through—how Abraham Lincoln was able to withstand the pressure that he had for the decisions that he made that meant men and boys and the women that were sent, that were in harm's way, cities that were in harm's way and nothing—I did a dome tour when I first came here. And we went to the top of the Capitol dome, the great cast iron dome that we have. And it was built—a lot of people don't realize, but the dome to this building from which we speak was built during the Civil War. And people were asking why would you use cast iron and build a dome when we're at war when the iron could be used in the war effort.

And Abraham Lincoln, our great 16th President, thought it was vitally important that we continue to build this building to show the union of this country. It was symbolic. And that was just a small decision, but a symbolic decision that he made.

And Mr. Speaker, I appreciate the opportunity to address this body.

BUDGET DEFICIT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentleman from North Carolina (Mr. SPRATT) is recognized for 60 minutes as the designee of the majority leader.

Mr. SPRATT. Mr. Speaker, we are here this afternoon to talk about a serious subject, something gravely facing our country, and that is the budget deficit for this fiscal year 2009 and for the years thereafter for as far as the eye can see.

As we speak, the deficit for the year 2009, fiscal 2009, is soaring to record highs. CBO, the Congressional Budget Office, our budget shop, which is neutral and nonpartisan, has recently projected that the deficit for 2009 will be $1.2 trillion. And as high as this projection may be, our friends, it's probably a low-ball estimate.

It omits, for example, the supplemental to pay for our deployment in Afghanistan and Iraq, which will be around $70 billion for the remainder of this fiscal year; it assumes that the alternative minimum tax will stay in full force and effect reaching 20 or so million-income tax payers for whom it was never intended. This increases the revenues by $70 billion though AMT has, in fact, been omitted year so that it does not apply for middle-income taxpayers for whom it was not intended.

It also assumes that the tax cuts passed in 2001 and 2003, despite the fact that we have huge deficits, will expire on December 31, 2010, and as provided by the law which enacted them in the first place.

When you add all of these into the equation—the Bush administration's last deficit, the deficit that we inherited from President Bush and must work our way out of—the deficit could easily top $1.4 trillion. It staggers the imagination.

These are deficits that happened on the watch of the Bush administration and under their fiscal policies. But we, as Democrats, won the election, and it is our responsibility to decide what should we do about the deficits left us.

Unfortunately, we've got forces converging on the budget which make it difficult to bring the deficit down to realistic terms. For example, we have the severest economic downturn in our economy since at least the first or second world war ended. So we have the mounting costs of counter-cyclical policies, TARP, the stimulus now pending in the Senate, the conservatorship of Freddie Mac and Fannie Mae. All of these things are hugely expensive. We have the rising costs of major entitlements—Social Security, Medicare, Medicaid—due to the retirement of the baby boomers.

We have defense budgeted and funded at historically high levels and sustained for an historically long period of time. Funds funded to front-end accounts, accounts in the budget which need to be funded adequately but are not. Transportation is a good example. It will exhaust its reserve early next year and run close to zero unless we can get funds back into that particular account.

Of course, as always there's education, which is not funded as robustly as many of us think it should be. And of course there are new topics—alternative energies and various incentives for increasing the energy supplies and making this country energy independent.

□ 1645

Then we have the renewal of existing tax cuts, which are slated to expire on December 31, 2010.

When we add all of these things in, in addition to the price commitments we have to do something about the climate and something about universal health care coverage, it becomes very, very difficult to do anything to the bottom line of the budget, despite the fact that it is bigger than it has ever been before in peace time.

The overarching question that faces this whole country as we incur these huge sums of debt is: How long will foreigners help us? How long will they keep buying our Treasury debt?

We have, therefore, the worst budget since World War II and the worst economy in which to work out the problems of these budgets. Every recession has its own pattern to it. But it is clear that it is difficult in every recession, any recession, to work out of the recession when you're swimming upstream, when the economy is working against you; to work out of a budget deficit when the economy is working against you.

Let me show you some charts, those who are listening. This is a simple bar graph. It shows that the Bush administration, when he came to office, had a phenomenal inheritance. A budgeting surplus over the next 10 years by $5.6 trillion. That was January, 2001.

By January, 2004, that surplus of $236 billion was gone. Vanished. In 4 year's time, we went from a $236 billion surplus to a $412 billion deficit. This happened under the policies and the watch of the Bush administration.

This next chart portrays out over time the assets of this administration and the previous administration. This is the first George Bush administration. The first Mr. Bush. There was a significant decline in the budget at that point in time. But, when the Clinton administration came to office, President Clinton sent us a budget in February of 1993, on February 22, the first full significant action taken by his administration, and every year after the adoption of that budget by one vote in the House and one vote in the Senate, the bottom line is the budget got better and better and better, to point where we were at this point right here, 1997, 1998, the year 2000.

The budget was, in those years, balanced for the first time in recent memory. Then, in 2001, the year 2000, we had a surplus of $236 billion. The second Mr. Bush came to office here. You can see the bottom line got worse and worse and worse until there was a slight pickup here. But, then in the out years 2004, 2005, 2006, 2007, the budget got worse and worse and worse, until the point it runs off the chart at the bottom of the page. That is the deficit we are now looking at, a deficit of as much as $1.4 trillion.

Now, that would be a concern under any circumstances. But, in the present situation, the deficits that we have incurred over the last 10 years have largely been funded and financed by foreigners. Japan, China, Great Britain, Europe, and Pacific Rim countries. They have run trade surpluses with us and used the surplus dollars they hold to buy back our Treasury bills. It's a convenient short-term arrangement. But, over the long term, it means foreigners own more and more of our debt, and you find it hard to be totally independent as a country, certainly the world super power, when you're also the world's largest debtor.

As of 2008, the total amount of foreign-held Treasury securities had tripled under the Bush administration. Starting out at $1 trillion, it rose to $3.1 trillion—over $2 trillion—during the period 2001 to 2008. That is the accumulation of foreign-held Treasury bills and certificates.

As for the total debt of the United States, this is where we began—$5.7 trillion in 2001. That is where the total debt of the United States stood when Mr. Bush came to office. A substantial sum. But every year that number went up and up and up, to the point where, when he left office a couple of weeks ago, the amount of debt stood at $10.7 trillion. Nearly doubled in an 8-year period of time—from $5.7 trillion to $10.7 trillion. And, as a consequence of that, we are feeling the effects of it in all sectors of our economy.

Would the gentlelady from Massachusetts care to make a comment or a statement? I gladly yield time to her.

Ms. TSONGAS. I care deeply about the health of our Nation's cities. Cities, large and small, are our Nation's economic engines, and their well-being is critical to the prosperity and well-being of all Americans.

Our cities generate wealth and economic development for entire regions; provide the foundation for an educated workforce; offer solutions to climate change and sustainable development; act as gateways for goods and knowledge; and serve on the front lines of homeland security.

They are centers of our Nation's cultural activities and sports, and a repository of architectural and historic riches. They represent the diversity and strength of our country.

When cities suffer, our Nation as a whole suffers. During the last 8 years, our cities have suffered because we have failed to properly invest in them when economic times were good.

Between 2001 and 2009, programs critical to ensuring the health and vitality of our cities, from social services to infrastructure, to economic development, have been cut or flat-funded, even as the Bush administration set records for deficits in debt.

Instead of making continuous modest investments in the health of our cities when the economy was good, President Bush chose to shortchange them, bequeathing our country a significant shortfall in infrastructure, housing, services, and veterans' care.

The debt exploded under the Bush administration, and we have little to show for it. As a result, in President Bush's 2009 budget request, interest payments alone were almost four times more than education funding, five times more than veterans' health care costs, and almost six times more than funding for homeland security for fiscal year 2009.

I represent older industrial cities in the Merrimack Valley where for years the government failed to act, and the consequences were severe. It took decades to recover, and it was only after the Federal Government reengaged to the National Park System that we began to turn the corner.

As we enter a severe economic crisis, we now face dual challenges left over from the last administration. We need to stimulate our economy by reinvesting in the health of our cities and towns, and we need to take smart, tough action to address our national debt.

I thank the chairman, and I yield back my time.

Mr. SPRATT. Going back to the topic before Ms. TSONGAS spoke, here are just some highlights of the economy we also inherited, so that we have got, in effect, a dual negative double whammy—a budget deficit that is soaring out of sight and an economy which is contributing to that deficit—and it makes the effort to reduce and dispel and wipe out the deficit ever harder.

For example, here's the unemployment rate. It stands at a 17-year high. Nearly 600,000 thousand jobs lost last month. Against a head wind like that, it's very, very difficult to bring the budget deficit down. In fact, you need to have countercyclical policies in effect that are actually adding to the demand of the economy in order to get the economy back on track, back on its feet, which is what we are doing right now.

Here's another chart which shows what happens in an economy like ours, where unemployment is close to 8 percent. Revenues that were expected last September, when the Congressional Budget Office did its forecast of the budget, the revenues that were forecasted then are not obtained. We are $2.7 trillion short over that period of time, 2009 through 2018, in the revenues that were assumed last September, which changes the basis for all of our policies when you simply don't have the funding that you're anticipating having only a few months before.

It also shows you one of the frightening features of this current recession is how fast it's coming on. It lingered for some time. There were definite earmarks that we were headed toward a recession. But now that it's here, we are seeing, in 1 month, 500,000 to 600,000 jobs lost, as tragic evidence of what's befalling us. 3.6 million jobs lost since January of 2008. 3.6 million jobs lost since January of 2008.

Mr. MORAN, I gladly yield to you for any comment you would like to make on this topic.

Mr. MORAN of Virginia. Thank you, Chairman SPRATT. The number of jobs lost hits home—I think to all of us. Each of us probably have different experiences. I remember the day that a large corporation took over the corporation that my father was working for. And he had worked so hard. So he was called into the corporate offices and he was told—well, he was just told to show up. We all assumed he was going to get a raise or a promotion because he had been working hard.

This was during the 1950s. And they let him go because they said they were doing a corporate restructuring. We were waiting for him. He didn't come home until the middle of the night because he couldn't face us.

Mr. Chairman, that is happening every single day, 20,000 times. That's the pace. 3.6 million jobs. Most of these are breadwinners. I suspect that over this Christmas vacation there are any number of parents who had to take their child aside and explain to them they were no longer going to be able to go back and finish out the last half of their academic year at college because they could no longer afford it.

Or, imagine the mother and father sitting their children down and explaining that they had lost their home. They weren't sure where they were going to go. They would probably have to leave their school.

We look at these numbers, and they are devastating. But I know that you are particularly sensitive, as Ms. TSONGAS was as well, to the human face behind these tragic numbers. Worse, really, since the Great Depression, in many ways.

It didn't have to happen. For 7 years of the Bush administration, we saw the largest corporate profit ever in American history. But it's interesting that 40 percent of that profit at one point went to the financial services industry alone, and 96 percent went to the wealthiest 10 percent of Americans. So that the Americans who have to defend our country, are called on to fight our wars, who pave our roads and build our bridges, who form the workforce that produced that corporate profit, were left with 4 percent of the income growth during the last 7 years to share.

□ 1700

So they relied upon borrowing from the increasing asset of their homes. The amount of money borrowed against home equity and credit cards is exactly equal to the increase in consumer spending. Americans did what their leadership asked them to do in 2001: they went out and spent at the mall, but they didn't have the commensurate income gains to afford that expenditure.

As a result, now that the real estate market has crashed through people in large part manipulating the market for their own gain and the disparity between the borrower and the lender and all these exotic derivatives that were meant to expand the leverage and increase the profit of the financial services industry, now we find ourselves in an economic crisis, Mr. Chairman. You are laying out the figures that this Congress must address on behalf of the American people.

I will have more to say, but I very much appreciate the profundity of these numbers that you are sharing with us today.

Mr. SPRATT. You said the key point when you said it didn't have to happen. In the year 2001 when President Bush first took office, we proposed at that time, since we had a surplus for the first time in 30 years, to take the surplus in Social Security and use it only to buy down or buy up outstanding Treasury debt. That way we would have added to the net national savings of the United States, which is woefully deficient. We would have added to the capital availability in the United States and driven down to some extent the cost of capital. And by the year 2020, 2022 when the baby boomers began retiring in big numbers, Treasury would have seen much of its debt held by the public paid off.

Now I am not so naive as to think that we would have religiously stuck with that proposal, but that is what the Blue Dogs were pushing and that is what many of us were pushing under the corny name "lockbox," but it had a serious, substantive idea beneath it, namely that we would increase the net national savings and we would at the same time clear up much of the debt owed by Treasury so that when the Social Security claimants came and presented their claims in 2020 and 2022 in large numbers, Treasury would be more solvent to meet those claims and less in need of borrowing in order to satisfy those claims. That was a potential, very potential.

The Bush administration came to our committee, you were on it at that time, and said we don't need to do that. We won't need to increase the debt ceiling of the United States for at least 7 or 8 years. And the next year they were back hat in hand asking for a huge increase, several hundred billion dollars, until finally the increases got to be nearly a trillion dollars a year, all because they spurned what was a genuine offer of a truly fiscal conservative policy on what to do with our surpluses in the year 2001.

Mr. MORAN of Virginia. I do recall that very well. I was sitting on your committee, and you were almost begging the economic leadership of the Bush administration to follow the example that had been laid out by the 41st President of the United States, George H.W. Bush, when he began the system of PAYGO, that President Clinton then incorporated, raised taxes but balanced the budget, and as a result generated more after-tax profit for the wealthiest people of America than had ever been experienced, but provided the next President, George Bush, the 43rd, with this $5.6 trillion projected surplus. A sunny horizon almost as far as the eye could see now has turned into deep deficits, deeper than anything we can imagine and which we see no end for, and it will bring us all of the way to the point you bring up, Mr. Chairman, when the baby boom generation retires and then puts an enormous additional burden on our budget.

You asked Federal Reserve Chairman Greenspan if he would not impose some fiscal discipline on the administration and asked whether we could really afford the 2001 and 2003 tax cuts. As we look back, in retrospect we see the reason that $5.6 trillion surplus that was projected was gone in 3 years. By 2004, that surplus was gone.

Mr. SPRATT. Four years.

Mr. MORAN of Virginia. I thought it was until January of 2004, but you would know better, Mr. Chairman.

The point is it was gone in a very short period of time. It was used on tax cuts. Tax cuts that the vast majority of which went to the people who needed them the least and who then invested them in hedge funds, invested them overseas, and put them into collateralized debt swaps and credit derivatives and every other kind of exotic investment, but they didn't go back into strengthening the economic foundation of the middle class.

As a result, we look back now and we see that those tax cuts, putting aside what we were promised, those tax cuts generated about 13 cents on the dollar. In other words, about 87 cents of every dollar of tax cut never went back into strengthening the economy, it showed up in deficits. That is why this deficit situation is so difficult to deal with. We have to increase the deficit now to stimulate the economy because the private sector was given $350 billion out of $7 billion and they weren't willing to lend so the public sector has to come in, but it is all on borrowed money, as you emphasized, Mr. Chairman. And again, it did not have to happen.

You were there sounding the warning. It is on the record if anyone would choose to check. And yet you were ignored and the members of your committee and the leadership, or at least on the Democratic side, was ignored. It seemed as though the policy was anything but the Clinton administration's economic policy. And now we find ourselves in as bad a situation as has existed almost for 75 years. I greatly thank you for raising that issue.

Mr. SPRATT. Mr. MORAN, in addition to what you just said, not only did the deficit come down in 1998, 1999, 2000 and 2001 as a result of the Clinton administration's policies, but employment went up also. Every year the bottom line of the budget got better and better and better for 8 straight years and so did the job market, to the point where the average job creation in the Clinton administration was 230,000 a month. Twenty-two million jobs were created as opposed to this dismal picture here for the last year of the Bush administration. So 230,000 jobs a month on average, all together 22 million jobs created during the Clinton administration.

And it was connected with, I think to some extent, the virtuous fiscal policy we were running at that time which shows you that it does pay to have sound fiscal policy.

Mr. MORAN of Virginia. It was clearly connected to confidence in the economy and the people that were directing the economy and their reliance upon the private sector, but recognizing that the Federal Government had a role in terms of regulation and in terms of monetary policy and in terms of balancing the budget. The budget was balanced, and it was creating jobs, and now to think that we have gone from increasing jobs from 230,000 to losing 600,000 jobs a month, 20,000 a day, just an unbelievable reversal in terms of employment that parallels a fiscal reversal of $12 trillion from what the administration inherited to the situation we find ourselves in now.

Mr. SPRATT. Let me turn to Mr. MELANCON and yield to him, the gentleman from Louisiana.

Mr. MELANCON. I apologize for being tardy in arriving on the floor. I seem to be spending an inordinate amount of time explaining to my constituents some of the false information that is getting put out there as though the deficits showed up yesterday at our doorstep unbeknownst to anyone before.

Some 8 years ago we had an estimated $5.6 trillion surplus projected out over the next 10 years. As we stand here today, that surplus has turned to a deficit in excess of $10 trillion, and that is on budget. I know I don't need to explain that to you, but off budget I guess it is another several trillion dollars. Then if you go and use the accrual form of accounting, as businesses do, and people that are in the business world would understand, we are at $56 trillion and growing deficit, not talking about the number of jobs.

So if we are out here in an economy, and of course a lot of what I hear from people is there is so much waste in the stimulus bill, the things that were there are a miniscule part that were made to sound like it was a whole package wrought with nothing but people's special projects. As we move to try and remove some of those things and get a viable bill that addresses stimulating the economy and putting people back to work and addresses the needs of trying to keep the United States economy from collapsing, because if we don't do that, I think the irony is that people around the world are looking to the United States while each one of their governments are trying to figure out what it is that they need to do to stabilize their economy. They are watching the United States because we are the kingpin. If we fold, we are going to be the tail that wags this dog, and we are going to be the people who can hopefully keep our Nation afloat and keep the rest of the world hoping that we keep away from a depression as our forefathers, my parents and grandparents experienced, and a few who still live today remember.

When we start looking at what has occurred in this Nation, the relevant parties that were running the government over the last 8 years, borrowing money, spending money, right now the fourth largest item in our budget is the interest on the money that our government has borrowed, and 40 percent of our debt is held by foreign countries. We are already leveraged. We are a country that used to be a gross producer of agriculture. We used to be able to hold our own in manufacturing and energy independence. We are none of those any more.

As we move forward, placed in our lap is not the opportunity, but placed in our lap is the disaster that has been laid at our doorstep, and now we have to figure out how to get us back, how to stabilize this economy, how to fill that gap of the trillions of dollars that has been robbed from it so that we can move forward so that my children, my constituents' children, and all of the constituents in this country's children and grandchildren can hope to have a better future. We shouldn't be the people that have to be the bearer of bad news.

What we have facing us today, as you have shown, just in 1 year, 3.6 million jobs lost, some 500,000-plus in the last month, that is not government working for the good of the people. So we have a lot that we need to do.

I thank you for the opportunity to join you here on the floor here this afternoon.

Mr. SPRATT. I now yield to the gentleman from Connecticut (Mr. LARSON).

Mr. LARSON of Connecticut. I want to thank the gentleman from South Carolina. I am glad to associate myself with his opening remarks and those of the gentleman from Louisiana (Mr. MELANCON).

Let me say that we were fortunate this past weekend at our issues conference to have the President of the United States address us. He said somewhat tongue-in-cheek, Look at what I have inherited.

I think, Mr. Chairman, as you have done throughout your stellar career, you have outlined from a budgetary perspective the God-awful mess that President Obama has inherited. In fact, this is a cavernous hole that he finds himself in, as does our Nation.

Mr. MELANCON pointed out exactly how deep a hole has been dug and what this problem means to every American, not only from the standpoint of our national debt, but clearly from the number of jobs that have been lost, from the number of people who have lost their homes, and lost their health care.

Now you have done a great job as chairman of our committee always bringing forward in detail. But, you know, Harper's magazine did an article just this past month called ''The $10 Trillion Hangover'' in which they specifically, almost but not as succinctly as your charts and graphs have indicated, but spell out how we got to this point.

I think Americans all across this great country as our new President struggles to deal with the hole that this previous administration has left us, want to know how we got here and how we make this steady, determined ascent out of this cavernous hole.

But the daunting task before this President is laid out before the American public with the 3.6 million jobs lost, with the projected recession in growth, and what we have heard from every single economist that has come before us is the difficult and uncharted waters that we are in. And that doesn't count what we anticipate might happen with the other shoe, credit default swaps and derivatives, and where the bottom is on that.

□ 1715

And yet this President, with the help of this Congress and under the leadership of NANCY PELOSI, strives to make that move, that steady, determined ascent by both providing economic investment and economic recovery and, as important, economic stability for all of our citizens. So I commend the gentleman for bringing forward what is at best a very bleak picture for America, but to be counterweighted by the determination of this Congress and Members who have come here to the floor this evening to make sure that there is a steady ascent from the depths of this cavernous hole, dug in unprecedented fashion, where people were asleep at the switch, not watching what was going on, and running up unprecedented debt, where two wars were unpaid for, a Medicare bill unpaid for, tax cuts unpaid for, all to come home to roost. But determined we are as a Nation and as a Congress to make a steady and determined ascent out of the depths of this cavernous hole dug by this previous administration.

I thank the gentleman.

Mr. SPRATT. I yield now to the gentleman from Florida (Mr. BOYD).

Mr. BOYD. Thank you very much, Mr. Chairman.

Mr. Speaker, I'm delighted to be here with you, Mr. Chairman. You have been a great leader for us on these fiscal issues and budget issues of the United States Government. You understand how our economic model works as well as anyone. And the fact that if we, as a government, as a people, if we're going to provide services which are normal government functions for our people, those services have to be paid for in some way.

Mr. Speaker, I came to this Congress 12 years ago, 12 years ago last month, having campaigned much on the idea of fiscal responsibility. At that point in time, the Congress was controlled by Republicans, and the administration was in the hands of a Democrat. They were working very hard to solve a serious fiscal problem that was inherited in 1992 by the then-new Clinton administration. And this Congress and that administration worked hard. I came in in the middle of that and was happy to play some very minor role in moving this country toward fiscal responsibility, moving out of a period of 30-plus years of deficit spending toward recognizing the fact that we needed to pay our bills and that we should have enough money to do that, either by cutting spending or by making the revenue and the spending match in some way.

In 4 short years, by 2001, when President Bush took office, this country had moved to a surplus situation, as you have heard described here, surpluses as far as the eye could see. We had our budgets in balance. And there were a group of us fiscal conservatives, and a group I work with, called the Blue Dogs.

As President Bush came in and proceeded to advance his economic package, we told him there were three things he needed to do with that surplus. Number one is cut taxes, lower taxes. All of us want lower taxes. If you have a surplus, then you have room to do that. You should do it.

Secondly, you should deal with the long-term problems that this country faces. We all knew back then, as we know now, that Social Security and Medicare, the entitlements, are going to be a serious, serious drain on this Nation as we move forward from this point. It is much more critical now than it was even back then. So let's take part of that surplus and deal with and fix the structural problems that existed in Social Security and Medicare so that those programs would continue to exist on into the 21st century and continue to create a lifestyle when people get into retirement that enables them to be productive rather than to be a drain on society.

And thirdly, we should take the balance of the money and pay down debt. This country had been running deficits and creating debt for 30 years running. And it was time to stop that and to begin to lower that debt bill, that side of the ledger, if you will. Why would you want to do that? Number one, is you always prepare something for the downturn days. Those were good days economically. But we knew, all of us knew that wouldn't last forever, that you would eventually have a downturn in the economy, and you would need some cushion to make sure that you could survive those downturns. We also know that from time to time in the history of this Nation we have disasters, whether they be natural disasters or manmade disasters. And in this case, the 9/11 disaster was a manmade disaster, but nevertheless one we that had to deal with. And so you look at things like that and you want to have a reserve. And this package that the then-President Bush pushed overlooked that and didn't accommodate that.

The other thing you do by lowering debt is you lower your debt service, your interest costs that you have to pay annually, and you are able to spend more of your revenue base on the programs that are important to Americans, whether it be Medicare, Social Security, health care, education or national security or whatever it may be. Why would you want to take the money and pay debt service, interest, if you will, rather than put it in the programs that are important to people and help people? So we explained all this to the President and to his team, his OMB director and his Vice President. They kind of made fun of us and said, oh, no, no. We're going to have plenty of money. If you pay down debt, you pay it down too fast, and there would be prepayment penalty problems. And gosh knows, I wish we had that problem today.

We are in a very serious situation now as a result of those policies. Even on the tax-cut side, we had an opportunity to fix some very serious problems in our Tax Code that we talk a lot about today. The AMT, the alternative minimum tax, could have been fixed permanently in 2001. The estate tax, all of us know the problems that the estate tax causes our small business people, our ranchers and farmers. That could have been fixed permanently in 2001. How about the child tax credit? How about the marriage penalty? All of those problems that we face today could have very easily been permanently fixed in 2001. And it was passed on to jam the money into the marginal tax bracket categories.

So, we find ourselves 8 years down the road, as Mr. SPRATT and others have talked about, in a very serious, serious hole. America has found itself in this kind of place before. And we will buckle up. We will put our shoulder to the wheel. And Americans will, as they begin to understand this a little bit better, as our new, wonderful President Barack Obama takes this message out to the world, out to the country, then Americans will be asked to do the things that we have to do to restore our position in the world as the economic, the political and the military leader of the world.

So, again, I want to say to you, Mr. Speaker, to my constituents and to the rest of the world out there, I stand ready to work with Mr. SPRATT, Speaker PELOSI, Mr. HOYER, our majority leader, and our new President, President Obama, to tackle these tough problems. Some tough decisions have to be made in the coming months as to how we blunt the effects of this economic downturn, how we soften the impact, how we shorten the length of the economic downturn. It's going to be a very difficult thing to do. And it's going to be painful. But we can do it.

I want to thank Mr. SPRATT for leading this Special Order.

Mr. SPRATT. I now yield to the gentleman from Maryland, our distinguished majority leader, Mr. HOYER.

Mr. HOYER. I thank the gentleman for yielding. But much more than that, I thank him for the work he does as our chairman of the Budget Committee and for the work he has done over the years as ranking member, the minority member of the Budget Committee, for being consistent and, in my opinion, accurate in his observations as to what we would reap from the fiscal policies we have sowed over the last 8 years.

We are here today, in my opinion, to be honest with the American people. They need to know that this economic crisis will not end overnight. I think the chairman has made that pretty clear. And they need to know the reasons for the deep, deep, deep fiscal hole we have inherited after 8 years of fiscal recklessness. In fact, the projected deficit for fiscal year 2009 is $1.2 trillion. That is a figure difficult to comprehend. It's a figure particularly difficult to comprehend when President Bush and his economic advisers opined that they were worried about paying off the debt too early under the Clinton policies.

One point two trillion dollars of deficits. Two factors have helped create that record-shattering number, the consistent irresponsibility of the past administration and our efforts to dig out of the economic mess he left us. It was not that long ago that you could hear on this floor heated debates about how to spend a projected $5.6 trillion, 10-year surplus created under the Presidency of Bill Clinton. Who would have thought, who would have thought then that our surplus would be wiped out by one President's borrow-and-spend foolishness by five record-setting budget deficits in 7 years?

I would remind my colleagues, who undoubtedly need no reminding, that there has been a hegemony of power, a monopoly of power, a singular control of policy over the last 8 years. Now I understand some of my Republican friends would say, well, the Democrats were installed because of the obvious need for change recognized by the American voters in 2006. They put you in charge in 2006 and 2008. That is true. But as I also point out, the President was not on the ballot, and two-thirds of the United States Senate was not on the ballot, and therefore, it was impossible to make the change that America knew was needed. They have done that now. But they have done it after a very deep hole has been dug.

While Democratic budgets were on pace to eliminate all of our public debt, today we are more indebted than ever. The national debt is now over $10 trillion from that projected $5.6 trillion of surplus. Who projected that? Not Bill Clinton. George Bush. President Bush's OMB projected that. Who told us that? President George Bush in 2001, speaking in this Chamber, told us that is the surplus that we could expect.

Tragically, that was dissipated. That $10 trillion of debt now has replaced that $5.6 trillion of anticipated surplus.

□ 1730

We will be paying hundreds of billions of dollars in interest on that debt that we have incurred. That's just one more way in which the Bush legacy means large structural deficits for years to come.

So what does that mean for our economy and for American families? It's easy to see a budget as nothing more than numbers on a page and it's just a short step from there to agreement with former Vice President Cheney's nostrum that deficits don't matter. In fact, he said that Ronald Reagan taught us that, that deficits didn't matter.

Unfortunately, the Federal Government pursued that policy. Unfortunately, business pursued that policy, and unfortunately, and tragically, to their harm, too many consumers followed that policy. But deficits do matter. Mr. Speaker, they matter profoundly.

Deficits and debt tie up huge amounts of capital, and when it comes to mitigating a financial emergency in the early stages, they tie our hands too.

Republican fiscal policies have also made massive borrowing seem normal and acceptable, as I said, the five largest deficits in history over the last 8 years. They've set the disastrous example that it's just as acceptable for a household as for a government to live far beyond its means. And just as surely as unchecked borrowing can pay for unsustainable luxury today, the bill will come due.

In 2006 Comptroller General David Walker told us that American irresponsibility, public and private, will gradually, and this is a quote, ''will gradually erode, if not suddenly damage, our standard of living and ultimately our national security.'' How true his words were.

Mr. Speaker, there's nothing to gain from pointing fingers at the last 8 years, but there is much to learn and a great deal to gain from looking back honestly at the fiscal choices we've made in the past. We learned just how much this painful legacy will complicate our efforts to confront this crisis, and we strengthen our pledge to return this Nation to budgetary sanity.

With your leadership, and with the courage on both sides of the aisle, on both sides of Capitol Hill, hopefully, we will accomplish that.

While economists agree that getting out of this recession will require deficit spending, that spending would be deeply irresponsible without a long-term plan to restore fiscal health.

I know, Mr. Chairman, you're focused on that objective. I am as well, and all the Congress needs to be, as well as the American people. Getting the budget under control is going to require hard choices, choices we're going to see reflected in President Obama's first budget, in my opinion. It will be a serious document for serious times because getting back on a sustainable fiscal path is going to take sacrifices from every one of us. But we can call confidently for those sacrifices for two reasons. First, because they will be truly shared from Members of Congress to every working family. And secondly, because if we put off our hard choices, they will grow harder and harder by the year, until they're absolutely crippling.

Last month we heard our new President declare, and I quote, ''a new era of responsibility.'' This is what it looks like. This is where we are. Let's meet it with our eyes open and make the best of it together.

Mr. Chairman, there's been much made of bipartisanship. I'm for bipartisanship. But I note, in 1990, there were really three reasons we created that $5.6 billion surplus. We made an agreement with President Bush I in 1990. In 1993 we passed a bill that set us on a fiscally responsible course, and in 1997, in a bipartisan way, we confirmed that course. Unfortunately, history shows us that we haven't had bipartisan support.

In the 1990 Budget Act, one of the key three steps that got us to that $5.6 trillion budget surplus, when we passed it through the House, there were only 10 Republican yeses, only 10. That was one of the key steps in getting us to fiscal surplus. Not one of those 10 serves in the House of Representatives today.

In 1993, of course, no Republicans voted for that bill. And in 1997, it was a bipartisan bill, which, Mr. Chairman, you and I both voted for. We then came on very hard times and we confronted the TARP bill.

Let me go back to 1993, however, when I said no Republicans voted for that bill. When it came back from conference, excuse me, there were no Republicans that voted for that bill. But in 1990, when it came back from conference there were 47 Republicans ''ayes.'' One of them remains here today.

Now, one could draw the conclusion that, well, they lost because of those votes. That would be the dead wrong conclusion. What they lost as a result of, I think, first of all, retiring, and secondly, feeling that perhaps their party was moving in a direction that they could not agree with. I hope that their party and this party comes together.

On the TARP vote that we had to meet this crisis caused by this fiscal irresponsibility, the Democratic Party stood with President Bush in making very hard votes, and the majority of us did so. The minority of his party chose not to do so.

It is time for the majority of both parties to stand with the American people and future generations to return fiscal responsibility to this Nation and to our people.

I thank the chairman for his leadership.

Mr. SPRATT. I thank the gentleman. And I yield the balance of our time to Dr. SCHRADER from the State of Oregon, a freshman Member, a veterinarian, I believe. Let me find out from the Speaker how much time is remaining.

The SPEAKER pro tempore (Mr. BRIGHT). The gentleman from South Carolina has 6 minutes remaining.

Mr. SPRATT. Six minutes.

Mr. SCHRADER. Thank you very much, Mr. Chairman. To be honest, I was not going to even speak today. I had thought that the legacy and the problems that we confront right now are such that I look forward to working with my Republican colleagues as well as my Democratic colleagues to help solve some of these problems. And so, as a result of that, I wanted to be building some bridges and look to build some bridges with some of my moderate colleagues across the aisle.

But I've become very disturbed with the tendency, as we talk about some of the problems and solutions to some of those problems that are left behind by 8 years of fiscal mismanagement, that there's going to be an attempt to paint Democrats, as we come into control, as people seek fiscal responsibility with President Obama and the Congress of the United States of America, paint the fiscal picture as a Democratic problem. And I take great offense at that.

I spent a few years in our State legislature in the great State of Oregon trying to balance our budget. No easy task. And I think this administration, with this Congress, with Speaker PELOSI and Senator REID, deserve a great deal of credit for coming forward and talking about how to get us out from under.

I'd like to just reiterate a few facts that I know have been discussed perhaps at length here, but I think it's important for Americans to understand clearly how we got into this mess. We now have a deficit of $1.2 trillion, at least, in 2009. That's a stark contrast to the budget surplus that many, including the good gentleman, majority leader from Maryland have talked about.

The debt of the United States officially is $10.7 trillion. I'd like to make an argument in a couple of minutes that it's actually a great deal more than that. The interest payments now consume more than our major spending on education, veterans benefits and indeed non-mandatory health care programs. That's a travesty in an industrialized Nation like ours.

Thirteen straight months of job losses, 22 straight months of declining home prices, the majority of stock indices down 37 percent. And the real income of the average American family hasn't gone up. If you're in the rich 10 percent of Americans, yeah, sure, you've done great. Your income's doubled. You've done very well.

But 95 percent of Americans have seen their income fall, and in this day and age that's unconscionable. Right now, in the greatest industrialized Nation in the world, 7 million Americans without health care. That just shouldn't be happening.

I would like to reference just a few key points here, Mr. Chairman, about our debt. Where are we really as we try and dig out? Our official national debt has doubled. We're at $10.7 trillion. We were at five plus not 8 years ago.

But I would argue it's worse than that, unfortunately. Americans need to know that, and it's going to take probably the next 8 to 10 years of serious budget work, under your leadership, to create a path to getting back on a budget surplus, or at least no longer deficit spending with items off budget, like you've heard discussed here today.

The projected deficit for 2009, yeah, probably at least $1.2 trillion. We inherited that. I'd argue that Fannie Mae and Freddie Mac added about a $5 trillion increase to our debt, and even under the most conservative estimates, at least, have a tough time gaining $1.6 trillion of that back, under best of circumstances. The debt from the other bailouts adds at least another half trillion dollars. We're talking about the AIG bailout and the numerous stock and bond portfolios that we've had to bail out at taxpayer expense.

Future interest on the new debt. Historic. I mean, it's $1.2 trillion. Americans need to understand that that interest is consuming a lot of our ability to spend on other great programs.

Medicare Modernization Act, part D, heralded as a great improvement in drug benefits for a lot of Americans; while I'm not sure they'd agree they've gotten those benefits with the doughnut hole and inability to negotiate best prices. But what they can be sure of is it costs another $800 billion that we don't have.

The last administration thought they could fight a war, they thought they could increase spending, and they thought they could give tax cuts all at the same time. I don't think there's a household in America that believes that's good policy, good financial policy or a path to success.

Right now we're investing more in the war. We're not taking care of our veterans that come home. I think we need to be turning that around. It will cost some money to do that. And over the next 8, 10 years, as the administration, led by President Obama and you, Mr. Chairman, seek a path to fiscal responsibility, Americans need to know it's going to take time and it's going to take a little effort. We're going to have to watch what we do on the mandatory programs. We're going to have to watch what we do on defense spending, we're going to have to watch what we do on wealthy tax breaks.

We need to get back to the sound budgeting principles that we had under the Clinton administration and previous democratic administrations. The fact that the last 8 years there was no PAYGO is a testament to the fiscal irresponsibility of the previous administration. I'm proud to be associated with a Congress that believes that is important, and that we will be doing great things in the future.

Mr. Chairman, we are in a world of hurt here. The D word, the D word, not deficit, but depression is being mentioned in the corners of this building. I hope that is not the case. I look forward to your leadership and leadership of President Obama and the Congress to get us out from under. Thank you, sir.

Mr. SPRATT. I thank the gentleman for his statement and yield back the balance of our time.

MAKING TECHNICAL CORRECTIONS TO HOUSE RESOLUTION 24

Mr. LARSON of Connecticut. Mr. Speaker, by direction of the Democratic Caucus, I offer a privileged resolution and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 137

Resolved, That House Resolution 24, One Hundred Eleventh Congress, agreed to January 7, 2009, is amended—

(1) in paragraph (2), by striking ''Mr. Kravotil'' and inserting ''Mr. Kratovil''; and

(2) in paragraph (4), by striking ''Mr. Moore of Kansas'' the second place it appears and inserting ''Ms. Moore of Wisconsin''.

Mr. LARSON of Connecticut (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.