore, should be considered the senior, but he insisted on paying the bill. He had read an article I had written which was published in *The New York Times* calling for a serious active rebirth by our government of the Reagan effort for the world to destroy all of our nuclear weapons of mass destruction. This interested him immensely. I told him of the progress being made in that direction and I promised to keep him informed. I will. Death, after all, is only a horizon; and the horizon is only the limit of our sight.

□ 2130

COUNTDOWN TO TAX INCREASE

The SPEAKER pro tempore (Mr. ELLSWORTH). Under the Speaker's announced policy of January 18, 2007, the gentleman from Kentucky (Mr. DAVIS) is recognized for 60 minutes as the designee of the minority leader.

Mr. DAVIS of Kentucky. Mr. Speaker, we would like to take some time this evening to continue the conversation that we began the first full week of Congress, talking about the impact of world view on policies that affect the creation of jobs, that affect families, working families, creating hope and creating opportunity for the future.

As we have shared each week, we want to point out that though there were a variety of motivations in the most recent elections, one thing is clear that was not talked about by the American people, I don't think realized the full impact and the emotion of many of the votes that were taken, is that we are now 1,426 days away from one of the largest tax increases in American history.

It has only been 18 days since the last time the Democratic Party voted unanimously to raise taxes in this Chamber. The reason that I bring this up is I go back to the last time there was a significant raising of taxes. In 1992, Bill Clinton was elected President of the United States. He promised to cut taxes on working families, and, in

fact, came into office and decided that he needed to change his mind based on a different statistic and brought about what was the largest tax increase in American history.

Now that was particularly interesting to me. I remember the night of that election, was not in politics, was working in business, and was getting ready at that time, had just started, my wife and I started a manufacturing consulting business to begin working with other companies, helping them with their business systems, helping them to improve productivity to compete in the international arena and helping them to create jobs and keep our jobs in the Midwestern United States in the Ohio Valley.

I was informed by the Internal Revenue Service the next year that I was going to be allowed to invest in our government. And what it did was that investment took away money that was hard earned by all of the families that were working together with us.

Over time what that would have added up to would not have been a fancy lifestyle, because we were focused very much on serving our community. What it would have added up to quite simply was more jobs. It would have been not only more jobs in our company where we would employ people to empower others to work together, but especially where we saw the impact of these regressive tax policies was in the damaging of the economy during the 1990s.

The Clinton administration actually inherited the fruit of Ronald Reagan's vision. Ronald Reagan cut taxes. He sought to streamline regulation. He sought to empower people. It led to the longest period of sustained continuous growth in the history of this country.

Mr. Clinton was able to inherit that. But Ronald Reagan was the author of that. The fruit of the policies of the Clinton administration were most felt in the late 1990s. They were felt as the Internet bubble burst, as we began to see increasing pressure from foreign competition, as we began to see jobs leave this country.

We saw regulation increase, we saw taxes increase. Ultimately, all of that adds up to money coming from one place, and that is the pocketbook of the American taxpayer. I look back on companies that we went to serve over and over again. We heard about the increased tax burdens that were on the working families, that were on the middle managers, that were on the engineers.

Out in the community, that translates into an increased burden on teachers and police officers, on people providing services, small business owners and the local community. It was something that was not often seen in the national press, but was felt very much in the Ohio Valley. It was felt in the Rust Belt; it was felt across the Northern Midwest.

We saw that working in manufacturing, in the machine tool industry,

where these taxes and regulations were difficult and created a tremendous burden. They did not create jobs, in fact, created quite the opposite. The cost of health care began going up.

There was a cost of compliance with environmental regulations that went up. And all of that was ultimately passed to the American consumer. When George W. Bush was elected President, he wanted to carry on that vision of Ronald Reagan and so did the Republican Congress that had passed tax cuts through the late 1990s that had been vetoed by President Clinton.

When President Bush came into office, he inherited a recession that was well under way. Combined with the 9/11 attacks, it was a devastating impact on the American economy. But the tax cuts that were enacted in 2001 and 2003 and that we extended each of the past 2 years had quite the opposite effect in time of war, in a time of national threat: seven million new jobs were created.

More importantly than that, I think that the leadership in the Republican Party, the conservative vision, the Ronald Reagan vision for America, understood one thing, that by allowing people to keep more of what they had earned, they will spend it wisely. They will spend it in a way that will bring back more to them and build for their future and invest in their future.

That is why we have constantly introduced legislation to allow people to keep more of what they earn. That is why last year we introduced the 401 Kids Bill, to allow parents, at the birth of their child, to set aside money for college that could be accrued year after year just like an IRA.

That legislation has no hope in this Congress, because the chairman of the Ways and Means Committee has said that every one of the tax cuts that has created these record revenues will be repealed in 1,426 days. One thing that many of us did not understand before in this country, but I want to share with all of you tonight watching from home, is this: that in order for the Democratic Congress to bring about one of the largest tax increases in history, they simply have to do nothing.

The compromise that was negotiated for the original tax cuts was that those taxes had a sunset and that many of the taxes, particularly small business taxes, education tax credits had to be extended from Congress to Congress, from year to year to reauthorize them.

It is very clear from the candidates in the Democratic Party for Congress, over and over they are saying that taxes must be raised. The gentleman from North Carolina made a statement over the weekend that not only did taxes need to be raised, but we needed to have universal health care and dramatically encumber the cost of providing for health care for small businesses.

CHARLES RANGEL, the chairman of the Ways and Means Committee, said that he saw none of the tax cuts that

were passed in 2001 and 2003 and that we had extended in previous Congresses to see any merit in being continued.

What that means at the level of the working family, what that means for every family, for the vast majority of us in this Chamber tonight, and those who are watching at home, is this: you will have, if you are making between 30 and \$60,000 a year, at a minimum a \$2,098 tax increase, that will come automatically with no legislation.

The reason for that is, in 1,426 days these taxes simply increase. And I think that we need to keep in mind one thing. The goal of government cannot be and is not to create jobs, because government cannot create jobs. It does not have free assets that can generate value that can build a nest egg for a working family.

What we can do is create a framework to empower a framework that allows people to achieve, to pursue the American Dream, that allows them to go forth and to work, to create a vision for their own future, to build a future for their children and grandchildren, and to encourage their children that they can pursue one.

That is why America is the number one destination for people from all over the world, because America is the land to begin again. I saw that with the grandparents of my wife, Pat, who came through Ellis Island. My children have been to Ellis Island to see the names of their great grandparents on the wall.

They came to this country because they believed in their own way the streets were paved with gold, with opportunity, with a future that they could pursue by hard work, by savings, by serving others that they could make a difference. Within one generation of that, their children were educated. They had their children going through college, their children were out working in the economy. And they in two generations have created jobs.

My wife was the first woman in the history of her family to graduate from college, and she pursued that opportunity and that vision. I have a daughter now who is getting ready to teach school, who is student teaching now. She is not going to face that same kind of opportunity because the tax policies, the economic policies toward working families in this country are about to regress in 1,426 days.

I believe that our role must not be to raise taxes, to create additional burdens for small business, to create additional burdens for the creation of jobs, to create additional regulations. What we need to do is create taxpayers. And by cutting taxes, by allowing people to keep more of what they earn, a phenomenal thing has happened. The United States Government has had record revenue of taxes coming into the government.

And the challenge is not the revenue coming in by so many new taxpayers by the millions of new jobs that are created. The real challenge is reducing

government spending, addressing the validity of programs and whether they add value or not, and making sure that our bureaucracy is leaned up, flattened out and made more efficient to serve the taxpayer more effectively and allow those resources to go to the place where they are needed the most.

My colleague joining me tonight who has been the leader of this Countdown Crew over the past 5 weeks is my friend from Pennsylvania, BILL SHUSTER, also coming out of the small business world like me, who understands what it is like to meet a payroll, understands what it is like to pay for health benefits, understands what it is like if we do not get up in the morning and go to work, there is no salary at the end of the month, and in order to make sure that we can make a difference for our family, we had to go to work and work hard.

In that time, we both understood the impact of those tax increases on limiting our ability to provide for our children's future and also to have money in the economy that is going to create more jobs. With that I would like to yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Speaker, I thank the gentleman for hosting this evening's hour, as we count down the tax increase that is going to occur in this country in 1,426 days unless this Congress acts, unless the Democratic majority acts to stop it.

I think it is important, you pointed out, that you are a small business owner. I was a small business owner. I know there are many small business owners in Congress. And I think it is important that the American people understand there are people serving in Congress that know what it is like to meet a payroll, to get up and unlock the doors every day and make sure that your business and the people that you employ have a job there.

It is extremely difficult to do when the tax burden goes up. And if we do not act, as I said in this Congress, the Democratic majority does not even have to act; it just has to run out the clock.

As you mentioned, what we will experience on January 1, 2011, is over a \$200 billion tax increase. And that will occur over the next 3, 4 years as tax cuts that we put in place in 2001 and 2003, if they are not extended as you pointed out, that there was a deal made that we had to have them sunset. But we need to make sure that those tax cuts stay in place so that the millions of small business owners and families, hardworking families in this country, get to keep more of that money in their pockets, so that they can go out and spend it or save it for whatever the purposes that they have.

You have, I know, six kids. So you know what is coming down the road for you, and college tuition is going to be a lot of money. And for you to be able to save, as millions of hardworking Americans being able to save, that

money is extremely important. My daughter, we just had her at Penn State this weekend. She was accepted there. As we start to look at colleges, you start to realize the expense. It is not just tuition, but kids going away to school, and living expenses.

A family in this country of four that make 40, \$50,000 a year, if we do not extend those tax cuts, they are going to get a tax increase of about \$2,000. \$2,000 is a lot of money to hardworking Americans. If you take that \$2,000 and invest it in an account that is going to get you 5 percent, a modest 5 percent return, you do that over 10 years, that grows to \$30,000. That is a significant nest egg of savings that you can spend on your children's education.

It is better that we leave it in the pockets of the American people than to bring it here in Washington and spend it on the array of things that do not make sense to the people back home. It is their money. They worked hard for it. And they should be able to keep most of it and not send it here to Washington.

What happened when we cut taxes in 2001 and 2003? Well, over the last 4 years alone, we have created 7.2 million jobs in this country. That is something that is very worthwhile.

The unemployment rate is down to 4.5 percent. That is well below what it was in 2005, and on average it is the lowest in four decades. This economy is moving forward. You mentioned that the national media did not cover something very well in the past. Well, this is one of those cases where the national media is not covering the strength of this economy.

4.5 percent unemployment is a good number. Creating 7.2 million jobs over the last 4 years is a good number. In December alone, 167,000 jobs were created, in December. We have not got the January numbers, but the estimate is it is going to be in that 150,000 job-creation range.

The 7.2 million jobs we have created, that is more jobs than the European Union and Japan combined created in the last couple of years.

Mr. DAVIS of Kentucky. Mr. Speaker, the gentleman was talking about the employment impact numbers, particularly when the tax cuts came in. I can remember working on a factory floor in Orleans, Indiana in the weeks immediately after 9/11, and the economic shock that hit the entire home products and office products industry, every segment of our economy, but in this particular town this factory was the largest employer in that area.

□ 2145

And there was a great fear about what the economic impact was going to be over time. I was working in business, I was contemplating running for Congress at that time. And the one thing that we began to see as we entered 2002 in that work with that business was that the economy, even then, began creeping back because those tax

incentives to working families, to individuals, to reinvest their money, to invest in the economy, to continue to save made a tremendous difference. In fact, that company continued to grow. It came out of that post-9/11 slump and continued to grow in a great way.

And when you talk about 4½ percent unemployment, it is remarkable to me. I remember about the time that we graduated from college, right when Ronald Reagan was introducing his proposal that was said to be so radical and they were going to be ineffective, that even though we had unemployment that was approaching 10 percent at that time, they said that the best economy, 6 percent in this economy would be the very best you could do for full employment. And here we are at 4½ percent. But on top of that, we are at record manufacturing productivity levels in this history of this Nation. And I think it just further personifies the point that you are making.

Mr. SHUSTER. And it is no mystery what happens when you cut taxes. And as you mentioned, I heard the same interview you heard on Meet the Press, or Tim Russert's show, I forget what it is called. John Edwards, the 2004 vice presidential candidate for the Democratic Party, said quite matter of factly and calmly that yes, we are going to have to raise taxes; yes, we are going to have to raise taxes to provide a universal health care that is really code for a Federal Government program that is going to take the decision-making process out of the American people's hands, and there is going to be some bureaucrat sitting in some cubicle in Washington deciding what medication you can take or can't take, what procedure you can have or can't have.

And I think that we have proven that when you put the forces to work in the marketplace, like we did on Medicare part D, that not only do you give people a choice, but with that choice comes competition and with competition comes the stabilizing and in some cases the decrease of prices. And that is the way we need to move forward, not with a huge tax increase which John Edwards, as I said, I think he had a Walter Mondale moment with Tim Russert saying, oh, sure we are going to increase the taxes. And you know, for a guy who is a multi-millionaire, who I see lives in a multi-million dollar home in North Carolina, it is certainly easy for him to say, well, sure we are going to increase. Now, he says they are going to do it on just the wealthiest. But I think we all know when you increase to get the kind of revenues that he is talking about to fund a huge government run program, it is going to trickle down and the people that are making 50 and \$60,000 a year, people in my district, two-income earners, if they are teachers from the Altoona School District, two teachers that have been around 15, 20 years are making \$100,000 or better now. And those are the people that are going to get hammered on these tax increases.

But back to the point I was making. It is no mystery what happens when you cut taxes. And don't listen to me. Don't listen to George Bush. Don't even listen to Ronald Reagan. Go back in history to when President Kennedy in the sixties when he cut taxes, cut the marginal income tax rate, it spurred the economy on. Revenues to the government increased. And again, that is what happened under Ron Reagan and that is what is happening today under George Bush. Cutting taxes is a positive thing. When you let people keep more money, they spend it. They spend it on what they want to spend it on, which helps to spur the economy on. So once again, don't listen to me, if you are a Democrat. Look at what Jack Kennedy did back in the sixties. I think that is the way we want to move this economy forward.

Mr. DAVIS of Kentucky. I think it illustrates a universal principle too that if you, kind of like the verse in Ecclesiastes of casting your bread upon the waters and it will come back to you and by allowing a seed to be sown, to grow over time it will make a big difference. And the real difference, I think, that needs to be highlighted is this is a fight, a battle of world views, of seeing, really, the short term versus the long term. A lot of money can be taken into the Federal Government in a short term by raising taxes. But in the long term it could have a devastating effect.

I think if the gentleman from North Carolina who is running for President had laid out what he actually did with his tax money or the money that he earned, the American people would probably have a somewhat different view of things. And when I see a super rich Senator, or a very, very wealthy liberal who in many cases inherited their money, making statements about wanting to raise taxes on the rich, what they don't talk about is the tremendous amount of money that they spend to create special investment trusts where they effectively don't pay taxes.

And again, to your point, it comes back down onto working families. It comes back down onto teachers, onto police officers, small business owners, people working in retail, people in transportation, pilots, engineers, the folks who keep our economy moving forward. And to our point, leave it in people's own pockets, and they will make a difference.

But I think it is especially important that the message gets sent, that our friends and neighbors are going to see that increase.

Mr. SHUSTER. If the gentleman would yield. I have started to accumulate little stories of people in the ninth Congressional district of Pennsylvania that I represent, what has happened to them over the past several years with these tax cuts. Gregg Rothman, who owns or is partner in RSR Realty in Cumberland County, Pennsylvania, which is the county seat, is Carlisle,

Pennsylvania, which is known to many where the War College is and where Jim Thorpe made his name at the Carlisle Indian school.

But Gregg Rothman, he became a partner with this firm in 1999. Because of the reductions in the capital gains tax, that has allowed many empty nesters to enter the housing market. It has increased sales and their business has grown tremendously. And, in fact, since 1999 when they went into business, or when he bought into the partnership, they had 20 realtors. Today they have 60, and that is an addition of 40 new jobs of people out in Cumberland County, in central Pennsylvania, working. Creating jobs is what these tax cuts enabled people like Gregg to do. He saw his highest volume of sales since entering the realty business just in the last couple of years.

Now I have got another story in my hometown in Everett, Pennsylvania. A couple of young guys started BC Stone several years ago. Travis Collins is the President of that company and he went to high school a couple of years behind me. What they have been able to do is create a tremendous business. In this little town of Everett, Pennsylvania they are selling stone granite tops, marble tops all across the State of Pennsylvania, all across the region, in the mid-Atlantic region. He has grown from 16 employees in 2001 to today he employs 70 people. And that is because this economy is growing. Not only are people building and buying new homes and remodeling them, which helps his business, but he is able to go and buy equipment, modernize what he is doing there and along the way, go from 16 employees to 70 employees in this town of about 2,000 people. And they are good paying jobs.

They have been successful enough that they have bought an old hotel, the Union Hotel in downtown Everett, and they are renovating it and going to revitalize it and they hope by 2008 they are going to open up this hotel and restaurant and employ 20 full-time employees. Adding on to the, from the 16 to the 70 and then this new business with 20, and that is all because of this, of the tax cuts we have put into place in early 2000, 2001, 2003 and extended them here a couple of years ago. That is what makes this economy, or helps to make this economy move forward, by letting people keep their own money, by letting entrepreneurs and small business owners and families decide how to spend their money, not the Federal Government.

And as you mentioned earlier, your background as a small business owner, your background as a person who has children, who has a family, you know the importance, and it is important for the American people to realize that if this Congress doesn't act in 1,426 days, a \$200 billion tax increase is going to occur. And if anybody doubts it, you mentioned earlier, the chairman of the Ways and Means Committee, Congressman RANGEL from New York, said quite

frequently and quite clearly that all those tax cuts were on the table. He didn't see any of them or many of them that were, that he thought were good or that they were tax cuts that he supported. And, in fact, I don't think he supported any of them, if I am not mistaken.

But further than that, the Democratic majority, when they came to Congress, one of the first things they did was to make it easier to raise taxes. They call it PAYGO, which sounds good but really it is TAXGO because what they are going to do is they will ratchet up spending. They will pay for their increase in spending by increased taxes. And so you have PAYGO or TAXGO is what it really should be called.

And then they decreased, or they made it easier to raise taxes by going from a three-fourths majority, which the Republicans put in place, because we wanted it to be difficult to raise taxes on the American people. But they changed it from three-fourths to a simple majority. Now, many of the incoming Members on the Democratic side I know ran on a conservative agenda. You know, I want to see how they are going to go back home and tell the people back there that we made it easier to raise taxes on you. They talk about, I know the Blue Dogs come down here and talk about fiscal responsibility and talk about cutting the budget or balancing the budget. But how are they going to do that if they are not willing to make the hard choices on what programs, not just to cut, more importantly to reform the entitlement programs. Reform doesn't necessarily mean cut. It means make them efficient. Make them produce or become more efficient. You get more out of your bang for your buck. You don't have to necessarily cut the programs. But so more and more people can get those programs more efficiently, instead of just raising taxes or slashing benefits.

At the end of the day, if you are going to increase spending, I believe this has been very clear by the Speaker and the leadership of the majority party, that they are going to increase spending and they are going to increase your taxes. Why else would you make it easier to pass a tax increase? And that is, again, one of the very, very first things they did when they came into the majority party here. So it is going to be interesting to watch how that plays out with the Blue Dogs and many of the incoming Members that they claim that they are going to be fiscally responsible, that they are going to be conservative, that they are not going to tap into their constituents' wallets and bring more money here to Washington instead of leave it home with them.

Mr. DAVIS of Kentucky. I think that is a good point. The whole PAYGO budget system really is more smoke and mirrors than it is reality, because I think the thing, again, the American

people were not told by the media and certainly weren't told during the run-up to the election that they exempted their existing programs from that. They say there has to be a spending cut or a tax increase to offset any other increases in spending in other programs. But there were loopholes that were left for them to increase spending.

But I think the real thing that we have got to look at here is the impact on American families that will come from the tax increases that are coming if Congress does not act. And this is not a Democrat or Republican issue. This is an American issue, this is an economic security issue.

And I would just like to recap. Nationwide, a family of four making \$65,000, which is the midpoint income for all families in the United States, will see their taxes go up over \$2,000 if nothing is done by Congress. Married couples with an average income like this family I just mentioned would experience a 12 percent tax penalty just for being married. For focusing on the values of family, the strength of the family, there is going to be a tax penalty reinstated upon them. I think that is simply unacceptable that that would take place.

More importantly, the cost of raising children has gone up. We certainly know that. We have six children. We have one in college, one who is on deck to go to college, another one who is going to be in college shortly behind the first two. These children are working hard. They have jobs. They are contributing now to the economy and the community and they are taxpayers. And they understand firsthand the impact of these policies. But our family, for the cost that we have in raising our children, making sure they are not a burden on society, making sure that we are providing for all of their needs, appreciated the \$1,000 tax credit that was provided by the Republican Congress in 2001, and what we are going to see is that is going to be reduced by \$500.

A family with four children will see a \$2,000 increase just on their tax bill because they have children. They will see an additional 12 percent penalty because they are married. This flies in the face of the kind of empowerment and freedom and opportunity that families need. We need to have policies that encourage families, that encourage moms and dads to stay together. I think every child deserves to have a mom and dad. I grew up without a dad. I know what that is like, to be alone, to have my mom working sometimes two jobs to make sure that our needs were met. I remember going to work when I was 16. And the first time I saw, wondering what those taxes were, all that money that had come out of my pay then.

One of the things that were done, and I entered that as a minimum wage worker. One of the things that was done, again, by a very progressive focus, conservatives in Congress, was to create a 10 percent tax bracket. We

took millions of people at the lower end of the economy off the tax rolls for a simple reason, to make sure that they could keep more of what they earn. And it is important that we keep in mind the impact on families of every one of these decisions.

I wish that everybody in Congress had been in business in some capacity where they created jobs, where they had to make a payroll, where they had to generate opportunity for others, where they had to personally make sure that health benefits were paid. And I think that they would experience is a very different perspective when it is your name that is on the bottom line having to produce that revenue to provide for those benefits.

And I remember times that those of us in our little company family would go without a paycheck or take reduced pay simply to make sure that we got those benefits paid. And regressive policies that increase taxes discourage people from doing what I think is the right thing and taking care of their employees.

Tax increases and health care are very much this way. We saw in Kentucky, in my State, or in the commonwealth, a very devastating approach to health care that had a huge rise in cost by driving 45 of 47 carriers out. It was a program very similar to what HILLARY CLINTON wanted to see passed back in 1993. And what was the impact of that? Was there an increase in the quality of health care provided by small business owners? No, it was a significant decrease. It was a significant driving of people out of health care and into other means of provision for that care.

□ 2200

Why was that? Because the incentives mostly punished the small businesses. We need to allow small businesses to band together to get the same low rates that big businesses do. But in that vein I want to keep in mind what the impact is. We saw businesses that provided for their employees, that provided for basic benefits either give their employees a cash subsidy because they wanted to get out of the business altogether or they simply had to cut benefits because costs were going up so much. And there are many hidden taxes in this process that have a tremendous impact over the long term.

Payroll tax is another issue. There is a lot of talk about Social Security right now. The system needs to be reformed. I think if we sit down and do the numbers and we see that the increase is at three to three and a half times the rate of inflation for Medicare and Social Security that down the road we are going to have a significant problem.

But we are not talking in this Congress now about reforms in the system. What is the novel solution that is being provided? Raise taxes. That would be, in fact, the largest single payroll tax increase in history, to take the cap off

the Social Security taxes. And who gets hurt? It is not the super-rich. It is not the billionaires who are calling for tax increases because they don't really pay taxes the way you and I do. It is going to be those folks who are in the middle who bear the burden of this economy who are going to bear that burden as well. And I think that the impact of millions of jobs is simply unacceptable. It has a ripple effect throughout the economy and a regressive effect.

Just keep in mind, as we talk about competition with China, people see the Chinese economy as this great juggernaut; but one point that I would like to make in particular when we look at the increases, in less than 3 years the U.S. has added economic output by over \$3.2 trillion of additional economic output. That number of our increase in economic output is bigger than the entire economy of China. That is a staggering statistic when we think about that, the economic engine that we have. And it would be a grave error to put additional burdens on the families who are the producers, who create the value in that economic engine, that would hurt the generation that comes behind us.

Would the gentleman from Pennsylvania have some other perspectives?

Mr. SHUSTER. Absolutely. And you talked about the size of the U.S. economy. Those tax cuts that we put in place from 2001 and 2003 that helped this economy move forward, the reason it happened is because those tax cuts put \$1.1 trillion in the pockets of the American taxpayer, \$1.1 trillion. And a lot of that money went into savings, but most of that money went back into this economy directly, into whether it was paying for your child's college education, whether it was to buy a washer and dryer, buy a new car, buy a house, remodel your house. I mean, there are hundreds of thousands of ways that people put that money back into the economy. And we did that by cutting taxes on every American that pays taxes. Some folks in this country were even taken off paying taxes. We lowered the rates so that there were many people that didn't have to pay taxes. And once again, when you put money back into people's pockets, what happens is the economy grows.

I have another story from my district. Smith Elliott Kearns & Company, it is a regional accounting firm located in my district in Franklin County, Pennsylvania, and they service clients throughout central Pennsylvania, western Maryland, and actually up and down the east coast. They have clients from New England to Florida. And they characterize their clients as mom and pop shops, small and mid-size companies. And they told me about one of the tax cuts we put into place, which was a section 179 deduction, which allows smaller companies to elect to expense up to \$108,000 of equipment purchased in the year of the acquisition, and that that is phased out from 108,000

up to over \$400,000 of equipment. They phase out the amount of money they are able to expense. But that has tremendous growth in this economy of people going out and buying equipment, whether it is a truck to do pickup and delivery or whether it is a piece of equipment that makes the company more efficient. And in 2009, at the end of 2009, beginning of 2010, those deductions will revert back to the amount before we passed the law of \$25,000.

It is amazing how much money companies are saving and reinvesting in their companies to make them more efficient, to add jobs, create jobs. And when you buy that equipment, not only does it make your company more efficient but some other company has to produce it, and those companies have to put people back to work. So it is a snowball effect on our economy. And once again, it is something that the national media is just not covering it the way it should. I watch Lou Dobbs, and he is doom and gloom all the time about what is happening in our economy. All he sees is the negative side, and there is so much positive occurring in our country.

As I mentioned, this accounting firm has hundreds of clients that are using these tax cuts, using these ways to save themselves money, to reinvest in their company, to create jobs. And that is why it is so important for the American people to really pay attention to what is happening here in the United States Congress.

The Blue Dogs have been down on the floor. They haven't been down in a week or so, but they talk about the change, the American people want a change. And they may be right. The American people want a change. But there is nobody that I know of in the United States, in the Ninth Congressional District and across this country, that I have heard say they want a change to increase their taxes. I haven't heard it, except for maybe folks like George Soros and Bill Gates and, of course, John Edwards, who are multimillionaires and multibillionaires. They don't mind paying more taxes. But when you have that much money, there is certainly a lot less pain, or I should say there is no pain at all when you have that much money.

But if you are a hardworking American in Pennsylvania, in Kentucky, in Indiana, in Missouri that are out there every day getting up, trying to save money for your kids to go to school, trying to pay the bills, it is significant when the Federal Government reaches into your pocket. And as we talked about here earlier tonight, a family of four that earns \$40,000 to \$50,000, when these various tax cuts expire, people are going to get about a \$2,000 tax increase. And that is significant for a family of four making that kind of money, and it is just wrong.

And we here in Congress have to make sure that we are making the

tough decisions on controlling spending. Controlling spending and continuing to see this economy grow because we are getting record levels of revenue flowing into the Federal Treasury because this economy is growing, because of the Gregg Rothmans of the world and the Travis Collinses and the people throughout this country, the small businessmen, the small entrepreneurs that are creating jobs, buying things, putting people to work so that this economy continues to flourish.

So as the sign says there, in 1,426 days, which means December 31 of 2010, this Congress and the next, all we have to do is run the clock out. Run the clock out, and the American people are going to get a huge tax increase.

And we need to make sure that we are here fighting. But we can't do it without the help of the American people. The American people have to be communicating to their representatives to keep those tax cuts in place because it is good for America, and the numbers bear out: 4.5 percent unemployment, 7.2 million jobs created over the last 4 years. These job gains are throughout our economy. Also, when you look at the different segments, the educational attainment groups in this country, all those groups have seen unemployment drop. Even for those without a high school diploma, we have seen their jobless rates drop by about three quarters of a percentage point just last year, and over the last 2 years a 1½ percent drop in the unemployment rate of people who don't have a high school diploma. That is significant.

And if you look at the want ads, I think in almost any newspaper in this country, you will see where people are advertising for jobs. It takes training. It takes some level of education to get these jobs, whether it is a truck driver, which is a pretty good paying job. Today it is a very good paying job. You have got to have the training. So the way to do it is, I believe, not to have some new vast government program, but to keep cutting taxes on people so that people who are in a job can get some training so that maybe they can get another job that pays more.

Mr. DAVIS of Kentucky. Relating to your point, if I may reclaim my time for a moment, the welfare to work tax credits that have been extended progressively every year are a perfect example of that by giving incentive to a small business owner, considering that 88 percent of all new jobs are created by small business owners, but to give them a direct tax incentive to take that risk, to invest in an individual, to teach them and train them to give them a job, it proves your point.

Mr. SHUSTER. Right. And just to sum up, there are millions of Americans out there, hardworking Americans, that in the last election didn't vote to see their taxes increased. And I defy anybody in here to show me that their constituents, that the majority of their constituents, the vast majority of

their constituents voted to have a tax increase.

It is going to be very interesting here in the coming months. We are going to have the budget come up here next month. It is going to be very interesting to see what our Democratic colleagues on the other side propose. The President has proposed a budget that is a budget that is controlling government spending. It is extending the tax cuts that we have put in place, and along the way we are going to move towards a balanced budget and even surpluses. But the only way we do it is not to increase taxes but to allow this economy to grow so that the revenues continue to flow into the Federal Government and that we control spending.

Control spending and reform entitlements. Medicare, Medicaid, and Social Security, we have got to look at reforming them. That doesn't mean cutting benefits. That doesn't mean necessarily increasing taxes. It means looking at ways to better provide those services so that we are not wasting as much money in the entitlement programs.

So as I said, I think it is going to be an interesting next couple of months. We are going to see what the Democrats propose as their plan. And as I mentioned earlier this evening, I think we are going to see the proposal of significant tax increases, which I think is going to make many Members on the other side of the aisle very uncomfortable if they have to vote for a tax increase. But if we don't act, if we run out the clock, in 1,426 days, January 1 of 2011, we are going to see one of the most massive tax increases in American history.

Mr. DAVIS of Kentucky. Mr. Speaker, reclaiming my time, I would like to close by a sharing a little bit of a story I think that brings some of this into perspective.

You heard us share earlier that 88 percent of all new jobs created in this country are created by small businesses, companies that employ less than 500 employees, and those small businesses are started by men and women who have vision, that want to take risks, that are willing to step out. Congressman SHUSTER and I know that feeling of taking that step. That is a scary thing when you are going to make it on your own and not try to depend on a large corporation, suddenly realizing that you can create that value, create that future, and that others will follow and join with you and that you can begin to perpetuate it and grow. And the great industries, the great technologies that have come in this country, the great opportunities that have been created have been by those entrepreneurs who have gone out and made that difference.

See, our key must be to create taxpayers, not raise taxes. Our goal is very simple in government. We want to provide policies and we must provide policies that empower people, that don't restrain them or constrain them

from achieving their fullest potential. And I shared earlier one thing I think that is very, very important. We have a kind of have-it-now view in society of what is in the 24-hour news cycle, what is the impact going to be of this decision in the next 24 hours or in the next three months or one year on Wall Street. But those whom we are competing with internationally right now think in terms of generations. They think in a 20- or 30- or 40-year window, what the impact of their policies will be on their children or their grandchildren. If we step back and we take the vision of our Founders or even the vision of some of our leaders in the community, we will prove the fact that those who are forward thinking, who want to see into the future and invest accordingly and make that difference to create opportunity, they are the ones who will be successful.

And one of the stories that comes to mind, I am going to end it with a small business, but it began over 20 years ago in Kenton County, Kentucky, in the city of Covington.

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Covington basically laid in the shadow of Cincinnati. There was residential development up in the hills, but once the great flood levee, as one of the great entrepreneurs in that region shared with me, when the flood levee went up after World War II, much of the business began to leave, the riverfront literally died and the tremendous amount of river commerce.

As the decades went by, small businesses began to leave. There was a movement out to the suburbs. Then Interstate 75 came through. Even more business was diverted from downtown and the economy became weaker and weaker. There were less good jobs there, less jobs for the payroll tax base to support community services.

As we entered the 1980s and the Reagan tax cuts were beginning to take hold, some interesting things happened. Some business people, some developers, community leaders, had a vision that they could reform the way the city looked, they could change the image of northern Kentucky.

It included many people from all different backgrounds. But they agreed on one thing, that they were going to change the direction of their city. They were not going to depend on outside government to do it. They were going to do it themselves, by investing their time and their talent and their treasure in that vision.

What began to change was, first of all, a significant change in image. And then a few years ago, the mayor, my friend Butch Callery, who is a Democrat, and I want to say this for our friends at home, for my conservative Republican friends, Butch is a real Democrat, but he is a Democrat who cares deeply about his city, and we worked together, any way we can help with development and growth.

He went from being on the city commission into the position of mayor,

leading with this vision of economic development. And he saw two things to do that were very critical. He has developed and empowered a new arts district, where we have artists and artisans who are coming literally from around the Nation to bring their businesses, their galleries and outlets into Covington, Kentucky. The city fathers, 50 years ago it would not have looked anything like it is starting to look right now in development. It is an awesome thing to see happen.

But the second thing, and to me the even more exciting thing, is the broad public-private partnership that he has forged, working with the chamber of commerce, working with the State, working with other elected officials and working with the business community and working with the educational community.

Getting the proper incentives and then joining with northern Kentucky University and Gateway Technical Community College, he worked to create a project called the Madison E-Zone, an enterprise zone for high technology businesses where there were going to be special opportunities to work together, to network together. And right there, in the urban heart of Covington, they laid this in.

The vision is very simple. We want to get the synergy of high technology education. Northern Kentucky University started a School for Informatics. Instead of simply bringing an academic in, though there are many, many competent academics out there, when we deal with high technology, when we deal with information technology, electrical engineering, it is good to have somebody coming from industry, and they brought a man named Bob Farrell, a tremendously successful information technology entrepreneur, to come in and begin running that School for Informatics. They have a School for Entrepreneurship that is also tied into the same venue.

Finally, these incentives, working with the local businesses, have created a new knowledge base. That is how Silicon Valley got started in the community around Stanford University. We may not have Stanford University here. We are starting in a new way with a new vision. But like my colleague to my south, HAL ROGERS, likes to say, we are going to have "Silicone Holler" in Kentucky, because we are going to create those technology jobs, and we are not going to see our young people have to leave the State, because now new businesses are not only coming, but they are small businesses, and what is so exciting is they are new businesses that are starting by Kentuckians who have grown up in Kentucky who are educated here and they are creating a future here.

One of those companies is Tier 1 Software. It started out when two of the partners, Kevin Moore and Norm Desmarais, reached out. They took that chance. They took that big step to start their business. They began seek-

ing opportunity to do software development, implement the applications that they developed, begin to build that business, beginning to create additional jobs, working alongside the School for Informatics. They began doing work with the Department of Defense. Again, what they are working on is knowledge preservation.

My point in bringing this up, it all started note just 2 years ago or 4 years ago, it began with that long-term vision, with an application of policy from the Federal Government to make a difference in development. Here is the challenge. Even these businessmen are inheritors of Ronald Reagan's legacy.

When these tax increase Goss into effect in 1,426 days, businesses like Tier 1, companies with startup potential to create jobs in my State for my citizens and my constituents so they don't have to leave are going to go away because of the burdens that will be restored. A regressive burden will be restored with payroll taxes, with income taxes. And also the inability to depreciate or write off investments for hardware, as Congressman SHUSTER mentioned earlier, are going to go away, and it is going to put a tremendous burden on the economy and our region.

I want to see it flourish. I want to see us continue to grow and change and transform and create more taxpayers in the future. That is why progressive tax policy reduces the rates, allows people to keep more of what they earn, and, in the end of the day, we don't burden them unnecessarily. We empower them and free them to build a future for their children.

IMPACT OF THE PRESIDENT'S BUDGET ON AMERICA

The SPEAKER pro tempore (Mr. ELLSWORTH). Under the Speaker's announced policy of January 18, 2007, the gentleman from Pennsylvania (Mr. ALTMIRE) is recognized for half the remaining time until midnight.

Mr. ALTMIRE. Thank you, Mr. Speaker. We are going to initiate the 30-something Special Order, as we have done so many times in the past. I am filling in for our colleague Mr. MEEK from Florida, who usually is in this spot leading the way. But he attended the Super Bowl, which was in his district yesterday, and made it back today and had some things to take care of. So we are going to do ably in his absence tonight. But I appreciate the Speaker's generosity to give us the hour tonight.

We are going to talk tonight about the President's budget and the impact that is going to have not only on the Nation and on the Congress and what we are going to need to do, but I am going to talk specifically about what this budget does to my home State of Pennsylvania. I have some statistics on health care and veterans and Social Security recipients, and we will go right down the line and talk about my home State, but also what this budget is

going to do for the country and what we are going to have to deal with as a Congress.

I brought down a copy of the budget so the folks at home can see what was dropped in our lap today. Each office got a copy of this budget. This is what we are talking about tonight. It is the President's fiscal year 2008 budget which we are going to talk about.

Now, as he has done in the past, 6 years in a row, now seven including this budget, the President's fiscal year 2008 budget continues with more of the same, the wrong priorities from the past 6 years and the same fiscal irresponsibility and misguided priorities that have been taking our country in the wrong direction. The President's budget is fiscally reckless and adds \$3.2 trillion to the deficit over the next 10 years when we use honest accounting.

Despite the President's claim, his budget does not achieve balance, Mr. Speaker, in the year 2012. The President leaves out many programs and uses accounting gimmicks to reach what he claims is a balance. But an honest assessment of what this budget does shows an increase in the deficit of \$3.2 trillion over the next 10 years.

Now, that is on top of what has already happened over the past 6 years, which has been to increase the Federal deficit, the Federal debt, by \$3 trillion. I would remind my colleagues that when this President took office, we had just had four consecutive years of budget surpluses and those surpluses were forecast to continue as far as the eye could see. In fact, the 10 year budget projection was a surplus of over \$5 trillion.

Well, now we are 7 years down the road, and let's take a look at what has happened since then. As I said, instead of having a surplus of \$5 trillion, this President has added \$3 trillion to the national debt, and from this point forward, using honest accounting, this budget which the President has submitted here today is going to add \$3.2 trillion more to the national debt. This is fiscally irresponsible, but the cuts that the President makes in programs are morally irresponsible, and this is what I am going to focus my remarks on tonight.

He cuts health care. He cuts Social Security through his privatization scheme which he continues to try to push, even though the public clearly opposes it. He cuts \$300 billion from Medicare and Medicaid programs. He cuts terrorism funding. He cuts the COPS Program.

Mr. Speaker, this is just incredible, that the President came here for the State of the Union and talked about what his budget priorities were and what his goals were, and this budget doesn't represent any of the rhetoric that we heard in the State of the Union. Unfortunately, the reality of this budget doesn't match the rhetoric that we heard.

Now, we have been joined once again by our 30-something colleague from