

(Rept. No. 107-682) on the resolution (H. Res. 545) waiving points of order against the conference report to accompany the bill (H.R. 1646) to authorize appropriations for the Department of State for fiscal years 2002 and 2003, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4691, ABORTION NON-DISCRIMINATION ACT OF 2002

Mr. SESSIONS, from the Committee on Rules, submitted a privileged report (Rept. No. 107-683) on the resolution (H. Res. 546) providing for consideration of the bill (H.R. 4691) to prohibit certain abortion-related discrimination in governmental activities, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H. Res. 540, EXPRESSING THE SENSE OF THE HOUSE THAT CONGRESS SHOULD COMPLETE ACTION ON H.R. 3762, THE PENSION SECURITY ACT OF 2002, AND H. RES. 544, EXPRESSING THE SENSE OF THE HOUSE ON PERMANENCY OF PENSION REFORM PROVISIONS, AND H. RES. 543, EXPRESSING THE SENSE OF THE HOUSE THAT CONGRESS SHOULD COMPLETE ACTION ON H.R. 4019, MAKING MARRIAGE TAX RELIEF PERMANENT

Mr. SESSIONS, from the Committee on Rules, submitted a privileged report (Rept. No. 107-684) on the resolution (H. Res. 547) providing for consideration of the resolution (H. Res. 540) expressing the sense of the House of Representatives that Congress should complete action on H.R. 3762, the Pension Security Act of 2002; for consideration of the resolution (H. Res. 544) expressing the sense of the House of Representatives on permanency of pension reform provisions; and for consideration of the resolution (H. Res. 543) expressing the sense of the House that Congress should complete action on H.R. 4019, making marriage tax relief permanent, which was referred to the House Calendar and ordered to be printed.

The SPEAKER pro tempore (Mr. PLATTS). Under a previous order of the House, the gentleman from Ohio (Mr. BROWN) is recognized for 5 minutes.

(Mr. BROWN of Ohio addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. FILNER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. UNDERWOOD addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. HINCHEY) is recognized for 5 minutes.

(Mr. HINCHEY addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. DEFAZIO addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

THE RAMIFICATIONS OF INCREASING THE PUBLIC DEBT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Michigan (Mr. SMITH) is recognized for 60 minutes as the designee of the majority leader.

Mr. SMITH of Michigan. Mr. Speaker, we are in a predicament in Congress right now, and that is finishing the appropriations bills. The appropriations process goes from fiscal year to fiscal year, that is, October 1 to October 1. So in just another week we are hitting the new fiscal year. So tomorrow, what we are going to do is pass what is referred to as a CR; it stands for a "continuing resolution." We are now sort of arguing and trying to decide whether continuing spending for the next few weeks should be at the level it was this current fiscal year or whether it should be increased somewhat in terms of spending to accommodate inflation.

The problem is that there are a lot of people in Congress, in the House and in the Senate, that want to spend more money. So what has happened in this Congress, in this government, is spending has been going up faster than inflation. I brought this chart and made up this chart quickly, and we can see how the spending line tremendously has increased over the past 5 or 6 years in terms of spending.

Spending has some consequences in terms of its effect on the economy. The Republican Policy Committee met with Art Laffer, who I consider a very good economist in this country. We met last week. One of my questions to Art was, What is worse as far as its negative effect on economic growth, would it be increasing the debt or having tax increases? He said, in his opinion, they are both about the same kind of negative effect. Tax increases maybe have a greater economic effect in the short run; but in the long run, increasing the debt, that means we are going to take a lot of money out of circula-

tion which, eventually, has just a negative effect on the economy.

A lot of people are saying, well, look, we should be paying more attention to the economy. One way this Congress can pay more attention to allowing the economy to operate the way it should is be a little less overzealous in terms of regulation on business, in terms of our taxes on individuals and business, and when I say taxes on individuals, most of the businesses, the small businesses in the United States pay that individual income tax. So as we become more intrusive in that tax, it has a tendency of discouraging small economic growth, which is really the backbone, the mainstay of employment in the United States.

That brings to mind a question I think that this body must deal with and must consider, and that is how big should the government be in terms of a percentage maybe of gross domestic product. How fast should expenditures rise? Is it reasonable to have the budget of the Federal Government increase three and four times as fast as inflation increases?

And the conclusion is, as we are concerned about the economy, the answer is no, that we should hold the line on spending so we do not have to increase taxes and so we do not have to increase the Federal debt. Politicians have found out, however, that it ends up being to their advantage politically, it increases their chances of being re-elected, if they spend more money, so they go home with more pork barrel projects; and they get on television and in the newspaper cutting the ribbon for the new pork that they brought home to their district, or they come up with more social programs to help relieve some problem in the United States. No one can say there are not a lot of problems, no one can say that the spending in the Federal Government probably does not do some good for somebody, but the tendency has been to expand government spending.

Tonight I want to talk a little bit about the ramifications of increasing our public debt. What is the public debt? We have heard people brag that we have paid down part of the debt to the public in the last few years. The fact is that the total debt of the Federal Government has continued to increase every year. The debt can be divided into two portions. It is the Wall Street debt, the amount of money that we borrow from individuals that are at weekly Treasury auctions, and it is the money that we borrow from the trust funds, Social Security being the biggest one. So the money coming in from Social Security when we were pretty overzealous in the amount of increase in the Social Security taxes that we passed in 1983. We now are bringing in from that FICA tax, that 12.4 percent that we charge on everybody's wages for Social Security, we are bringing in \$515 billion a year. Out of that \$515 billion, this current year, in Social Security benefits, it is immediately sent

out, that is, it comes in one week and it is out the next; and Social Security benefits are costing \$452 billion, so there is a little extra money.

What we did for a couple of years when we had the balanced budget, when the budget balanced, we used that little extra money to pay down some of the debt held by the public. But since we were borrowing that money from Social Security to pay down another debt, it is sort of like using one credit card to pay down some of the debt of another credit card; the total debt, the total obligation of this country continued to increase.

The tendency has been to have government grow much faster than inflation, and if we project that increase out over several years, it is going to result in government getting way too big.

Let me review a couple of the statistics. In 2001, the debt as a percentage of GDP, gross domestic product, was 33.1 percent, in 2002 it was 33.9 percent, and the projection for 2003 is 34.1 percent. So the Federal debt, even in terms of a percentage of our economy in this country, is growing. That means that we are leaving less money in the pockets of the American worker, the people who earned that money. Somehow, Congress is convincing more and more people that it must be good for them if we are coming up with more social programs, if we are coming up with more government programs to help them out, but the fact is that it is tremendously inefficient taking money away from my home State of Michigan or your home State of wherever, bringing it to Washington, running it through this bureaucracy, this political maze, and then what is left we send back to help out some social program of people that need help.

When I am asked what projects or programs would I cut, it is difficult, because that is the predicament Congress now finds itself in, is arguing how big the appropriations bills should be. An election is coming up November 5, and the big spenders are going to criticize those who want to put a lid on spending and try to spend not more than what the President has recommended; they are going to go back to some of those special interests and say, well, look, those guys on that side of the aisle, probably it is the Democrats saying the Republicans, did not want to give you any more money for your very good project. So politics has come into the picture in terms of trying to get a handle on spending. Like I said earlier, most Members of Congress that come up with more pork barrel spending, that come up with more programs to help out some problem some place, probably have a greater tendency to be reelected. So there is really a lesser of a safeguard on increased spending than there should be.

Here is another problem that we have developed as far as the progressivity of our tax system. Right now, 50 percent of Federal Government benefits go to

individuals that pay less than 1 percent of the Federal income tax. So here is 50 percent of the people that are getting a lot of benefits for a little effort in terms of the percentage of the income tax that they pay; and so there are a lot of people in this country who say, well, a little bigger government, a few more programs that might help me would not be all that bad. That is the contest that we are running into as far as the Federal Government.

Mr. Speaker, a few weeks ago, we went up to the Federal Hall in New York City, the first time in over 200 years that Congress has moved a session of this body or the Senate out of the location of Washington, D.C. We met at Federal Hall where the Bill of Rights was passed; in 1789 where the first Congress met, where they passed the Bill of Rights, where George Washington was sworn in as our first President. It is my guess as I review the Constitution that our forefathers felt that government should be minimal, that mostly what was passed into law should be at the State level and not the Federal level, so there was some very precise language limiting what the Federal Government could do. We have sort of circumvented that effort, and we have passed more laws and more bills as we have claimed that more and more things are really involved in interstate commerce and, therefore, are a proper role of the Federal Government.

Let me review for my colleagues the interest on the Federal debt. The interest on the Federal debt is becoming one of our largest expenditures. The interest on the Federal debt this year is \$331 billion. In 2012 the projection is that the interest on the Federal debt is going to be \$513 billion. The problem I think that bothers me and maybe the gentleman from Maryland (Mr. BARTLETT) the most is the hoodwinking of the American people in confusing the American people about what the Federal debt really is.

□ 1945

So as we talk and brag sometimes about the fact that we are paying down the debt, this chart represents the total Federal debt. It represents the fact that the total Federal debt, that what we owe, whether we owe it to Social Security, we have to pay it back; or whether we owe it to somebody that bought a bond on the weekly market of Treasury, it is a debt and obligation of this country. Even more than this, we do not discuss unfunded liabilities.

Mr. Speaker, I yield to my colleague, the gentleman from Maryland (Mr. BARTLETT), for some comments on trying to be honest with what the Federal debt is.

Mr. BARTLETT of Maryland. Mr. Speaker, I thank the gentleman for yielding to me.

In a former life I was a teacher for 24 years, Mr. Speaker. An old adage in teaching is that repetition is the soul of learning. So, at risk of repeating

something that the gentleman said, I want to go through just a brief explanation of the debt as I understand it.

The total debt owed by our country is called the national debt. That is made up of two parts. That is roughly \$6 trillion. That is made up of two parts. One part is the public debt. We have heard a lot about the public debt, and I will come back to that in a couple of minutes.

The other part of it is the trust fund debt. Lockboxes and paying down the debt, let us talk about that for a moment and see what really happened.

We put a lockbox first on Social Security, and then we decided, since that was such a great idea, we would put one on Medicare. I have had people who ought to know better say that somehow we secured or protected Social Security and Medicare by putting a lockbox on them. Let me explain what that lockbox did.

What the lockbox did was simply to say that if we have a surplus, and we do, for the moment, have a surplus, Mr. Speaker, in these two funds, if we have a surplus, we cannot use that surplus for ordinary spending; we must use it to pay down the public debt.

Now, all of the trust funds are invested in nonnegotiable U.S. securities. We need to understand what happens when monies come into the trust fund. They come into the trust fund. In this day of big computers and instantaneous moving of information around, it probably stays there a nanosecond or two, and then the computer takes it out and replaces it with a nonnegotiable U.S. security. It is nonnegotiable because we cannot cash it in, and it just represents a debt that the collective taxpayers owe to the trust fund.

Now, that is debt. It is going to have to be paid. That money is taken and paid down with the lockbox, and then pays down the public debt. So for every dollar that the public debt goes down, the trust fund debt goes up a dollar.

So if we are looking at the total of these two debts, which is the national debt, it has not changed at all. But there are trust funds for which we have no lockbox. There are 50 or so trust funds. Two of them have a lockbox. Many of them do not have a lockbox, and we happily took that money and spent it, so the total debt, the national debt, kept going up.

Way back a number of years ago, it started with Lyndon Johnson with his guns and butter. He was running such horrific deficits that he wanted to hide the magnitude of the deficits, so he put the trust funds on budget and then coined the perfectly silly statement that the Social Security surplus offsets the deficit. What that means is that when we were told what the deficit was, they did not include in that number the monies that were borrowed from the trust funds. That is about \$200 billion a year.

Mr. SMITH of Michigan. They came up with this phrase "unified budget" when the gentleman and I came to Congress.

Mr. BARTLETT of Maryland. That is correct. The budget that was balanced was the unified budget. That is all the money that comes into Washington and all the money that leaves Washington, but about 10 percent of the money that comes into Washington should not be Washington's money to spend because they have taken it from the citizens, presumably to put in trust fund for them, but they take and spend that money anyway, and make the silly statement that the Social Security surplus and the other surpluses offset the deficit.

They did offset the advertised deficit, but they did not bother telling us that what this amounted to was a monumental intergenerational debt transfer. Our kids and our grandkids are going to have to pay this.

Now, we cannot run the government today on current revenues; we cannot do it. For all the while, these last 3 or 4 years, that we were told that the budget was balanced, the budget which was balanced was the unified budget, but they were taking about \$200 billion a year of trust fund monies that we owe to the trust funds, they are going to have to be paid back by our children and our grandchildren, and they were using those to run the government.

I talked with OMB. If the government keeps its books on an accrual basis, and if a person is a businessperson and has more than \$1 million a year going through his company, he has to keep his books on the accrual basis; and we handle more than \$1 million in the Federal Government, so presumably we ought to keep our books that way; and if they kept the books on an accrual basis, there never was a moment in time when in fact the national debt went down. Now, it is true that the public debt went down, but for every dollar the public debt went down, the trust fund debt went up \$1, so the collective debt, the national debt, went up.

I kept telling people who would listen that surely their sin will find them out, because what will they tell the people when we have to raise the debt limit ceiling?

See, all the while we were telling the American people that the budget was balanced and we were paying down the debt, and we were paying down the public debt; but all the while, the trust fund debt was going up even faster, which meant that there was an increase in the national debt. All the time we were telling them that, the debt was in fact getting bigger, and soon it reached the debt limit ceiling; so then the government, in order to borrow money to run the government, it would have to raise the debt limit ceiling.

Then we had an interesting day and a half with that, and we were here all night, because we put language in one of the bills that said that they should protect the good faith and credit of the United States. That was a euphemism for "please raise the debt limit ceiling."

Those folks on the other side of the aisle, pretty bright people, found that out pretty quickly and they harangued for about a day and a half on that. We finally settled. I got home at 4:30 in the morning.

The reason I am so concerned that the American people understand this is I do not think they want us to run a deficit. I think they want the budget balanced, and I do not think they want us to balance the budget by increasing taxes.

Mr. SMITH of Michigan. In fact, if the gentleman will yield, that is what was decided: The only way we can increase the deficit is by increasing by congressional action the debt ceiling. So the idea was to make it difficult, and for us to have to think through, do we really want to increase the debt on our kids and our grandkids, to make them pay back what we think should be our standard of living now?

Just how fast this has grown, when the gentleman from Maryland and I, we came into Congress the same year in 1993, and at that time the Federal debt was \$4 trillion. Today, the Federal debt is \$6.2 trillion, almost a 50 percent increase. Ten years from now, the Congressional Budget Office estimates that the way we are going by covering some of these overexpenditures with increased borrowing, it will increase by 50 percent again, and the debt will be \$9 trillion.

What do we do? How do we hold the line? We start out by being honest with the public, with the American people, on what this debt really is, and that it has a very negative effect on their lives, because here is government taking this money out of circulation. Here is money being bid up, if you will, whatever the bid is on interest rate, and saying, look, whatever the bid is, we will up it one because we have to have this money to satisfy the overzealous spending of Congress.

Mr. BARTLETT of Maryland. That is an interesting thing that happened as a result of the fiscal responsibility that we had, not enough to really balance the budget, but enough so that we could make do largely with monies from the trust fund surpluses.

What happened was we were not going to the marketplace for dollars, as we were before, so interest rates went down. That is a positive for borrowing from the trust funds to pay down the public debt.

But the negative of that is that the reality is that we cannot run this government on current revenues, so what we are doing is borrowing from our children and our grandchildren's futures. When it comes their turn to run the government, they are not only going to have to run it on current revenues, they are going to have to pay back all the money that we borrowed from their generation.

When I ran for Congress, and I started running 11 years ago, I said I was going to conduct myself in Congress so my kids and my grandkids were not

going to come and spit on my grave because of what I have done to their country. Mr. Speaker, I am still trying to do that.

Mr. SMITH of Michigan. Mr. Speaker, it was Adam Smith, who I consider another great economist, that in trying to figure out what was prudent, what was the right thing to do fiscally in government, said, what is prudent in one's own personal life is the prudent thing to do as far as running government.

In our personal lives, the gentleman from Maryland (Mr. BARTLETT) and I are both sort of farmers, and the tradition in farming where we grew up was we tried to pay down the mortgage to give our kids a little better chance.

We are doing just the opposite: We are adding more burden to our kids and grandkids, and jeopardizing their future because somehow we think our spending and our needs today must be greater than what their needs are going to be 20, 30, 40 years from now.

That is ridiculous, it is not fair, and it is something that eventually the American people have to realize when they go to the ballot box this November or whatever November. Some of the questions they have to be asking their candidates are: How deep do you want to go in debt? How much taxes do you want to raise? How much are you going to increase government spending? So do not stand there and brag to me all of the things you are going to do for me with my money as it is filtered through the bureaucracy in Washington.

Mr. BARTLETT of Maryland. Milton Friedman made the observation that the government spends all the money we give it, plus as much more as it can get away with. What the American people need to do is to make it very difficult for Congress to spend more money.

When we are told what deficits are going to be and when we will turn the corner and finally have a surplus, this is all on the basis of the unified budget. So add roughly \$200 billion a year to all of the deficit figures, and push into the future, and I do not know how far into the future, push into the future the date that we will in fact balance the budget.

I think that the American people want us to have a balanced budget. I do not think they want us to balance the budget by raising taxes; I think they want us to balance the budget by cutting spending. That is what we do in our family: We look at where the money is going and where we can cut expenses so we can live within our budget.

Mr. SMITH of Michigan. And especially in an emergency. If we have an emergency in our business or family, then we cover that emergency and cut down on spending. Right now we have an emergency in the Federal Government. When we have a war on our hands, a war on terror, a war to make sure that we have security in this

country, if there is ever a time when it is reasonable to hold the line on other spending, to start prioritizing a little on where we spend the money, it is now.

Let us spend the money. Let us make sure that, to the best of our ability, that we have the security. Let us beef up our military where we are comfortable with that level. But with the rest of the spending, let us not demand, like we have in past years, that we just continue to spend as if there is no emergency facing us, and that is what we are doing.

What was just handed me, and I do not know if the gentleman can see it, it is the line that projects the increased debt up through 2012. We will see from the 1940s on the debt stayed relatively flat. Traditionally, even the so-called liberal Democrats did not want to increase the debt. In fact, we did not have a fixed debt limit. Every time they increased the debt up until 1983, they said that this was going to be temporary, and at some point it was going to revert back to the previous level of debt, because they did not want to permanently increase the obligation of their kids and their grandkids and great grandkids.

But in 1983, they said, well, maybe we have to increase it permanently. Back in 1970, just 30 years ago, the debt of this country was \$380 billion. So after the world wars, the Korean War, the Vietnam War, the Civil War, the War of 1812, the Great Depression, many financial hardships, 32 years later we have gone by what is prudent in the way we handle our personal affairs, and the way we handle our congressional affairs is to the point where we now pay \$330 billion every year just on servicing that debt, just on the interest of that debt.

So to hoodwink the American people and suggest that we are paying down the debt to the public when really we are borrowing more money, if you will, from another credit card as we borrow from the trust funds, maybe, I say to the gentleman from Maryland (Mr. BARTLETT), it would be good to help everybody understand what these trust funds are.

Mr. BARTLETT of Maryland. The trust funds are money that are taken from the American people for such things as Social Security, and we now do not need all the money we collect. In the future, we will need a whole lot more than we will be collecting then.

□ 2000

In fact, the second biggest trust fund is the Civil Service Retirement trust fund, and then there is the Medicare trust fund. There is the Transportation trust fund, and there are about fifty of these trust funds, and collectively, the current surpluses in those trust funds are about \$200 billion a year; and as I mentioned previously, the only thing that can be done under law by those moneys is to invest them in nonnegotiable U.S. securities, and we are not

going to bury that out in the back forty or put it under our mattress. We are going to spend it.

The present law really needs to be changed, and we have got to have something else to do with trust fund surpluses or we will always be running deficits because that law prescribed that the only thing we can do with a surplus is to invest it in nonnegotiable U.S. securities which assures that the debt will increase.

I would just like to note that the interest on the debt now is nearly as large as our budget for the military.

Mr. SMITH of Michigan. That is correct, \$331 billion is the national debt; and now we have upped the military spending to about \$360 billion.

Mr. BARTLETT of Maryland. Mr. Speaker, every year that we fail to balance the budget and the debt goes up and the interest goes up makes it that much more difficult to balance the budget the next year because now we have got bigger interest payments. By and by, it will be impossible to really balance the budget if this keeps on going forever, and it cannot.

At some point we have to draw a line and say enough is enough. Government spending cannot continue to increase two or three times faster than the rate of inflation. Ultimately that will bury our economy, and now we are taking from the average American worker 52 percent of all the money they make.

I have not seen it this year but a year ago tax freedom day was May 10. That was the day we finish paying all our State, Federal and local taxes but do not rest easy that on May 11 we can work to make some money for our families because for the next 7 weeks last year, it will be a little different this year, every American worked full time to pay the cruelest tax of all. It is the most regressive tax, the favorite of my liberal friends, by the way. It is the tax for which the poorest of the poor get no exemption or no deduction. They have to pay just as certainly as the richest of the rich, and this is unfunded Federal mandates.

What that is is laws that the Federal Government passes that require a State or a school district or a city or a business to do something that costs money but the Federal Government does not provide the money for it. Last year, July 6 was Government Freedom Day. Fifty-two percent of the working time of every American goes to support the Federal Government. I do not think it is unconscionable to talk about raising taxes.

Mr. SMITH of Michigan. Mr. Speaker, the property taxes throughout the United States, the people have demanded that their property tax be lowered, and I think part of that is because every year they have to reach into their pockets and come up with the money to pay the property tax. So it has been shifted in Michigan, for example, to an increase in the sales tax. If we had a system where people had to reach into their pockets to pay their

Federal income tax rather than having it deducted from their paycheck that they never see, the people would be outraged.

Mr. Speaker, I call on every worker in America to look at the stub of their paycheck for their next paycheck and look at this 52 percent-odd in and out that is being deducted from the money they earn. So at what point do the American people rise up and say, look, enough is enough, Congress, get your act together?

Let me just add to my colleague's comment in terms of the unfunded mandates that we put on States and that is trying to pass off and we say we want to do this good thing and then go home and brag about it but we make local jurisdictions pay the costs. We pass a bill that says you have got to do all these things, but you are going to pay for it.

Added to that is the unfunded liabilities, what we owe from promises we have made on Social Security, on Medicare, on the retirement for public service; and let me just read these unfunded liabilities for the next 75 years: \$15 trillion more money that we are going to have to come up with for Medicare, and that does not take into consideration expanding Medicare coverage for prescription drugs; \$9 trillion we are going to have to come up with extra from someplace to pay Social Security benefits; \$800 billion for the public service retirement system.

If we change the system to say we are going to have a unified budget and what we owe the trust funds does not make any difference, then what we are going to see Members of Congress do, politicians do, is sort of increase the FICA tax a little bit, increase what the Army and Navy and civil service have deducted from their paychecks so there is more money coming in that is being used that will be spent by the Federal Government so the Federal Government can brag and say, look, we have a balanced budget.

We only have a balanced budget if we consider the unfunded liabilities, if we consider the obligations that we have from the trust funds because that money going into the trust funds is going to help solve the long-term demographic problems in both Medicare and Social Security.

Just a footnote here, that the money in the Social Security trust fund would cover Social Security benefits for about 2 years. So for somebody to suggest that if government would pay back that money, everything would be okay, it is going to take more than that. It is going to take some dramatic changes in Social Security to try to get a better return on that money than the 1.7 percent. It has got to be optional.

We will probably take it up after the first of the year, but it is easy to demagogue on the campaign trail. So many

campaigns are saying, well, my opposing candidate wants to ruin Social Security. So it is a scare tactic, and seniors that depend on this program sometimes do get nervous and do get scared. Some say deficits do not matter; that is not true. The spiralling debt will lead to eventual economic disaster. We need to deal with it.

Mr. BARTLETT of Maryland. Mr. Speaker, when my colleague noted the unfunded liability for Social Security, that depends on when we put the money into the system. The earlier we put the money in, the longer it will collect interest and the less we have to put in; but I have seen some data which indicates that Social Security, if we put no money in, it will run in the red something like \$100 trillion during the retirement of the baby boomers. These are big, big numbers. Neither Medicare nor Social Security are solvent for the long haul. We must address both of those.

The encouraging thing is that today we can talk about Social Security. Five years ago to mention Social Security was interpreted by seniors as being a threat to Social Security and they would vote against you. So we could not even talk about it 6 years ago, but now we are talking about Social Security.

We have not done anything about it, and I am sorry that some people believe that the lockbox had anything to do with Social Security. The only thing it could possibly have to do with it is we have paid down something of the public debt which might make us more debt worthy so that we could more easily borrow money, but I have not noticed we had any problem borrowing money. That is the only possible link we could make between the trust fund lockboxes and Social Security.

Mr. SMITH of Michigan. Mr. Speaker, what it was, probably, is a gimmick and it was. It was Democrats and Republicans. Vice-President Gore in some of his speeches said the lockbox is great, but Republicans did the same thing. The lockbox was a gimmick to make people believe that somehow we were making Social Security more secure is just not the case. The money was borrowed from Social Security. The money will be paid back, but the consequences of coming up with that money to pay back.

My colleague mentioned \$120 trillion; \$120 trillion is the extra money that we are going to have to come up with over the next 75 years to meet Social Security benefits, what we have promised over and above what is coming in from the Social Security, or FICA, tax. If we put \$9 trillion in an investment fund today, drawing 5 percent, then that \$9 trillion that we put from that trust fund into an investment fund today would accommodate the \$120 trillion over the next 75 years.

The challenge is to reduce spending now, to hold the line on spending now so that we do not increase taxes, so we

do not increase the debt. Maybe we should have a law that says we only can spend what we tax, and therefore, we would have to have a balanced budget. There have been several attempts to put a constitutional amendment in for a balanced budget. I think if we have to increase taxes and take away money out of the American workers' pockets, as Congress wanted, to spend more there would be more of a public outrage in understanding that big government and the expansion of government, as fast as it is growing, is coming at the sacrifice of money being taken away from families in America.

Mr. BARTLETT of Maryland. Mr. Speaker, my colleague's suggestion that if we stopped withholding, that the citizens, when they sat down at the end of the month to make their mortgage payment and the payment on their car, they would also have to write a check to the tax collector, that they would be a whole lot more aware of the size of the tax bite, we are probably not going to get that through Congress.

Let me tell my colleague something that might get through that might have a beneficial effect. What I would like to do is to move tax day to the day before election. Pay taxes on the first Monday in November and vote on the first Tuesday after the first Monday in November. Does my colleague think that if we paid our taxes on Monday and voted on Tuesday that more people might vote and they might vote differently?

Mr. SMITH of Michigan. Mr. Speaker, as my colleague said earlier, I encourage everybody to look at their payroll stub of how much is being taken out for Social Security, how much is being taken out for Medicare, how much is being taken out for local taxes, city taxes, how much is being taken out for the mammoth Federal tax bite that we reach into the American workers' pockets to accommodate expanded Federal Government.

We have got some basic responsibilities. We are in a war and are going to pay for that war. There has been comments from the other side of the aisle that if we just had not had that tax cut, then maybe we would have had enough money to do all of the spending for the war on terrorism plus all of the increased spending that this body has been accustomed to. The fact is that the tax cut only represented 13 percent of the deficit problem this particular year, and according to most economists the positive effect on the economy of having tax reductions more than offset what we lost from simply projecting what the taxes might have been if there was no positive effect on the economy.

The fact is, and Art Laffer said it very dramatically, tax cuts help stimulate the economy. So we cannot say we have got to have more government spending, more government services and someone over, with the other hand, saying Congress has got to deal with encouraging economic expansion and economic recovery.

Mr. BARTLETT of Maryland. Mr. Speaker, there never has been a time in history when a tax increase has stimulated the economy. If that were true, we have got to believe that a tax decrease does stimulate the economy. It is called dynamic scoring and we cannot do that by law. We really need to change that law. For instance, capital gains tax, every time we have reduced the rate on capital gains tax, the revenues from capital gains taxes have gone up, but we cannot score it dynamically. We have always got to score it as a loser, and the same thing is true of a general tax cut. We have always got to score it as revenue loss, when in reality what my colleague said is exactly true. Tax cuts stimulate the economy and there could be a larger revenue stream as a result of the tax cut and we cannot roll back the hands of time to prove to those who think otherwise; we cannot do history two times, but history tells us that tax increases depress the economy.

If we had a 100 percent tax, how much tax does my colleague think we would collect? Of course, it would be zero because nobody would work. If we have a zero percent tax, we also are going to collect no taxes. Somewhere between zero and 100 percent is the optimum level of taxation where the level of taxation is not going to so suppress the economy, discourage people from working, that they are just going to say I would rather play golf than work because the government is going to take 80 percent of my money.

A man the other day told me that 79.8 percent of all the estate that he has accumulated is going to be taken and he cannot pass it to his grandchildren. This concerns him very much, and I know we have had jobs lost in this country because people have looked at where they are, looked at the enormous tax burdens, looked at how little of their estate they are going to be able to pass on to their children and grandchildren, and they just quit. They are tired of working, they are tired of the responsibility and there is no reward for it and so they quit, and so lots of good jobs have been lost because of that.

The American people do not need more taxation.

□ 2015

The gentleman from Michigan (Mr. SMITH) talked about the possibility of raising the FICA tax. On many pay stubs that is now the biggest tax item. It is going to be really tough to convince the American people we need to raise that tax.

Mr. SMITH of Michigan. As a matter of fact, almost 70 percent more American workers now pay more in the FICA tax than they do in the income tax. I mentioned earlier that we went to New York a few weeks ago to the Federal Hall where the Bill of Rights was developed and our first Congress met. Our Constitution gave the incentive that has made this country so

great over the last 226 years. It was a system where those individuals that worked hard, that tried, that learned, that applied that learning, that saved and invested were better off than those that did not. So that kind of an incentive was what made this country great, and we have been redistributing income; so as our taxes have been more progressive and saying, well, if one is successful or if they are a young couple and they want to work another 8 hours to do better for their family, we have a system now that says we are not only going to continue to tax them at the same rate but if they go out with a second job and earn more, we are going to tax them at a higher rate. So like the 100 percent, the more we tax, the more it discourages that kind of saving, that kind of investment. It is a challenge that this country is going to have to face up to.

And the demographics are startling. As we look at the demographics, as we look at more and more people, the so-called baby boomers going out of the working, production, paying-their-taxes mode and apply for Social Security and Medicare to the taking-out position, we are faced with dramatic challenges of the survival of Social Security, Medicare, Medicaid. So the result without some real responsibility in spending is going to increase taxes on everybody else. So when I go to high school classes, I tell them, look, they are the generation at risk. They should be yelling and screaming. They should be going to these political meetings. They should be asking those candidates what they intend to do as far as holding the line on spending and therefore holding the line on taxes that they are going to have to pay, holding the line on debt that they are going to have to pay the interest on every year but eventually they are going to have to pay off that debt.

Mr. BARTLETT of Maryland. Mr. Speaker, I would like to make two observations. One is that about the time of the Reagan administration, there were a lot of bumper stickers I saw out there that said "no trillion dollar debt." Now it is more than six times that big, and we have not had any six-fold inflation since that time, and where is the outrage? Where is the outrage that we are passing this heritage on to our children and our grandchildren? I thought I had remembered that during the Eisenhower years that our government first reached a \$100 billion budget, I thought, gee, \$100 billion is a lot of money. So I had the staff go back and check, and it was a couple of years after Eisenhower actually before we spent \$100 billion. Look at America then and America now; and we are spending what now, over \$2 trillion.

Mr. SMITH of Michigan. \$2 trillion.

Mr. BARTLETT of Maryland. More than 20 times as much. And our country is not 20 times bigger. Our needs are not 20 times bigger. What has happened to us since those Eisenhower years when we were spending less than

\$100 billion and we are now spending 20 times that amount of money? We really need to stop and take a long look at where we are and where we are going, and we cannot continue to have this kind of a debt increase. We cannot continue to have this kind of an increasing debt that we are passing on to our children and our grandchildren. We are a rich country, but there is a limit to what we can do; and I really would like to see tax day moved to the day before election. There was an interesting little song several years ago, "We'll remember in November, when I go in that booth, I'm going to vote for anyone but you," and the gentleman from Michigan (Mr. SMITH) may have noted that tax day is about as far on the other side of the calendar as they can get it from election day, is it not? Not very many people remember from April 15 clear around to November, but if it was the day before election, almost everybody has a memory that long; and I think a lot more people would vote and they would vote very differently, and I think we would quickly come to grips with this budgetary problem in our country.

Mr. SMITH of Michigan. Mr. Speaker, winding this up, there are some real obligations of the Federal Government. It is the defense, it is the security, it is the health, it is education; but now we have expanded into so many social programs that in many ways take away the incentive of working hard and saving and investing and doing for themselves. We discourage investment. We say, look, if they earn some money and invest it in something and the value goes up, we are going to tax them again.

It is interesting. Our system says to a person, look, after they have earned this money, if they go to Las Vegas and live it up with wine, women, song, gambling, and spend all that money in gambling and waste and expenditures, we are not going to tax them anything; but if they give some of that money to their kids and their grandkids to help in their education, to help in their success, help their development to contribute to this economy, we are going to tax the heck out of them.

Our system of taxation needs to be reviewed, especially when we compare it to other countries, other countries that do not have a capital gains tax, other countries that encourage savings and investment more than we do. The challenge is before us, and it is not going to be an easy road. And I compliment the gentleman from Maryland (Mr. BARTLETT) for his willingness to stand up against the easy road to say, look, we are going to be okay, we are going to pay everybody's benefits, we are going to come up with all these programs that do everything they want us to do. The fact is that sometimes it is very difficult to say, look, that should not be a Federal Government responsibility, that should be a State government responsibility, a local government responsibility, or an individ-

ual's responsibility. So it is hard choices in a situation where everybody is running for political office and the tendency is to try to please everybody.

Mr. BARTLETT of Maryland. Mr. Speaker, the Bible says it is more blessed to give than to receive, and the government has largely usurped the role of philanthropist. Several years ago in our church, our kids did not go trick or treat. They would go out before and they would leave a bag; then they would go pick it up and the ladies would help them make food baskets to give to poor families on Thanksgiving. So one of our ladies called the local welfare people and said, We would like the names of some poor families that need food so that we can give them some food.

And the welfare worker was indignant. What do you mean poor families that need food? What do you think we are here for? There are not any poor families that need food. Of course that is not true. There are some who fall through the cracks. But this was just evidence of how broad the role of the Federal Government has gotten.

When I look back at those Eisenhower years, \$100 billion budget, 62 percent of that budget, 16 percent of GDP, went for defense. Today it is 15 percent of our Federal budget and less than 3 percent of GDP that goes for defense. Now relatively we are spending only one-fifth as much on defense today, but we are spending 20 times as much as that Eisenhower budget in our total government.

And the gentleman from Michigan (Mr. SMITH) is right. Here in this Congress we vote on only about one-third of all the money that is spent. The rest is called entitlements. It runs on auto pilot and every year it goes up and up, and we need to address both the entitlements and the discretionary spending, and America will not be solvent and our children will not look forward to a bright future until we have done that.

Mr. SMITH of Michigan. A wise man once said that "if you are in debt, you are not free." So whether one is an individual or a business or the Federal Government, we have got to pay attention to debt and eventually have some kind of a plan to pay that debt off.

Again, I would thank the gentleman from Maryland (Mr. BARTLETT).

#### THE NEED FOR A NEW BUDGET PLAN

The SPEAKER pro tempore (Mr. PLATTS). Under the Speaker's announced policy of January 3, 2001, the gentleman from Illinois (Mr. PHELPS) is recognized for 60 minutes as the designee of the minority leader.

Mr. PHELPS. Mr. Speaker, I represent the 19th district of Illinois. I am honored to be here in my second term in Washington, D.C.; and, Mr. Speaker, tonight as one who is honored to be a member of the Blue Dog Democratic Coalition, we will be joined by hopefully several other members of the Blue