

who is plotting to do something terrible to this country. Because, Mr. Speaker, I will tell you now that if we do not know who we are as a Nation, if we are divided up into all these camps, into these groups, victimized sub-groups in America, then we will have no strong desire to save our civilization and our way of life, because we do not know what it is, we do not know who we are, we do not know what holds us together, we do not know what binds us together as a Nation.

We can all revel in and enjoy the differences that we have in this country, the cultural distinctions that give us such a rich texture as a Nation. We can enjoy it. I certainly do. But that is a far cry from disassociating oneself from this country and actually seeking only the economic benefits that it can provide, while simultaneously trying to connect oneself, or, I should say, retain one's connections to countries of origin, which, if they were so great, if those countries of origin are so wonderful, one wonders why millions of people have sought to leave them.

In a recent Los Angeles Times article, September 15, 2 days ago, by Claire Luna, she states that "painted on the cheeks of children waiving grandly from a balcony and planted in women's hairdos, Mexican flags were on display everywhere Sunday in Santa Ana as tens of thousands of people showed pride for their home country."

Showed pride for their home country. What does that mean? What is their home country? Do they not live here? Do they not obtain the benefits of living in this land? Do they not call themselves Americans? Do they not think of themselves as Americans?

Mr. Speaker, if I asked you what is your home country, if I asked anybody in this body what is their home country, if I asked any American citizen out there, what is their home country, how many would answer to me some country other than the United States of America?

Now, I am only a third-generation American. My grandparents came here from Italy. But never, ever, ever, I thought of myself as anything but an American. Never have I thought of my home country as anything but America.

"The Fiesta de las Americas parade commemorating Mexican Independence Day drew the largest crowd in its 15-year history," police said. For 2 hours, spectators cheered for their home states," home states, "in Mexico, as girls in traditional dress pranced among marching bands, government dignitaries and mariachi floats. It is so important that all Mexican remember how their liberty was won."

Their liberty, if they are living here, was won by people who sacrificed their lives in the fight against Great Britain. That is how their liberty was won.

"The parade helps reaffirm our pride in our love of Mexico."

Well, Mexico is a wonderful country. I do not dispute that, and I do not sug-

gest for a moment that anyone should, if they are from Mexico, should forget about it or not understand that they have that heritage. But there is something happening here, Mr. Speaker, that deserves our attention, because this is what I am talking about, about a country being divided into all of these sub-groups, being balkanized.

This article goes on to say that, "Corona, the vending machine stocker, was watching the parade with his brother-in-law Roberto Mundo, 38, and Mundo's two children. To shield his eyes from the sun, Corona shoved a piece of cardboard over his head and was reduced to wordless glee when passing Orange County Sheriff Mike Carona gave his headgear a thumbs-up. His power of speech returned when a dozen folks and women passed by on a Budweiser beer float. 'You are beautiful,' he screamed happily in Spanish, and when they threw him a poster. 'People used to be too scared of being deported to come to something as public as this,' Mundo said, 'but times have changed. Now people aren't scared to show their pride.'"

So what he is saying here is, of course, that many, many of the people who were on the street were here illegally, but they do not care anymore about the fact that they are here illegally. They are not afraid, they are not concerned, because they know that this government does not have the will to enforce our own immigration policy.

There is a book, Mr. Speaker, in closing, that I would certainly suggest should be mandatory reading for every American citizen. It is called "Mexifornia: A State of Becoming," by Victor Davis Hanson. I will just read something from the cover:

"Cutting through the lies of race-hacks, multi-cult commissars and their guilty white enablers, fifth generation Californian Victor Davis Hanson tells the brutal truth about Mexican immigration to California. Combining social-science fact with the personal experience of living in the San Joaquin Valley, immigration's ground zero, Hanson shows that discarding the old paradigm of immigrant assimilation in favor of the fantasies of identity politics victimhood has seriously compromised the process of turning into Americans the millions of hard-working Mexicans who desperately want the freedom and prosperity underwritten by the very values that the multi-cult industry disparages. No one concerned with immigration and its impact on America can afford to miss this tough and brilliant book."

And I certainly agree. "Mexifornia: A State of Becoming."

California is a State I guess that represents what we are all, every State in the Nation, in some stage of becoming, somewhat transformed. To some, even in this body, that is a good idea. That is something to which they look forward, a Nation that no longer understands its roots, a Nation that is divided, a Nation that is balkanized, a

Nation that is just a place of residents and not of citizens.

□ 2130

Mr. Speaker, that is where we are going. That is where we are headed. And most Americans know it. And they ask their representatives in this government to do something about it. And yet I have to tell them when they ask me why we cannot and why we ignore this, I have to tell them that there is no political will to secure our own borders.

It is a shameful fact, Mr. Speaker. It is one I wish I did not have to express and did not have to state. But it is the truth. I hope it will soon change.

THE DEFICIT

The SPEAKER pro tempore (Mr. KLINE). Under the Speaker's announced policy of January 7, 2003, the gentleman from Virginia (Mr. SCOTT) is recognized for 60 minutes as the designee of the minority leader.

Mr. SCOTT of Virginia. Mr. Speaker, I want to begin on something we can all agree on and that is what President Bush said in August at an August fundraiser. He said, "I ran for office to solve problems, not to pass them on to future Presidents and future generations."

We can all agree on that, but, unfortunately, the reality is that instead of paying off the public debt by 2011, as we had projected in 2001, this administration will leave the future generations with a debt of almost \$7 trillion as of 2011.

Now, rather than get into rhetoric and everything, let us just use a chart so we know exactly what numbers we are talking about. This shows the deficit year by year from the Johnson administration, Nixon, Ford, Carter, the deficits that were run up in the Reagan and Bush years, and also shows the surplus that was generated by the time President Clinton left office.

Mr. Speaker, in 1993 we passed a budget without any Republican votes. The Republicans, after those votes were cast, campaigned against that budget that was passed, and picked up 50 seats in the House and control of the Senate as a result.

In 1995 after the 1994 election, the Republicans, with control of Congress, passed a budget with trillions of dollars in tax cuts. President Clinton vetoed that budget. They threatened to close down the government. He vetoed the next budget. They closed down the government, and he vetoed the budget again.

Because he vetoed those budgets, this trend went up until we had a surplus of almost \$100 billion projected for 2001. And that is on budget. That is without touching the Social Security or Medicare surplus.

As soon as President Bush came in, he signed the trillion dollar tax cuts. And, wait a minute, this has \$500 billion in deficits. This is the February

projection. This has been updated. It is no longer \$500 billion. The latest figure is almost \$700 billion in deficit that we will be running up.

Now, it is important to put \$700 billion in perspective because if you look at the Federal budget and look on the line item revenue, individual income tax, what we get from the individual income tax in the Federal budget, it is less than \$800 billion. We are running deficits now of almost \$700 billion.

Now, when we run up deficits like this as far as the eye can see, one can understand how we got from where we were in 2001 to where we are now. In January 2001, we expected by 2011 to have run up a surplus of \$5.6 trillion, enough to have paid off the national debt. By August of 2001, we had lost over \$2 trillion of that surplus, and the surplus was projected to be \$3.4 trillion. Now, most of this is Social Security and Medicare, because in August of 2001, we had actually spent all of the cash surplus and most of the Medicare surplus, and were headed into Social Security by August of 2001, before September 11; by January of 2002, the projected surplus, \$1.6 trillion, almost all Social Security and Medicare surplus, or what was left of it, after we have dipped into it significantly.

By August of 2002, there is almost no surplus at all, that is, we have spent the entire Social Security, the entire Medicare surplus for the entire 10 years. By March of 2003, we are down to an actual deficit where we have spent all of the Social Security, all of the Medicare, and then \$377 billion. By August of this year, we have gotten into so much deficit spending that the projected deficit, not surplus, deficit is over \$2 trillion in that same 10-year period.

And what is the solution? The Republican agenda will run this up to \$3.3 trillion unless that agenda is stopped. Mr. Speaker, a \$5.6 trillion surplus projected when this administration came in. If their policies are followed in the next couple of months, \$3.3 trillion in deficit, an almost \$9 trillion difference. That \$9 trillion, remember, less than \$800 billion a year comes in under individual income tax; \$9 trillion is \$900 billion a year on average that we have deteriorated in our budget situation.

Now, as bad as that is, it is actually going to get worse, because those projections do not include some things that we expect to happen, like the tax cuts have been sunsetted; the President is expecting us to remove the sunset so that those tax cuts can continue. Protecting the middle-class families from the alternative minimum tax, that is the tax where if you have tax preference, tax cuts for the upper, very high income, high income, about a couple of percent, about 3 percent of the public pays the alternative minimum tax. That is, you cannot reduce your tax that you need to pay but by so much before you have to pay an alternative minimum tax. The effect of not protecting middle-class families from

this alternative minimum tax will mean that they will lose the benefit of their child tax credit and many other tax benefits that they enjoy now. So if we protect them from that, that will cost even more, going right to the bottom line.

Providing a Medicare prescription drug benefit, all of those numbers, as bad as they look, do not include the prescription drug benefit that everybody is promising. It also assumes that we are not going to have any hurricanes or disasters or floods or earthquakes in the next few years. So it is going to get worse before it gets better. When we run up all of those deficits, we run up debt, and we have to pay interest on that national debt. Here is the interest on the national debt that we have projected to pay going down towards zero by 2011 or 2013, because there would be no debt; it would be paid off. Instead, this is the interest on the national debt that we are projected to pay. And if we look at the difference between what we have to pay and what we are going to end up paying, by 2010, that will be \$1.6 trillion of additional interest on the national debt that we are going to have to spend because we have messed up the budget.

Put another way, these green bars represent the interest on the national debt that we were going to pay going down towards zero. These red bars, interest on the national debt that we are going to have to pay because we have messed up the budget and we have been running up deficits. This blue bar puts it in perspective. This is the defense budget. We are going to be spending by 2013 almost as much money in interest on the national debt as we are going to be paying for national defense. We get nothing for interest on the national debt. We do not get a single school book, we do not get a rifle for the military, we get nothing for interest on the national debt. And instead of zero, we are going to be spending almost as much on interest on the national debt as we do for national defense.

Now, to show how the interest on the national debt is affected, right now, if we take the entire interest on the national debt, divide it by the population and multiply by 4, we will see that the family of four's proportional share of interest on the national debt is now about \$4,400. As the interest on the national debt goes up, by 2013, almost \$8,500, a family of four's proportional share of interest on the national debt.

Now, how did we get there? We got there with tax cuts. And who got the tax cuts? This is divided up by quintiles, the bottom 20 percent and what they got out of the tax cuts. The next 20 percent, the middle 20 percent, what they got. The share of the fourth percentile, the top 20 percent, this is what they got. Half of the tax cuts went to the upper 1 percent.

To put it another way, if you are a millionaire, you got about \$89,000 out of the 2003 tax cut. If you made \$500,000 to \$1 million, you get a little less than

\$20,000, and you can see what you got. Half the people get less than \$100 a year out of the 2003 tax cut.

Now, we were told that we needed to cut taxes to create jobs. The millionaires got their tax cut; we ran the budget into a deficit in order to create jobs. And here is the job creation math. Mr. Speaker, \$374 billion in tax cuts through 2003 only, and we are expected, if the plan works, to create 1.5 million maximum new jobs. That is the Treasury Department's estimates. We pass all of this stuff, give \$374 billion in tax cuts, we can create 1.5 million jobs. That divides out to almost \$250,000 for every job that they are trying to create. Mr. Speaker, \$250,000 they have to work with to create jobs, if it works.

This chart shows the jobs created by administrations going back to the Truman administration, and it shows that it did not work. This actually needs to be updated because it says 2.5 million jobs lost. It is actually closer to 3 million now. If we go back to the Truman administration, every President is creating jobs. Eisenhower lost 200,000 jobs in his second administration, but he gained 1.9 million in his first administration. So every President since Truman, more jobs when they leave office after each administration than when they came in, except after this administration's budget was adopted.

Now, as we talk about 9-11, let us remember that back to the Truman administration includes the Vietnam War, it includes the Korean War, jobs are being created; hostages in Iran, jobs are being created; Somalia, the entire Cold War, Kosovo, everybody is creating jobs until this tax plan is adopted.

Now, actually, we should have known, because the Joint Committee on Taxation evaluated the 2003 tax cut and showed that if you cut those taxes, now some taxes stimulate the economy better than others. Some tax cuts stimulate the economy better than others. According to their analysis, the taxes cut in 2003 would show a short-term spike in jobs; but depending on which economic model we use, at best, we are going to end up right back where we started.

□ 2145

You will probably end up with fewer jobs than you started off with. This analysis was presented by the Joint Committee on Taxation. It has a Republican majority. And so we knew when we voted for the 2003 and 2001 tax cuts that we were killing jobs.

Now, when you have all of these deficits and you look at this chart, and the deficits that are going by, the deficits are the worst that we have had in American history. Now, there is one thing that the Social Security crisis is in front of us, and we need to make sure that we have money for the baby boomers when they retire for Social Security.

Mr. Speaker, I yield to the gentleman from Texas (Mr. STENHOLM), who has

been a stalwart on fighting for fiscal sanity.

Mr. STENHOLM. Mr. Speaker, I thank the gentleman from Virginia (Mr. SCOTT) for yielding to me. I thank him for a very excellent presentation of the facts.

I know as often we have stood in this floor that I will get calls from some that have been watching and they will have various different opinions of what has been said and what the facts are, but let us relate it to what we are facing tonight, at least many of our fellow citizens somewhere in the North Carolina area as Hurricane Isabel bears down on the United States, and we still hope and pray that something will cause it to veer back out into the ocean. But in the meantime folks are preparing because they know the devastation that can occur when a hurricane hits.

In my opinion, we have the makings of the perfect storm in this country today, 500, now \$600 billion deficit as far as the eye can see and we are ignoring it, \$500 billion trade deficit as far as the eye can see and going up and we are ignoring it.

The baby boomers are set to begin retiring in 2011, and everyone admits that that will put one of the biggest strains on the economy of the United States in our history. The gentleman's chart shows it today and no one argues with that, no one. From the AARP up and down all admit we have got a problem. And what have we done about that problem? Zero. Talk about it. But nothing. The makings of the perfect storm. And every time I make this speech somebody will say, and I have heard this said, people will stand up and say if only Congress would control spending.

Well, the first thing I like to do is remind the American people that my friends on the other side of the aisle have been in charge for the last 8 years. I make no bones about it. I opposed this administration's economic game plan when they put it in place in 2001. I stood on the floor, I stood with the gentleman from Virginia (Mr. SCOTT) standing, looked at my friends on the other side and say, I hope you are right. I hope I am wrong. But I do not believe it has a chance of working. And in 2002 we said the same thing. In 2003 we say the same thing. But have we had a change in the economic direction for this country? No. The hole gets deeper and what do we do? We take another shovel and start digging. That makes no sense.

Let me put it in proper perspective. Those who say if only we would control spending, let me give another fact, if we take defense, military construction off-budget, which we are, exempt from cuts, because we cannot cut in those areas when we are at war on three fronts, and we will not cut, and we should not cut. We have got young men and women's lives at stake tonight and, therefore, we do not wish to jeopardize them further. Interest on the national debt, we cannot cut that.

The gentleman's chart shows the debt tax that is going up as the interest rates continue to spiral. We cannot cut the interest. So if you take defense and interest off-budget or off-cut it, we can cut 100 percent of the other 11 appropriations bills, 100 percent, not waste, fraud and abuse, not 1 percent here, cut it all out, zero for the rest of the government, and we would still run \$160 billion deficit next year.

Now, that is the truth. That is how deeply we have dug the ditch for the American economy. Now, if it were working, as the gentleman shows the jobs charts, we have lost 2.7 million jobs. Nothing is working according to plan, and yet we have those who absolutely refuse to even consider changing the plan. In fact, they will stand on this floor and argue over the next several weeks, as they have for the last several weeks, that we just got to do more of it.

The makings of the perfect storm. Anybody that ignores the power of a hurricane, anybody that ignores the power of the perfect storm of \$500 billion deficit, this next year I will predict based on the administration's own numbers, the deficit for this country will be closer to \$1 trillion than it will \$500 billion, and nobody cares. Nobody cares that is in charge. It is just more of the same.

I am worried about that. I wish some others would get worried about that. I thank the gentleman for taking the time tonight. I appreciate the opportunity to share in it. And I hope that this chart that the gentleman has right behind him tonight, I hope people will take a look at that because we can talk about the fiscal deficit, we can talk about the trade deficit, and they are all real. This one is too. And our grandchildren will not hold us in very high stead because this Congress and this administration have refused to address the very real problem that is facing us. Instead, we keep on with some of the economic bunk that I saw in the Washington Post by the fellow that is running, running the economic policy for this country, Mr. Grover Norquist, the expert, it is his plan and he wants more of it.

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

Mr. SCOTT of Virginia. Mr. Speaker, I thank the gentleman from Texas (Mr. STENHOLM). This is the chart he was referring to. We are enjoying surpluses in Social Security and Medicare, \$165 billion projected next year in surpluses. But by 2017, 2018, that surplus is going to end. The baby boomers are going to retire, and instead of enjoying a big fat surplus, in a few years, just a couple of decades, we will have \$300 billion deficit in the Social Security Trust Fund. We will be having to pay out \$300 billion more than we are bringing in.

Mr. STENHOLM. Mr. Speaker, remember in the last couple of years how many times we have stood on this floor and voted to put those numbers in a lock box, and that was laughed at. But

if we would have just done it, and we did for a couple of years, but we need to be doing it today because those are obligated funds, those are obligated to the retirees beginning in 2011, our military retirees, our civil service retirees, this is money that is obligated that we are again spending on current operating expenses. And it was a valid criticism and it is still an accurate statement when our friends on the other side of the aisle will stand up and say, well, you Democrats did it for 40 years. Well, that may be true but that is not a reason for us to continue to do it, because 2011 is a lot closer today than it was 40 years ago, and that is the problem we face.

Mr. SCOTT of Virginia. Mr. Speaker, I would want to point out as challenging as this chart looks, we are running up a little surplus, but we will shortly be into great deficit. And to put some of these other numbers into perspective, as we indicated, in 2001 we passed a tax cut that the top 1 percent got half of the value of that tax cut. Instead of giving the top 1 percent a tax cut, if we had directed that income flow into the Social Security Trust Fund, just what the top 1 percent got, not what everybody else got, we would have had enough money to pay Social Security benefits without reducing benefits at all for 75 years, or the top 1 percent can get a tax cut.

Guess what the majority in Congress voted for? They voted to leave this problem for another day and voted for a tax cut for the upper 1 percent. Those are the kinds of decisions that are being made and the kind of decisions that have to be changed.

Mr. Speaker, that is why I am delighted to recognize our friend from Hawaii who has been a stalwart new Member coming in fighting for budget sanity, the gentleman from Hawaii (Mr. CASE).

Mr. CASE. Mr. Speaker, I thank my colleague for giving me some time to talk tonight.

Mr. Speaker, I have been privileged to serve in this great House for about 10 months now and I am thankful that as each day passes that is one day more of experience that I have under my belt to serve my constituents and to listen to people that have been through this for so many years such as the gentleman from Texas (Mr. STENHOLM), the gentleman from Virginia (Mr. SCOTT) and so many others.

But I have to state that the more time that goes by in terms of my service in Congress, the more I live in fear that in each one of those days I am taken a little bit farther away from what the person in my district thinks. When people sit around their kitchen table at night, not when they sit here in this Chamber among all of us in this closed atmosphere, but when they are back in my district of Hawaii, when they are back in Honoka'a and Ele'ele and Kahului, and when they look over those 5,000 miles of what is happening here in Washington, D.C. what do they

think? And I live in fear that I am falling out of touch with them the more time that I spend here. And that is really how I feel right now as I listen to this debate. Because I came into this Congress 10 months ago thinking, perhaps naively, that there were certain truths that our Federal Government played by, certain truths about how we handle the people's money, not just today but down the road. I thought we cared about decisions that had an impact, not just now, but down the road. I thought that despite great debate in this Chamber, we actually did care about being good stewards of the people's money. I thought we were all in this together, all of us, all of America, all trying to do the right thing.

It did not occur to me that we were here just to do the bidding of some. And now as I have listened to my colleagues talk about taxes and the Federal budget and the deficit for these 10 months, colleagues on all sides of the aisle, people in the administration, great thinkers, I see indisputable evidence that what was once on the way to being a surplus is now a deficit this year in excess of \$500 billion, including the Social Security surplus. We applied that \$200 billion already.

Now, I see public debt climbing through the roof, 3.6 and rising. And as I come to the very slow realization that there is no way whatsoever under this approach that we will be able to meet those obligations to Social Security and Medicare when my generation needs it, I have to ask myself what is going on here? What is really going on? How do I explain this? How do I go back into Hawaii and say to them this is what is going on.

I can take disagreement, I can take policy disagreements as long as I know and understand it. I can go back and say, well, there is a dispute between us in Congress and they think this and we think that and this is why. And I can certainly go back and say this is the issue. We all agree and this is why. But this is the worst situation of all, not understanding why something is being pursued.

A few months after we passed hundreds of millions of dollars of tax cuts, we get an obviously underestimated second bill for Iraq and Afghanistan, and there is no adjustment necessary from the administration's perspective, \$87 billion on top of \$60 billion just a few months ago. But we do not have to adjust our policy on tax cuts. In fact, we want to add more.

The same week we get the bill I read, I hear that all of the sudden we have worked out another deal. This time we are going to cut corporate taxes for corporations that do their work overseas, overseas corporations. What is going on here?

□ 2200

I have been wracking my brain for the possibilities. I have heard that these tax cuts will regenerate the economy, and I think tax cuts can regen-

erate the economy under some degree if targeted, but across-the-board deep tax cuts that deny us the basic ability to fund the core functions of government upon which an economy is based, do not help economies.

I have heard the economy is picking up. I have heard in a couple of days we are all going to be told good news, the economy is picking up. Guess what? That is already in these figures. We have already assumed 3 percent growth, and by the way, what economy would not pick up if you gave it a steroid infusion of hundreds of millions of dollars in government spending on war and domestically and in tax cuts? The question is not what is going to happen to the economy next week, the question is what is going to happen to the economy down the road when we most need it to balance the books on this terrible deficit?

I have heard we have to reduce government. Of course, we have to reduce government, but by the way, this budget assumes a certain restriction on government. We are already putting it in, and to reduce government to the degree that would be necessary to balance the budget, under this scenario, would mean essentially wiping out all Federal spending other than military, defense-related, and I have heard the deficits do not matter. They are here to stay, let us just get used to them. Does anybody really believe that? People sitting around that kitchen table sure do not believe it, and I do not believe it.

So what is going on here? Why are we doing what we are doing? I am forced to conclude what I do not want to. This is not subject to explanation anywhere in the realm of reasoned thought. There is no reasonable explanation for this policy, and we have got to cross a bridge. There is no reasoned explanation. We expect Congress to be reasoned. This is not reasonable. This is haphazard. This is reckless. This is not about fiscal responsibility. It is not about economic theory, and it is not about taking care of the next generation. This is about helping part of our country now and the heck with the rest of us and the heck with the future.

It reminds me, just in conclusion, somehow I was thinking about this steroids thing, and I was remembering that back in the 1960s, when the Olympic movement suffered from an incredible abuse of substances and people would inject themselves with all kinds of stuff, and they knew at the time that by injecting themselves with these steroids and other substances they knew two things. They knew, number one, it would enhance their performance for the next 1 or 2 years, and they knew that down the road it would harm them and they would die early from these steroids, and some did it and some did not, and why did those people that do it do it? Because they wanted the gold medal next year, and they did not care and that is how I feel. That is what I think we are doing right

now. Some people here just want to get through one next year, and they do not care what happens down the road, and that is wrong.

We are all responsible. We can sit here and talk about partisan politics. We can talk about Republicans versus Dems. We can talk about executive versus legislative branch. We can talk about the States, the local counties, and by the way, I think that is a useful exercise because I have heard some State Governors and some local executives who want to defend these policies say, hey, this will help, and by the way, they turn around the next day and criticize the fact that we do not have enough Federal moneys. They are at a loss to figure out how they are going to balance their State budget, and they say, well, everything is okay and then they turn around and say on the other hand, it is not okay, we need your help.

We cannot have it both ways, and I am telling people out there, this problem is all of ours. We cannot do this alone. We have sat here on this floor saying all of this for months now, and the Representative from Texas asked who is listening. I think people are listening, but it is going to take more than listening. It is going to take the people of this country saying this is wrong. It is going to take the people of this country saying, yes, we know, we cannot have it all.

I wish our President would say one thing to me: We need another \$87 billion to get ourselves through the next couple of months in Iraq. We are in a pickle. We have got to get out of that pickle. I need your help but we all have to kick in. We cannot afford this next round of tax cuts. We have got to be able to provide for our foreign policy right now. We cannot have it both ways.

I would believe him and I would support him, but I cannot buy the current approach of this administration, designed only to get through another 15 short months, through one more election. That is wrong. People need to wake up and start speaking out against it.

I thank the gentleman for yielding and appreciate his time.

Mr. SCOTT of Virginia. Mr. Speaker, I would like to ask a question since the gentleman brought up the issue of the \$87 billion for Iraq. I remember back in the Persian Gulf War where the total cost of the war was about \$60 billion, but because we had international cooperation, we only had to spend less than \$10 billion, \$7.4 billion out of that.

We have already had one supplemental already that was supposed to cover the cost of the war. Now, we are coming back with \$87 billion. If we had had the international cooperation, instead of 87 would we not be talking closer to 10, and that is a direct result of this foreign policy?

Mr. CASE. There is no question about it. Certainly, when we did these budget assumptions just some short months ago, when the administration

said that the cost would be \$60 billion, maybe a little bit more, the assumption was international cooperation. The assumption was contribution, military assistance, international monetary policy, all of those aspects. Those assumptions were shaky. Those assumptions are part of this \$87 billion today and the \$87 billion is too low, and the \$87 billion is not in these figures that we are talking about. We are assuming more for the \$87 billion. We are not even factoring in what might come in the future. This is all part of one ball of wax.

When you run a family budget, you do not take the lowest estimate. When I project my expenses in my family, yeah, there is a temptation, sure, there is a tremendous temptation to take the lowest possible estimate. We all know that that is not responsible. You take a responsible estimate, you add yourselves a little safety factor, and then you go on into the future feeling that you have at least covered reasonable exigencies.

We are not doing that in this budget. We are not doing it, and yet we are still in trouble. That is the dilemma here. We cannot have it both ways. We all know it. We just have to wake up to it.

Mr. SCOTT of Virginia. Mr. Speaker, I thank the gentleman for fighting for fiscal sanity.

At this point, I would yield to the gentleman from North Carolina (Mr. PRICE) who has been a stalwart, helping other Members every Wednesday morning, helps us with the seminar on budgeting and other important issues. The gentleman from North Carolina has been working diligently on fiscal sanity, helping us to learn about the budget, bringing in speakers from the outside and I am delight to yield to the gentleman from North Carolina (Mr. PRICE).

Mr. PRICE of North Carolina. Mr. Speaker, I want to thank our colleague from Virginia for taking out this special order and for focusing attention again this evening, as he has so often in the past, on our country's economy and our fiscal meltdown which so threatens that economy in the future.

I also want to commend the gentleman from Hawaii, who talked very persuasively about the need to wake up and to speak out and to confront the situation that we face.

I am sure that I am not alone in the experience I had during the August work period in the town meetings I held in my District, and these meetings were held in some blue collar areas. They were held in some upscale, very affluent suburbs. They were held all over the 4th District of North Carolina, and I was struck at every one of those meetings, it was the economy that was the number one item on people's minds, and so many of those people were unemployed, and they often had very good training but they talked about having 100 or 200 people applying for every job they went after, and they

talked about friends and family members and neighbors who are nearing desperation as they seek for work in this economy.

They ask why are we not doing more to turn this economy around? Is that not why we count on government to have a sound fiscal policy and to intervene when the economy needs a boost?

I said to my constituents, I don't have a single, simple answer to the economy's challenges, but I do know that this economy is in trouble, and I also know that we could be and should be doing a great deal more than we are doing to get this economy turned around.

Mr. SCOTT of Virginia. I would ask the gentleman if he noticed that there is a problem, is the gentleman concerned that this administration does not even recognize that there is a problem?

Mr. PRICE of North Carolina. Mr. Speaker, I am quite concerned that the administration does not recognize the problem, but when we look at the administration's record, we would think the economy would be agenda item number one with them as well.

The private sector has shed 3.3 million jobs since January 2001 when President Bush took office. That is the worst record for any President since the Great Depression. Our long-term unemployment has almost tripled in this country. Real GDP growth, the growth of the economy has averaged 1.6 percent. That is the worst performance since World War II. Real business investment has fallen 10 percent since the President was inaugurated. That is the worst economic record for any President since World War II. Our trade gap has increased to almost \$100 billion. Do we need anymore indications that this economy is in trouble?

We are also running record deficits. The gentleman from Virginia and others tonight have talked in alarming terms, properly alarming terms, about the fiscal reversal we have suffered with a \$5.6 trillion surplus in view when the President took office, now going way over \$2 trillion in further debt. That is an almost \$9 trillion reversal now, the largest in our country's history.

We might ask ourself is there any justification for the kind of deficits that we are running, and I think the answer is no, but we could at least take some comfort if we thought that we were getting some economic stimulus for all that deficit spending and for those huge deficits and the mounting debt, and yet who can say that this medicine is working. In fact, the evidence is pretty clear that it is not working.

In fact, the President has picked some of the measures that are least likely to stimulate the economy, such as the tax cut on dividends, for example. That produces a grand total of 11 cents for every dollar in lost revenue in terms of economic stimulus, and he has turned his back on some of the most ef-

fective measures such as the kind of extension of unemployment benefits that we have typically done in situations like this. This gives us \$1.76 for every dollar we spend in terms of economic stimulus, and yet he turns his back on that. He champions these upper-bracket tax cuts. Yet all the analyses show that is one of the poorest ways to stimulate the economy. So we have the worst of both worlds.

Mr. SCOTT of Virginia. Mr. Speaker, by that the gentleman means for every dollar in lost revenue, what effect does that have on the GDP, and whether or not you actually stimulated the economy, and what did you say for, if you extend unemployment compensation, for those that lost their jobs, as we usually do in a recession, end of 26 weeks, we extend it another 13 weeks just routinely, how much of a stimulus is that to the economy?

Mr. PRICE of North Carolina. The figure I recall is about \$1.76. That is because people who are in those straits are trying to support their families and tide themselves over until they can get work. So they are going to turn around and spend that money immediately.

Mr. SCOTT of Virginia. For every dollar in lost revenue, you stimulate the economy about a dollar seventy?

Mr. PRICE of North Carolina. That is right.

Mr. SCOTT of Virginia. Mr. Speaker, what did you say about stimulating the economy by reducing the tax on dividends?

Mr. PRICE of North Carolina. Eleven cents. Eleven cents. That is the stimulus you get for every dollar of lost revenue.

So there must be some other reason, do you not think, for that tax cut on dividends and for those tax cuts on the wealthiest people in this country. For people making over \$1 million, tax cuts that average about \$88,000 a year, and yet that money is largely not going to be used as an economic stimulus.

Mr. SCOTT of Virginia. When you fund the tax cuts with borrowed money, you have to pay interest on the national debt which is a drag to the economy.

Mr. PRICE of North Carolina. Absolutely. That is money down a rat hole as the gentleman very convincingly, maybe did not use quite those elegant terms, but that is what the gentleman said earlier. That is money anybody in this body could think of better public and private uses for than simply interest on the national debt.

So the economy is in sad shape, and we are getting the worst of both worlds. We are not getting an economic stimulus that is anything like what we should be getting, and yet we are over the cliff fiscally. We are undergoing a fiscal reversal that will take us and our children decades to grow out of.

The unemployment numbers are graphically demonstrated here. The unemployment rate now from a very, very low figure in early 2001, now up in the range of 6 percent, hovering here

for months now, and there are a few scattered economic indicators that are looking somewhat better, but the term "jobless recovery" has entered the lexicon because there certainly are not many jobs being produced.

What I heard at my district at every meeting I had in August was that this is not just an abstract economist estimate. This is something that is affecting the real lives of real people. They are nearing desperation, and this actually underestimates the problem because there are many, many people who have good training, good experience, and yet they are taking lower-end jobs now that really cut their standard of living. So it is a tremendous challenge for our country, and one that I believe this administration barely senses.

□ 2215

Mr. HOLT. Mr. Speaker, as the gentleman points out, economists are trying to pull this apart to understand how this perfect storm occurred. This will be the subject of economic studies for years to come, but one thing that is already apparent and will be apparent is this is not something that just happened to America; this was something that was created. It was created by the budget resolutions of 2001 and 2002 and 2003 and the appropriations and the tax bills that fulfilled those budget resolutions.

Mr. PRICE of North Carolina. The gentleman is absolutely correct. We have had an economic downturn that was more severe than expected, and 9-11 and homeland security expenses and expenses associated with the war on terrorism. Those demands needed to be met, and they will continue to be met. But the large tax cuts aimed mainly at the upper-bracket taxpayers, I think that counts as self-inflicted damage. It was justified 2 years ago because we had surplus money, supposedly, and now it is being repackaged as a stimulus even though it has very little stimulative effect. It mocks the idea of self-sacrifice, and that is the centerpiece of this President's economic policy.

Mr. EMANUEL. Mr. Speaker, I think the deficit has now become the centerpiece of his economic policy.

If we look at the administration's projection over the next 6 and 7 years, on the deficit going out to the year 2011, they actually borrow money every year consistently regardless of how big or how small the deficit will be from the Social Security surplus. Every year that is done. To mask the size of the deficit, they must borrow from the Social Security trust fund.

Mr. SCOTT of Virginia. They borrow the Social Security surplus and the Medicare surplus. And depending on which projections are used, they are spending substantially more money than that every year, creating huge deficits and a \$9 trillion turnaround, paying off the entire national deficit, to massive deficits and new debt and

new interest on the national debt for years to come.

Mr. EMANUEL. And the irony is as these deficits mount, tuition costs are rising 11 to 15 percent annually, and the ability of college assistance like the Pell grants, which once represented two-thirds of college cost, today represents less than a third with no ability to increase that. Health care inflation is running at an average of 15 to 25 percent, and there are no resources to deal with the two most important factors driving health care costs up, that is, we now have a record uninsured of 45 million, and we have prescription drug costs running 15 to 70 percent increases. Those are contributing factors to the increase in health care inflation. Those two factors in my view are creating tremendous pressure on the middle class of this country. We do not have the resources or the means nor a plan to deal with them. The deficit will tie our hands and tie the Nation's ability to address the very things that are squeezing on the middle class family's budget.

Mr. HOLT. Mr. Speaker, the deficit ties our hands not in some theoretical way. This is very real money borrowed, mostly borrowed from other countries, from other governments and individuals overseas.

I was talking with someone from my district who was proudly telling me about how much money he is saving for his children's college education. But what he was not thinking about was how quickly his share of the national debt was growing. In fact, it turns out it is growing faster than what he is saving for his children's college education. So in a very real sense, these self-inflicted wounds, as you described the budget policies of the past 3 years, are taking this family's college savings away from them.

Mr. EMANUEL. Mr. Speaker, to add to that point, we have 45 million uninsured folks in this country with no health insurance. The bulk of them work. We have a pension crisis and retirement plan crisis where there are \$330 billion in arrears in private retirement plans. We have college education where families face a choice, take a second mortgage on their home, or the child is guaranteed to graduate \$30,000 to \$40,000 in the hole because they borrowed to go to college. And then we have the Nation's deficit on top of that which ties our hands and our ability to meet the needs of middle class families, whether their parents are retiring, health care needs to their own families and children, as well as the education of their children.

I believe that the deficit if we look at how it grows over a period of time is actually a ticking time bomb underneath Social Security and Medicare. In the immediate time, we are not able to afford the basic services and needs that our government provides in helping families meet the dreams that they have for their children, providing health care and education so they too

can do what their parents have done and build a better future for their children.

So the deficit, although sometimes we want to ridicule it and people call it an abstract thing, people understand the consequences of the deficit as they try to do what they try to do for their own family and children. They cannot afford their health care and college education; and they are scared out of their wits when they come to retire, neither Social Security nor the plan they thought they had through their employer will be there. I think people understand that the deficit is in fact damaging the ability of both their government today and their own plans for tomorrow to be met.

Mr. PRICE of North Carolina. And people certainly understand when the claim is made that the deficit spending is for economic recovery. They are very quick to see the hollowness of that promise because it clearly is not having that effect. In fact, it is deepening our problems. It has an impact on long-term interest rates.

Mr. EMANUEL. Mr. Speaker, in 2½ years, we have added \$2.5 trillion to the Nation's debt and 2.5 million Americans have lost their jobs. As Ronald Reagan used to say, facts are a stubborn thing, quoting former President John Adams. In the short order of 2½ years, 2.5 million Americans have lost their jobs, 45 million Americans are without health insurance. \$1 trillion worth of corporate assets have been foreclosed on, and 2 million Americans have come out of the middle class to poverty, and we have added \$2.5 trillion to the Nation's deficit. A record like that is starting to give mismanagement a bad name.

Mr. HOLT. Mr. Speaker, a newspaper article put this in perspective for me. The writer pointed out when the President went before the American public a week ago to say that he would be asking for \$87 billion this year to pay for rebuilding Iraq and Afghanistan, and that would require some sacrifice, the writer pointed out that those who are being asked to make the sacrifice did not hear the President because they had already been put to bed by their parents. It is those children who will bear that burden, who will be asked to make that sacrifice and not just for rebuilding Iraq and Afghanistan; it is for this multi-trillion tax cut to one segment of our society.

Mr. EMANUEL. It is interesting that the President's request for rebuilding Iraq has a \$2 billion request for Iraq's electric grid, and it was America with the blackout. In our energy bill, we say we do not have the money to invest in our own electric grid.

Mr. PRICE of North Carolina. Mr. Speaker, this did not have to be. There are historical examples of other kinds of leadership. This chart indicates where we have been with the deficit and for a brief couple of years the surplus in this country as a result of some courageous decisions that were taken

in this body and by the first President Bush who displayed leadership qualities which unfortunately seem to be missing at the White House right now.

There was a budget agreement in 1990 concluded on bipartisan terms, and then a budget passed entirely with Democratic votes in 1993; the economy responded positively to that discipline and it thrived in the 1990s, and we got out of deficit spending and ran \$400 billion in surpluses and paid off a chunk of that national debt. Just think what would be the case if we could have continued on that path.

Mr. SCOTT of Virginia. Mr. Speaker, the projection was by 2011 and 2013, we would have paid off the entire national debt and had no interest on the national debt to pay year after year.

Mr. HOLT. I seem to recall standing here on the floor with the gentleman from Virginia (Mr. SCOTT) and the gentleman from North Carolina (Mr. PRICE) 3 years ago saying that the majority should not be so quick to spend this surplus. They began salivating at the sight of this projected surplus. I recall my friends here saying number one, it is projected; number two, things happen. We should not spend it all down. We should not give it all back in tax cuts; there might be some unforeseen events. Well, indeed there were. It happened on September 11; it happened with a stock market bubble popping. We were caught unprepared because the budget allowed absolutely no leeway. It was built on the most optimistic of circumstances and predictions, as well as, I would say, the greediest of ingredients.

Mr. PRICE of North Carolina. Just to add to the gentleman's thought, we got off of a disciplined path toward debt reduction. Whatever else we did in the way of new investments or tax cuts, we certainly should have reserved a certain amount of that anticipated revenue to protect Social Security in the future and to protect ourselves against exactly the kind of eventuality we are now facing.

I thank the gentleman from Virginia (Mr. SCOTT) for a helpful discussion. As we face this \$87 billion supplemental appropriations request, of course, we will do the right thing by our troops in Iraq and Afghanistan and meet our international obligations, but we will and we should ask some tough questions of this administration for an accounting of where we have been thus far and where we are going, and above all, how we are going to pay for this and how this fits in with the overall fiscal health of the country we love.

Mr. HOLT. The gentleman from Hawaii (Mr. CASE) said it very well, it would be easier for us to deal with this with the \$87 billion, with all of the economic problems facing us, if the leadership here and the leadership down the avenue would level with the American people about how this happened. I think that is what the American people ask, is that their leaders level with them and not just go on as we go fur-

ther into debt have the leadership say and now we need tax cuts more than ever. I thank the gentleman from Virginia (Mr. SCOTT) for this very useful discussion.

Mr. SCOTT of Virginia. Mr. Speaker, I want to end with this chart that reminds people of the hole that we have dug ourselves into. And when people ask what is the Democratic plan, I just point to the green because that was done without any Republican assistance, and here we are right now. As we look at how dire this situation is, we have to look forward to the Social Security situation where we will not enjoy a nice surplus year after year. We are going to have a challenge of deficits in the Social Security plan that we could have covered with just what the 1 percent got in the 2001, not the 2003, not what everybody got, but the top 1 percent got in 2001 would have been more than enough to cover all of this deficit. But we have a challenge with Social Security, and we are going in the wrong direction. I thank all Members that participated tonight because we have to remind people how bad a situation it is.

□ 2230

We can change directions as we did in 1993 and go back to fiscal sanity, go back and do a surplus, pay off the national debt, or we can continue in the direction we are going now. We will make those decisions in the upcoming weeks. I thank the gentlemen for participating.

IRAQ WATCH

The SPEAKER pro tempore (Mr. KLINE). Under the Speaker's announced policy of January 7, 2003, the gentleman from Pennsylvania (Mr. HOEFFEL) is recognized for 60 minutes.

Mr. HOEFFEL. Mr. Speaker, I rise tonight to start another of the Iraq Watches that we have been conducting for the past 2 months or so. The first night of each week that we are in session, a group of us come to the floor to talk about Iraq, to talk about the fortunes of our fighting forces and our relief workers who are toiling in that country. We talk about the problems that we see, we suggest changes in our national policy, we ask questions of the administration and seek answers, both for the Congress and for the American people. I have been joined each week, and I will be as well tonight, by the gentleman from Massachusetts (Mr. DELAHUNT), the gentleman from Hawaii (Mr. ABERCROMBIE) and the gentleman from Illinois (Mr. EMANUEL). We have often been joined by other Members. We would welcome all Members of the House to participate tonight or in future Iraq Watches. Democrats and Republicans are welcome to participate during this hour of discussion.

Mr. Speaker, recently the President has sought \$87 billion for fiscal year 2004 to pay for our military operation

and reconstruction activities in Iraq. That number is larger than rumored a couple of weeks ago, caught most Members of Congress by surprise, although we knew a big request was coming certainly, on top of the \$79 billion requested and approved last April for fiscal year 2003. Many of us feel that we need more information from the administration at this point before dealing with this supplemental request for \$87 billion for activities in Iraq. No one in this Congress wants to do anything that hurts the troops in the field. Of all the things going on regarding Iraq, the diplomacy, the reconstruction, the comments about weapons of mass destruction, the comments about our allies, the activities of the Ambassador, Mr. Bremer, of all the things happening in Iraq, the only truly good thing is the behavior of the troops. Our young men and women in uniform have performed brilliantly during the period of time when active warfare was under way and during the period of time after victory was declared by the President but the guerrilla war has continued and over 100 Americans have been attacked and assassinated by those guerrilla warfare tactics in Iraq, the men and women of the Armed Services have really performed brilliantly and have done all Americans proud. So the issue is not whether we support the troops in the field. We all do. Of course we do. And we also want to make sure that we live up to our commitments, that we see this challenge through. Some of us who engage in Iraq Watch, such as myself, voted in favor of the military authority sought by the President last fall. Some of us voted no. But all of us understand, now that the military activity has occurred, we have an obligation to see this process through. We cannot cut and run. We cannot leave Iraq with no functioning government. We cannot leave a vacuum, a power vacuum that would allow the bandits and the bad guys to resume power using the weapons that they have and once again subjugate innocent Iraqi civilians. But in the face of this very large request for \$87 billion, about two-thirds of which would go to our military operations and about one-third of which would go to reconstruction costs, many of us in Congress feel that we need more information from the administration.

I would put into three categories the questions that we have and the information we are seeking: The first is simply more information on the cost of our activities, the length of time that the military operations would be expected to continue, the length of time that the reconstruction would last, accurate information regarding the whereabouts of the weapons of mass destruction, the casualty lists of American soldiers wounded and otherwise incapacitated in Iraq. We need more good information about what is happening over there, and we need the full truth about the problems and the bad information that is happening there. The administration has not been as