

basketball and baseball. He earned a varsity letter in football. I am confident that Stephen will carry the lessons of his student and athletic leadership to West Point.

Mr. Speaker, I ask my colleagues to join me in congratulating Stephen Pavelko on the acceptance of his appointment to the United States Military Academy in West Point where he will gain a world-class education and invaluable leadership experiences. I am positive that Stephen will excel during his career at West Point, and I ask my colleagues to join me in extending their best wishes to him as he begins his service to the nation.

ADA LAUNCHES JOBS-SOCIAL SECURITY-MINIMUM WAGE CAMPAIGN

**HON. LYNN C. WOOLSEY**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, April 15, 2011*

Ms. WOOLSEY. Mr. Speaker, Americans or Democratic Action has launched a Progressive agenda for jobs, rejuvenating the American economy, saving Social Security, and raising the minimum wage.

JOBS

Workers without jobs can't provide adequately for the basic needs of their families. The unemployment crisis is damaging families and contributing to a multitude of economic and social ills, including:

The highest poverty rate for working-age people between 18 and 64—12.9% in 2009—since 1965. Today, 43.6 million Americans are living in poverty, 19 million of whom are in deep poverty.

Workers who have lost their jobs through no fault of their own often cannot pay mortgages and rent, even when receiving unemployment benefits, which are not equivalent to wages lost. The foreclosure crisis—primarily the outcome of misdeeds of bankers and mortgage brokers—is driving further declines in home values while destroying once-vibrant neighborhoods. Joblessness also contributes to increased homelessness, which is not only tragic for families who lose their homes, but is accompanied by broader social harms and increased budget pressures on already strapped local and state governments.

Unemployed workers—along with many who are still employed—are losing employer-based health insurance coverage. In 2009, 50.7 million people were without health insurance—the highest number of uninsured since the Census started collecting the data in 1987. Joblessness is increasing pressure on public programs such as Medicaid, while increased use of uncovered emergency services by those with no other option for care is driving further increases in healthcare costs for small businesses and those still fortunate enough to have jobs and healthcare coverage.

Workers without jobs can't pay taxes that provide the resources to hire teachers, police and firefighters, build and maintain roads, provide for appropriate national security, ensure product safety, protect the environment, and fill urgent long- and short-term national needs.

We condemn the folly of deficit slashing while 15 million Americans remain unemployed—plus 11 million more who are underemployed or have dropped from the labor

force. Insufficient economic demand and idle productive capacity in the economy, in the short-term, bleeds federal and state budgets, whether or not current economic conditions meet the official definition of “recession.” Reckless spending (except perhaps for ill-conceived and poorly executed wars) is not the cause of our budget woes. This is made obvious as conservatives decry the deficit, but cannot or will not name any specific government program they would slash in order to meet their demands for deficit reduction.

Job creation—and the economic growth that spurs job creation—is the only way to reduce a budget deficit that is primarily the result of high unemployment. Unemployed workers represent idle productive capacity—lost wages and lost economic output. Lost wages reduce demand for goods, services, and investment, and depress tax receipts. Without consumers with money to spend, firms don't invest or hire, leading to more joblessness and still lower output. That leads to declining tax receipts along with growing demand for automatic stabilizers (such as unemployment benefits) and safety net services (such as Medicaid, food stamps, and housing assistance). Government deficits are inevitable in economic downturns with high unemployment.

Since firms will not hire or invest where demand is lacking, and unemployed workers cannot expand consumption and increase demand, only the government can spur growth—through deficit spending and investment. Tax cuts may be helpful, but in the current climate, direct spending and investment will more quickly and more strongly stimulate demand. Investing now in America's current and future prosperity is the remedy for both joblessness and the long-term budget deficit.

Conservatives argue that austerity will spur economic growth. That argument is based on evidence that fiscal austerity reduces interest rates (borrowing costs) for firms, and thus stimulates investment. But the evidence for this model does not mirror current conditions. Interest rates in the U.S. are already at historically low levels, yet firms are not investing or hiring. Moreover, few of the countries that experienced rapid growth while practicing fiscal austerity adopted austerity when the economy was operating far below its potential level of output, and in no case was a country as far below its potential as the U.S. is today.

Furthermore, all of the evidence that austerity fosters growth comes from countries with a much larger percentage of their economy involved in export industries than is the case with the U.S. Trade provides a source of demand for countries with a large export sector. The U.S. currently cannot rely on export-led growth to stimulate sufficient demand to reduce unemployment. For unemployment to be reduced in the short run, domestic demand must be increased. Thus, arguments for slashing government budgets in order to stimulate jobs and economic growth are not credible under current economic conditions.

The American Recovery and Reinvestment Act (ARRA) may have created or saved up to 3.3 million jobs and averted a second Great Depression, according to the independent Congressional Budget Office (CBO) estimates. But simple math shows that it was woefully insufficient to offset the loss of \$2.1 trillion in economic activity, \$3.4 trillion in lost home values, and \$7.4 trillion in lost stock values in 2009 and 2010. Not only was \$787 billion in

stimulus insufficient to offset the losses, it was also swamped by an estimated \$570 billion in spending cuts by state and local governments over the 2009–10 period.

Thus, the stimulus provided by ARRA and other measures amounted to only about \$126 billion per year for 2009 and 2010. The total effective stimulus was perhaps only 10% of the output lost.

By 2014, the CBO projects that total lost output will reach \$3.4 trillion—more than \$11,000 per person—assuming unemployment returns to normal levels by then. That figure will be worse if unemployment remains high. Additional and substantial economic stimulus that more realistically accounts for current economic realities is required, both to create jobs and to begin building the foundation for a prosperous future in which budget deficits can be reduced without causing economic contraction during a period of record unemployment.

The way to achieve a balanced federal budget is with a sound banking system and rational monetary policy; government investment (recognizing the difference between spending and investment); and full employment at decent wages and benefits.

We need jobs, and we have much work to do. A great nation can't remain great with crumbling bridges and schools, bursting water mains, leaking untreated sewage, grossly inadequate transportation systems, over-dependence on foreign oil, unaffordable higher education, and broadband preparedness that ranks 15th among OECD countries. ADA calls for restoring America's global competitive position with a restored manufacturing base, and rebuilt and expanded public infrastructure including broadband, throughout the nation.

A great nation consists of livable cities and towns that work for people, with decent affordable housing, quality public schools, well-designed and functioning public transportation systems, and jobs that provide decent wages. Cities cannot be warehouses for vast numbers of homeless and impoverished people who have no prospects and no hope.

A great nation will be at the forefront of addressing global problems that have resulted from past mistakes. Global warming, polluted water, and energy insecurity require investment in high-speed railroads and mass transit systems; emission-free vehicles and the infrastructure to power them; research, development, and construction of renewable energy sources, such as solar, wind, and waterpower.

America, with enforced fair labor standards and collective bargaining rights. To begin the process of restoring America's industrial-employment base, ADA calls for fair trade policies that promote economic activity and lift wages in all nations, including our own; reformed tax policies that reward companies for creating jobs here, rather than for shipping them overseas; and national and local purchasing goals that support American manufacturing.

For community restoration and further job growth, ADA calls for doubling funding for programs to employ youth—including high school dropouts, high school graduates, and college graduates. This includes expanding AmeriCorps, the Job Corps, and the Peace Corps, a renewed Civilian Conservation Corps to restore our national parks and forests, a Neighborhood Corps to protect, maintain and

revitalize (or as necessary demolish) distressed housing, and Home Care Corps providing services to the elderly in their own homes.

These ambitious programs, sparked by public investments, will generate millions of jobs that pay middle-class wages, serving urgent national needs and restoring the private economy. These are the necessary underpinning of a strong America.

#### SOCIAL SECURITY

Social Security is under siege on multiple fronts, most of them familiar.

Social Security is not part of the budget deficit. It's been made a scapegoat by long-time enemies of the program. Social Security payments are, in fact, not government spending at all. Government spending includes the purchases of goods and services by government. Social Security payments are direct transfers from working people with more income to the elderly, disabled, widows and orphans who have less income, and who mostly contributed to the program during their working years. As such, a dollar reallocated from one final consumer to another has no direct effect on GDP whatsoever. Such transfers are fair and effective, increasing security and reducing poverty.

The Commission on Deficit Reduction is co-chaired by millionaire Erskine Bowles and former Senator Alan Simpson, who calls Social Security retirees "Greedy Geezers," as if either man would consider living on the average benefit of \$13,860 per year. The Commission includes only one economist; the rest are career politicians, most of whom have supported cuts to Social Security. And the Commission has accepted support from Peter G. Peterson, who has waged a relentless, decades-long campaign to cut Social Security and Medicare. The composition of the Commission is deeply flawed, including bias and conflicts of interest. Any proposal by the Commission regarding Social Security cuts should be rejected.

For two-thirds of the elderly, Social Security is at least half their income. About a third of the elderly rely on Social Security for most of their income. Social Security isn't in jeopardy, except from the Commission, other privatizers, and unemployment—jobless workers don't pay payroll taxes.

With no changes, Social Security can pay full benefits until 2039, and thereafter about 80% of currently scheduled benefits. Simple changes that don't damage the program, and make contributions more progressive, can be made. Changes in FICA tax policies for higher-income earners would make it possible to reduce contributions by lower income earners, making the system less regressive and helping to address the enormous income gap that has developed in the U.S. over the past 30 years. Policy options include:

Raising the cap on which the payroll tax (FICA) is applied above the current \$106,800; Removing the cap entirely; or

Applying the cap to all taxable income, including interest, dividends, and capital gains.

The payroll tax, currently accumulating a \$2.6 trillion surplus, is invested in U.S. government bonds, about the safest investment in the world.

Proposals to allow workers to contribute a portion of their FICA contributions to individual accounts are a sure way to undermine the entire Social Security system, and must be off the table. It may sound harmless, but siphon-

ing off funds earmarked for Social Security makes it impossible to pay for current benefits. Individual accounts held in investment funds would be subject to the ups and downs of the business cycle. For those fortunate enough to retire in good times, the accounts may be a good deal. For those reaching retirement in a downturn, the effect could be disastrous. They may have little more than a much-reduced Social Security benefit to survive on and face years of poverty in retirement. We should not forget the last two years and the disastrous effect of the recession on 401(k)s.

Baby boomers are retiring; our population is aging. Legislators noticed that in 1987 and took care of it by increasing the payroll tax, and by gradually increasing the retirement age to 67 by 2022. That increase in the normal retirement age cut benefits by 13%. Postponing retirement is tough for people who've had physically demanding jobs (unlike doctors, lawyers, economists, professors, and legislators). Recent data on longer life expectancy, the principal argument for raising the retirement age still further, have shown that longer life spans in the U.S. are principally a luxury for the well-off. Further, the life expectancy numbers are skewed because of declines in infant and young-adult mortality. Ordinary working Americans aren't living appreciably longer lives, and thus longer retirements are largely a myth.

We should also attract more young workers by creating an economically rational immigration policy.

Current undocumented workers should be given a path to citizenship. This will ensure that they are appropriately contributing taxes, while affording them protections they now lack, including protection from workplace discrimination, wage and overtime protections, workplace safety, and collective bargaining rights.

The Dream Act, a bill to provide citizenship to young people who were brought to this country as children, should be made law immediately. This would provide a path to citizenship for those who attend college or serve two years in the U.S. Armed Forces, and would help the U.S. retain the most successful, productive young immigrants.

Large numbers of the brightest students from around the world come to earn degrees from U.S. universities. Many wish to remain in the U.S., but our broken immigration system makes it nearly impossible for them to do so. We should be encouraging these graduates to remain in the U.S. on completion of their studies.

#### MINIMUM WAGE

The third prong of ADA's program is increasing and indexing the minimum wage. It lags at a shameful \$7.25 per hour, while Republicans call for tax cuts for millionaires and billionaires. At its current level, the minimum wage barely provides an annual income above the individual poverty level, and many minimum wage earners are trying to raise families. It is unconscionable that anyone working full time in America should be mired in poverty, unable to meet basic needs of shelter, food, heat, and clothing.

The minimum wage should be increased, and should in future be indexed to the Consumer Price Index, to ensure that it keeps pace with the rising cost of living.

Opponents of raising the minimum wage will say that it increases unemployment. The evi-

dence for this is extremely spotty. In some states that have increased their minimum wage, unemployment has declined relative to neighboring states that have maintained minimum wage at the federal level. In others, very small increases in unemployment were seen for the lowest-wage workers, and even those increases were temporary. Most of the economic research indicates that modest increases to the minimum wage have a negligible effect on employment, which is much more affected by other economic factors. The benefit of an increase to those workers at the minimum wage level outweighs the negligible effect on employment levels, and ADA strongly supports action on legislation to adjust the current minimum. ADA forged the coalition that led to the last increase in the minimum wage, and we can do so again.

All three prongs of ADA's program—JOBS, SOCIAL SECURITY, and MINIMUM WAGE—are of a piece, and are essential to restoring the American middle class. The Republicans are raring to enact slashing cuts that mirror those of the Tories of the UK, a formula for a double-dip recession or worse. We know better. Americans need jobs. Our country needs refurbishing. Workers need jobs that pay for housing, food, education, and a decent standard of living. Workers pay Social Security taxes, so the elderly, disabled, widows, and orphans can survive above poverty. And minimum wage workers must not be left behind. ADA stands ready to build the Liberal movement to carry out this agenda.

### CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2012

#### SPEECH OF

### HON. RUSS CARNAHAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Thursday, April 14, 2011*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H. Con. Res. 34) establishing the budget for the United States Government for fiscal year 2012 and setting forth appropriate budgetary levels for fiscal years 2013 through 2021:

Mr. CARNAHAN. Mr. Chair, my Republican colleagues have introduced a bill to end Medicare as we know it in order to pay for tax giveaways to millionaires and profitable companies.

Listening to the President's speech yesterday, and to my colleagues on the floor today, I'm convinced that this debate is about no less than the values we hold as Americans. As the President said, the Republican budget is less about reducing the deficit than it is about changing the basic social compact in America.

Do we want to live in an America where opportunity is snatched away from young people who want an education, or one where any student who works hard enough can find a way to succeed?

Do we want to live in an America where our seniors can retire with dignity after a lifetime of hard work, or one where the elderly must ask their children for the spare room they might not even have to give?

Much of what the President has proposed has yet to be fleshed out in detail, and I hope