A motion to reconsider was laid on the table.

Stated for:

Mr. OTTER. Mr. Speaker, unfortunately I missed the vote on H. Con. Res. 409 "Recognizing with humble gratitude the more than 16,000,000 veterans who served in the United States Armed forces during World War II and the Americans who supported the war effort on the home front and celebrating the completion of the National World War II Memorial on the National Mall in the District of Columbia". Had I been present I would have voted for this bill.

## ANNOUNCEMENT OF INTENTION TO OFFER MOTION TO INSTRUCT CONFEREES ON H.R. 2660, DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2004

Mr. GEORGE MILLER of California. Mr. Speaker, under rule XXII, clause 7(c), I hereby announce my intention to offer a motion to instruct on H.R. 2660, the fiscal year 2004 Labor-HHS appropriations bill.

The form of the motion is as follows:

Mr. George Miller of California moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill H.R. 2660 be instructed to insist on reporting an amendment to prohibit the Department of Labor from using funds under the Act to implement any portion of a regulation that would make any employee ineligible for overtime pay who would otherwise qualify for overtime pay under regulations under section 13 of the Fair Labor Standards Act in effect September 3, 2003, except that nothing in the amendment shall affect the increased salary requirements provided in such regulations as specified in section 541 of title 29 of the Code of Federal Regulations, as promulgated on April 23, 2004.

## MOTION TO INSTRUCT CONFEREES ON S. CON. RES. 95, CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2005

Mr. POMEROY. Mr. Speaker, I offer a motion to instruct.

The SPEAKER pro tempore (Mr. SWEENEY). The Clerk will report the motion.

The Clerk read as follows:

Mr. Pomeroy moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the House amendment to the concurrent resolution S. Con. Res. 95 be instructed to agree to the pay-as-you-go enforcement provisions within the scope of the conference regarding direct spending increases and tax cuts in the House and Senate. In complying with this instruction, such managers shall be instructed to recede to the Senate on the provisions contained in section 408 of the Senate concurrent resolution (relating to the pay-as-you-go point of order regarding all legislation increasing the deficit as a result of direct spending increases and tax cuts).

The SPEAKER pro tempore. Pursuant to rule XXII, the gentleman from North Dakota (Mr. POMEROY) and the gentleman from Iowa (Mr. NUSSLE) each will control 30 minutes.

The Chair recognizes the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we know that we have a very large problem facing this Congress: we cannot pass a budget. We have got a budget that has passed the House, a budget that has passed the Senate, but an absolute train wreck in conference committee with neither side indicating any indication to reach compromise and finish the budget process.

The motion that we have before us, we believe, unlocks this problem. It would have the House pass the motion to instruct conferees relative to the PAYGO requirement, a requirement I will explain more fully in a moment. This passed the Senate and is now, I believe, the key to getting this resolved, will we have the PAYGO budget enforcement provision as part of the budget. Quite frankly, it appears very possible that without embracing some kind of bipartisan step toward budget discipline along the pay-as-you-go requirement, this House, this Congress, will not be able to pass a budget. Obviously, with the President, the Senate and the House in one-party control, one would not expect that that would be the result, but that is the result without some movement toward budget discipline.

Why has budget discipline become so central to the budget debate? I have got some charts that illustrate in very painful fashion what has happened to the Federal budget during the last 3½ years. This chart captures the skyrocketing deficit from years 2002 to projected end of year 2004. What we see is a budget spinning entirely out of control, an absolute hemorrhage of red ink with Congress now spending more than $1 billion a day more than it takes in. This all accumulates in the national debt, a soaring burden for our country and the next generation.

If that chart captured the whole story, it would be very dangerous and frightening. I hate to tell you this, but the story is actually worse than that. Because of budget rules, the full exploding nature of the tax cuts which throw our budget even more radically out of budget occurs after the measurement period of this budget debate. This chart captures that. The budget before us covers the first 5 years. What happens in the next 5 reveals the dirty little secret of their budget plan, skyrocketing red ink, a budget more out of balance than ever before, just at the period of time baby boomers leave the workforce, move into retirement, each one carrying a guarantee from the Federal Government that Social Security will be paid, that Medicare will be paid.

Knowing how many baby boomers there are relative to the rest of the population, the obvious thing for this country to do is pre-position and improve the fiscal condition of this country so that we are ready to take the tremendous hit entitlement spending will bring when baby boomers retire.

My colleagues can see what we are doing: exactly the opposite. It is fiscal lunacy as we borrow in ever-radical fashion just before baby boomers retire. The long-term trend here, assuming the administration budget policies, AMT reform and the ongoing war costs take us to a national debt situation of $14.8 trillion by the year 2014. The debt service cost on that alone is $400 billion, just in interest costs. So this is a very, very serious problem. It is a fiscal catastrophe that has been foisted upon this country. The only thing to do is to begin to deal with it.

This is not the first time the country has had budget problems. It is not the first time we have had people of good will trying to reach across a partisan aisle and come up with some answers. The pay-as-you-go requirement, in fact, that is before the House with this motion was initiated in a budget conference convened by President George Bush, not this President George Bush, his father, George H.W. Bush. They came upon a fairly basic budget enforcement mechanism. In light of not wanting to make the budget situation any worse, they agreed that a pay-as-you-go requirement would apply.

What does that mean? That means if you spend more, you are going to have to find the money to pay for it. You are going to have to either cut spending, or you are going to have to raise revenue. Also on the revenue side, if you cut taxes and reduce the inflow of revenue, you are going to have to deal with it. You are going to have to show at that time where the spending cuts are going to come that offset the revenue loss or what other revenue increases you would have to offset that revenue loss. This was ultimately adopted in a bipartisan vote in 1990. Many believed it was an extraordinarily important contribution to national budget discipline. Chairman Alan Greenspan spoke about the need to get such tools back in the budget process in his testimony to Congress just within recent weeks.

After the 1990 agreement, this thing started to show that it really could work. The budget picture continued to improve. In the budget vote of 1993, the budget votes thereafter, the bipartisan balanced budget agreement of 1997, the pay-as-you-go requirement was affirmed no fewer than two additional times by bipartisan votes of Congress. There is some confusion, I believe, raised by some of the arguments that I have heard coming from majority leadership that those early pay-as-you-go requirements were not applicable to the revenue side. That was misinformation. I have the language of the earlier pay-as-you-go requirements with me, and I am prepared to debate on the floor of this House the applicability of those earlier pay-as-you-go requirements to the motion before us. The motion is the same. And so to my friends in the majority who are inclined to look at this very carefully, thinking about their earlier votes back in 1995 and 1997 in favor of the pay-as-you-go requirement, I am telling you that you have done this before, and now we need to do it again. We need to do it again worse than ever in light of the budget situation.

That is the motion we have before us. This motion has had two very close votes. When it was offered by the gentleman from California (Mr. THOMPSON) last spring, it was a tie vote, 209–209. Last week, a similarly very close vote on an identical motion brought by the gentleman from Kansas (Mr. MOORE), that one failing 208–215, although we have been informed that some of those voting late in the balloting against this bill were led to believe that the motion before us was different than the pay-as-you-go requirement they had voted for in the 90s.

Let the record be very clear on this. The motion before us on this pay-as-you-go requirement would reinstate the same pay-as-you-go requirement that we had in the 90s that many of my colleagues have voted for before. We have got a situation where we are going to leave our children with this as the legacy, or we are going to have to come to some kind of awakening and recognize it is time for us in a bipartisan way to begin to assault this monster. The way to do it is by reinstating budget discipline.

For that reason, I urge very careful consideration of the motion I have put before us.

Mr. Speaker, I reserve the balance of my time.

Mr. NUSSLE. Mr. Speaker, I yield myself such time as I may consume.

I have been doing a little research over on this side. Again for the third time in a row, the minority rushes to the floor with a breathless motion on fiscal catastrophe, as it was announced, and how if we vote for tax cuts without paying for them, all sorts of red ink will be used on charts all over America. My goodness, you had to almost ruin a printer to print all that red ink on that poster. It is fascinating to me that someone who would be so concerned, so breathlessly concerned about the fiscal catastrophe that awaits the United States if, in fact, you vote for taxes without paying for them would, as I have discovered in roll call No. 144, which was just voted on here, let us see, May 5, where the gentleman who just spoke voted for just such a proposition. He voted for tax cuts without paying for them. And now he rushes down here to the floor saying it is an important principle of fiscal sanity to pay as you go.

I know another principle and that is actions speak louder than words. In this instance, the actions of the gentleman voting not only on May 5, and that is what I was doing some more research on, not only on May 5 did he do that and joined 109 Democratic colleagues doing the exact same thing, wringing their hands at home, decrying tax cuts, trying to talk down the economy and telling how tax cuts are the bane of our existence and yet put out the same press release that day voting in favor of tax cuts and how that was so important to families and small businesses and I am sure the word ''farmer'' may have even been used in the gentleman's press release.

Then I discovered that on April 28, in a roll call vote, No. 138, I see yet again the gentleman from North Dakota voted in favor of tax cuts without paying for them. Once again I wonder, paying as you go, if that is such an important principle, why would the gentleman's actions, not his words, his words, of course, are we should pay for these things. We are facing a fiscal catastrophe, the gentleman just said. Yet he comes to the floor and votes not once but twice, and I am just wondering how the gentleman will vote tomorrow on tax cuts to make sure that we do not have a tax increase at the end of this year for the 10 percent bracket, the bill that I believe is going to be on the floor tomorrow. I wonder if the gentleman is going to vote for making sure that that tax is not increased on his farmers and small businesspeople. Many of them probably are similar to mine in my small towns and my small counties in Iowa. My guess is that he is not only going to vote the way he did the other two times in favor of cutting taxes without paying for them twice before, but I would bet he is going to do it tomorrow.

□ 1830

And I know why. Because the gentleman is going to argue that that is good for the economy, and he is right; and that it is good for those small business people, and he is right; and that it actually does create jobs, and he is right; and that it is unfair to tax families with children, to have an automatic snap-back tax increase at the end of the year, and he would be correct; and that it is unfair to penalize people who are married; and he would be correct. And so again the puzzlement occurs to this gentleman and so many others why it is that he says on one day pay as you go, but come to the floor on the next day and say, but I really did not mean it for those tax bills that I am in favor of that help my constituents. And it would suggest to me that maybe there is a new saying and it is, ''Do as I say, not as I do.''

So we have a situation here yet again, the third time that the exact same motion comes to the floor, and I am wondering if this is not for political purposes that you would on one instance say you have to pay for them and on another instance vote for those exact same tax relief bills as they come to the floor.

The economy is just now finally starting to come off the ground from where it has been, starting to create jobs, starting to see that jobless rate come down and people go back to work. And I know that there are many of my friends on the other side that are just desperately hanging on to any possible bad news about the economy because they know they are losing that issue politically for the fall election, and so they are desperately holding on to the last vestiges of that issue.

But I would suggest that what is good for our economy and our constituents now is to not have an automatic tax increase, that it does in itself pay for itself with the increase of economic development that is happening in our country. In fact, this year alone, CBO projected a $35 billion increase from one year to the next, paying for those tax cuts with the economic growth.

Oh, a lot of red has come to the floor. Another big red chart has come to the floor. Let us see how the gentleman who is about to speak voted. I can do that research pretty quickly. Oh, interesting, the gentleman from Virginia with another chart on the floor with a lot of red voted in favor of those same tax bills, not paying for them but voting for them, and I will bet I can find a press release telling his constituents how important those tax cuts were as we face this fall's election.

I have a suspicion that this is a political vote, and I would encourage my colleagues to treat it as such.

Mr. Speaker, I reserve the balance of my time.

Mr. POMEROY. Mr. Speaker, I yield myself such time as I consume.

To have the effort to break loose the budget stalemate in conference committee by having our House pass something similar to what the Senate in a bipartisan vote passed is a serious effort. Obviously they are taking it pretty seriously. They have the chairman of the Committee on the Budget on the floor. And rather than rebut the rather painful underlying reality about the Nation slipping into what would almost appear to be an irreversible hemorrhage of red ink, in very bellicose and sarcastic tones, he wants to point at individual votes and accuse other Members of hypocrisy. I guess that is kind of a refuge when they do not have arguments on the issue, let us blow a little smoke, let us have a little fun, let us throw a little political rhetoric around. But this deserves so much more than that.

I would say to my friend from Iowa, it is not ruining printers that concerns me, it is ruining the Nation. And I really do believe that the red ink that we are generating and continuing in escalating fashion as the baby boomers move into retirement is a dire threat to the future of our country. I believe that you have already put us on a path, with you serving in your leadership as position as Committee on the Budget chairman, working with the administration, working with the Senate Budget Committee, to diminish the prospects of our children by so undermining the fiscal strength of our country.

Mr. NUSSLE. Mr. Speaker, will the gentleman yield?

Mr. POMEROY. I yield to the gentleman from Iowa.

Mr. NUSSLE. Mr. Speaker, I only have one question. Why would he vote to cut taxes on one day without paying for them and then come to the floor with a motion the very next day saying he does not have to pay for those taxes?

Mr. POMEROY. Mr. Speaker, reclaiming my time, the gentleman has been most selective in the votes he has cited because I want to tell him, as he knows already, but tell my colleagues that I supported a budget that had the tax cuts mentioned and had them fully offset and paid for, bringing the budget to balance by the year 2008. That was the Democrat alternative, and that is what I voted for. And in addition, we have offered specific substitutes to each of the tax cuts he referenced, and those substitute motions which had the paid-for alternative have been voted down.

I believe there is a merit to those particular tax cut proposals, and I believe that the process is best served by moving them forward, moving them forward hopefully to be resolved ultimately in conference committee in a paid-for manner. So that is what is at stake with my votes. But really there is a whole lot broader issue to discuss on the floor right now, and that is not the voting record on two isolated votes, although I do fully offset in other votes that I have cast on those particular subject matters, but much more over the fiscal situation facing this country.

Mr. Speaker, I yield 4 minutes to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Speaker, I thank the gentleman from North Dakota (Mr. POMEROY) for yielding me this time.

I do feel motivated to respond to my friend from Iowa's comments. I am sure it was not he that suggested there is hypocrisy on our side, but I want to make the record clear, because 2 weeks ago, Mr. Speaker, the Democrats voted 187 to 10 in favor of a fully paid-for marriage penalty tax bill. Last week Democrats voted 196 to 5 in favor of a fully paid-for alternative minimum tax relief bill.

The only way you got us to vote for those tax cuts was after you rejected our very aggressive efforts to pay for those. You recall we got that vote, we took it to a vote, and overwhelmingly the Democrats voted to pay for those tax cuts, and we only voted otherwise after you rejected our ability to pay for them.

But I need to remind my good friend whom I have served with now for several years on the Committee on the Budget that in 1997, the gentleman from Iowa (Mr. NUSSLE) voted for pay-go as applied to tax cuts. In fact, in 1997, the gentleman voted twice along with virtually all of the House Republicans for pay-go to apply to tax cuts. So when he suggests that we are acting inconsistently, and we would not use the word ''hypocritically,'' but I do think ''inconsistently'' is a proper term when it is applied to the facts of the matter, and again in 1999, the gentleman will recall the Nussle-Cardin budget process bill which required that we have on-budget balancing for tax cuts.

Now, today what we are trying to do is to behave responsibly, fiscally responsibly, because we are looking at the facts, not at any far-flown projections. We are looking at the facts. And the facts tell us that after President Clinton's balanced budget amendment, which passed without any Republican votes, we actually turned our backs on deficit spending, got all the way up to the point where we had a surplus, the green, of course, which the gentleman from Iowa (Mr. NUSSLE), I guess it appears, perhaps was intimidated by some of these colors because they are in stark contrast to some of the rhetoric we have been hearing. This is the fact: During the Clinton administration, there had been a trajectory, right up to surplus, change of administrations, and look what this policy has done all the way down. I mean one would not want a ski slope that steep.

The point is that our policy worked, and it is because we had pay-go applied to spending and to tax cuts. What we have here, clearly, if you want to stop spending, stop the spending. We are saying stop both. If you are not willing to stop the spending, and you obviously have not been, because once the Bush administration came in, there goes the spending on an upward trajectory and there goes the revenue on a downward trajectory. The problem is this is not sustainable.

You say that this is going to balance out, but the fact is it has not. And we have to look at the reality, the real experience. These policies are not working. If you want to cut spending, cut spending and then we can work with you. But right now the reality is unless we apply pay-go to tax cuts as well as spending, this line of deficit is going to continue to decline because we will not have the revenues to pay for the spending that you insist on, and that spending clearly has been going up in an unrestrained fashion.

Mr. NUSSLE. Mr. Speaker, I yield myself 30 seconds.

I do not recall the gentleman from Virginia standing with me on that Nussle-Cardin plan. I appreciate the rendition of history, but I wish he would have voted for that bill as well. I do not think any of the Members on the floor here today voted for that. It would have been a beautiful thing.

Mr. MORAN of Virginia. Mr. Speaker, will the gentleman yield?

Mr. NUSSLE. I yield to the gentleman from Virginia.

Mr. MORAN of Virginia. Mr. Speaker, I think I did. Does the gentleman have the names?

Mr. NUSSLE. I do not, Mr. Speaker. Let us do some checking on that.

Mr. MORAN of Virginia. Mr. Speaker, I think he needs to do a little research on that.

Mr. NUSSLE. Mr. Speaker, there were so few who did, it would have stuck out like a sore thumb. That was not one of my finest hours, I would have to say.

Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. PORTMAN).

Mr. PORTMAN. Mr. Speaker, I thank the chairman of the Committee on the Budget for yielding me this time.

I am delighted today to be able to talk about the motion to instruct. I am on that budget conference, and I would assure my friend from North Dakota, who spoke earlier, that we are very close to having a budget agreement. The pay-go point of order he is offering tonight, he is saying, is to enable us to move forward with the budget. I can just tell him I think there are other ways to move forward that are much more constructive. This motion to instruct, in my view, goes too far and does not go far enough.

With regard to spending, which the gentleman from Virginia has just stated is the major problem, and I could not agree with him more, it does not go far enough. Why would we want a budget point of order? Why would we not want a law? By having a law, we have a discipline that will actually work to control spending. It would have the force of law. And I do not know why the gentleman would not prefer what was reported out of the Committee on the Budget and what this House will be taking up after the budget is passed, which is a budget process reform that actually has a law. So on the spending side, it should be stronger.

On the tax side, we have a philosophical difference, and we have talked about some inconsistencies here. Yes, it is true that not only did a couple of gentlemen on the floor vote for tax relief as recently as this week, without paying for that tax relief, but the majority of Democrats voted for it, including some who are on the floor tonight who have not been part of the debate yet. Others did not vote for it, and those are the ones who are smiling.

But it is a philosophical difference as to whether spending and tax relief should be both subject to the same pay-go standards. I think they should not be, and I say this for a very simple reason. Tax relief is put in place and has been put in place in 2001, 2002, and 2003 in order to stimulate the economy. Some tax relief is better than other tax relief. We can argue about which tax relief is better. But the proof is in the pudding, as they say, and the pudding is fresh.

We know right now, based on what CBO told us on May 6, that is, earlier this month, and what they told us in March, that even though this tax relief was put in place, even though we reduced taxes on the American people, on small businesses, on investors, guess what is happening? Revenues are increasing, they are not decreasing. If they can point to some spending that has those same characteristics, or spending in general that does, I might feel differently about it. But I do not know how we can come to this floor time and time again and put up the charts and say tax relief is the reason we are in deficits. It is not. Even if we did all the tax relief in 2001, 2002, 2003, put it together, we still would be in deficit because of spending and because of the economy.

□ 1845

The economy was the biggest problem, the economy going down and revenue going down because of it. And second was spending. Yes, we spent too much. On the other hand, we had some real needs, including increasing our military spending to respond to the war on terrorism, including spending, we were told, over $100 billion just to respond to 9/11. The tragic loss of life also required a tremendous amount of Federal revenue. Now today in Iraq, yes, we have increased spending for those purposes. But tax relief was not the reason we are in deficits.

The irony is, it is the reason we are making progress against the deficit. CBO has just told us again within the last week, they believe the revenues this year will be $30 billion or $40 billion or so greater than projected. Revenues are going up, not down. Because of tax relief, revenues are going up, because the economy is growing in response to the tax relief.

Economists right, left, and center will tell you this tax relief which was passed by this Congress had the effect of helping on consumer spending, more money in people's pockets; on helping on investment, corporate profits; therefore more revenue coming into this economy, more capital gains revenue.

So it is a philosophical difference, and that philosophical difference will be played out again tonight on this motion, as it has been played out over the years in this House.

The final point I would like to make with regard to whether we should put pay-go rules on taxes as we should on spending is to look back at recent history. My friend from Virginia talked about the 1993 agreement. Let us talk about the 1997 budget agreement that was called the balanced budget agreement that actually got us out of red ink.

There was tax relief from that agreement, by the way. There was also a commitment by this House to restrain spending. The Republicans controlled the House and the Senate. Republicans decided, working with Democrats in a bipartisan way, we would control spending together, and we stood down here on the floor of this House and we pounded our chest and we said within 5 or 6 years we will have a balanced budget. I did the same.

That would have been 2002, maybe 2003. Within a couple of years, we had a balanced budget, and within 3 years we had surpluses. Why? Because, by restraining spending, by growing the economy through smart tax relief, we grew, we grew out of the deficit.

That is what we want to do again. We want to grow out of this deficit. We want to restrain spending, very important, and pay-go ought to apply to spending for that purpose, and we want to put smart tax relief on the floor of the House for an up-or-down vote. It is not like it is not subject to some procedure here or some discipline. It is subject to the discipline of the House and the Senate and getting through a conference and being signed into law by the President.

But by restraining spending and by growing the economy, we believe we can make progress on the deficit. We believe we can reduce the deficit in half by 3 or 4 or 5 years, depending on how much spending we can reduce and how the economy grows. And we believe the pay-go rules ought to apply, and apply even more aggressively than is proposed tonight to spending, but not take away the opportunity for us to have meaningful tax relief, to be able to grow this economy, which after all was the solution to getting us into surpluses back in the 1990s and into 2000.

Mr. POMEROY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would respond quickly. By omitting the revenue side of the equation in a pay-as-you-go requirement, you literally leave out a critical component of what drives the budget. This might straighten out the gentleman's history here.

Revenues have plunged as a result of the earlier tax cuts, the lowest percentage of GDP since the year 1950. As revenues plunge, you get yourself into deficit.

Can you imagine a family trying to balance their household budget saying, you know, we are going to have to get hold of this. We are going to have to cut spending, cut our family spending. Then, at the same time, saying, but, you know, we are working a little too hard, so I am going to take more vacation. I am only going to work part-time, because the revenue side, we are not going to deal with the revenue side, we are just dealing with the spending side.

That is as much lunacy as what is proposed in terms of dealing only with pay-as-you-go on spending and leaving off consideration of the revenue.

To put it in another way, revenues have plunged very significantly over the past 3 years. Revenue has declined 12 percent. So this business of we are going to cut taxes and get more revenue as the economy grows has not been demonstrated.

There has been one area of growth, one very predictable area of growth; the deficit has grown to the largest level in the history of the country. And if there is a budget deal coming out of the conference committee, it is going to have an increase in borrowing authorization for this country, and we are told it might exceed borrowing authority in the amount of $10 trillion, debt we will pass on to our children.

We will have a better way to further explain that.

Mr. Speaker, I yield 4 minutes to the gentleman from Washington (Mr. MCDERMOTT).

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Mr. Speaker, my good friend from Iowa is such a good Member, and I really hate to review the bidding here, but last time I looked, Republicans had the Presidency, and they had control of the Senate and they had control of the House, and, if I am not mistaken, the Federal law says that on the 15th of April you are supposed to pass a budget.

Now, if we give you all the cards, for heaven's sake, can you people not work it out? Do you have to keep fighting among yourselves? I mean, here we are, and all we are asking you is to go along with that other body.

Now, I know that the gentleman is not a bad person, and I do not like to bring up this stuff about how we have voted for this. You know, you pick on guys, these other guys who voted for tax cuts. Look for me in that list.

Mr. NUSSLE. Mr. Speaker, if the gentleman will yield, I am looking here. I do not see ''MCDERMOTT'' anywhere on the list.

Mr. MCDERMOTT. Mr. Speaker, reclaiming my time, we finally got one up here that the gentleman is not going to call a hypocrite, is he? I do not mean that consistency is the hobgoblin of small minds. I know that one has to be flexible when one is the chairman, because the gentleman voted for pay-go many times and said it was a good idea, and the gentleman from Virginia (Mr. MORAN) got out here and gave the gentleman all that evidence.

But the fact is that what we are talking about here is, you know, there are a lot of people sitting out there watching this, and they go down to the grocery store and they have a $20 bill and they say, well, I am going to buy some groceries here. So they buy what they can get with $20. That is the way a lot of people operate in this world.

But the Republicans, ever since they have taken over this House, in fact you did it under Reagan, we tried this Laffer curve business and all that and went into this great big deficit, and it took Clinton to get us out. For all you want to say about Bill Clinton, he did dig us out of your mess from the Reagan years. You did not learn anything from that.

So you decided let us get out our favorite two credit cards and you said, well, we got Social Security, we got a whole lot of money over there in that one, and we got a whole lot over here in the Medicare one. Let us just spend off these credit cards like wildfire. That is where you get those red blotches on the graphs.

Now, the people out there, they do not understand why it is you do not want to pay as you go. Who do you think is going to pay off these credit cards? Do you think maybe it is the Democrats who are going to pay it off when we take over next time? Our job will be, how do we dig ourselves out of the hole you put us in?

We are just trying to lay the groundwork for saying, hey, look, we know we are going to be in charge soon, or hope so, or, if God wills. You know, under God we do not know what will happen, but we may wind up in charge. And you have spent our credit cards into such a mess, we will have to do something.

We cannot keep spending, because people are getting older. There are a lot of those baby-boomers that are coming up, and they are expecting that the money that was in the account that you have been borrowing from is going to be there for them, and they are going to find out it is empty. We are going to be caught with digging us out of the hole.

Now, you may think it is funny, and you may enjoy this ride, but I will tell you something: When the baby-boomers get to be senior citizens, you are going to have a price to pay, because all this profligate spending is going to come home to roost.

I think it just makes sense to adopt this resolution and go with the Senate. They are very smart over there; oh, very smart.

Mr. NUSSLE. Mr. Speaker, I yield 3 minutes to the gentleman from Kansas (Mr. TIAHRT).

Mr. TIAHRT. Mr. Speaker, I thank the gentleman from Iowa for yielding me time.

Mr. Speaker, I want to point out and expand on a point that the gentleman from Washington just brought up, and that is about the Federal deficit. He talked about the future obligations that are part of our Federal deficit. If you look at all the red ink we have seen on the charts and you look at today's Federal deficit, we are not talking about the same thing as what we have in our outstanding debt.

There is a lot of confusion between the deficit, which is how much money we spend versus how much money we take in, and then the national debt, which is when we start talking about baby-boomers, then you start talking about the impact of the national debts.

Right now, our national debt is around $7 trillion. About half of that is publicly held debt. The other half is future obligations. So when we look at all that red ink and get up to $14 trillion, a lot of that is future obligations. It is Social Security for every individual in elementary school today. It is Medicare for every person that is in day care today. It is those people that exist today that at some point are going to be part of public law and they are going to qualify for Social Security, for Medicare, for the prescription drug plan. And that is some of that red ink you are seeing out there. So I think we need to distinguish between publicly held debt and future obligations.

The concept of pay-go which is being pushed by the Senate is really fundamentally flawed economic policy. It makes an underlying assumption that if you reduce revenue by $1 for tax relief, you are going to have a $1 reduction in Federal revenue; a $1 reduction in taxes equals a $1 reduction in Federal revenue.

But we know from history that is not true. In fact, if you looked at the 1980s, in 1980 the Federal revenue was about half a trillion dollars per year. Reagan, under his leadership, we passed the largest tax decrease at that point in history, and what happened over the next decade is revenue doubled. The Federal revenue by 1990 was $1.1 trillion.

Even under the plan that was shown under the so-called Clinton surplus, the Clinton surplus was even preceded by tax relief. He signed tax cuts into law. One of them was capital gains. When we reduced capital gains from 28 percent to 18 percent, we actually had an increase in Federal revenue, not a dollar-for-dollar reduction, $1 tax versus $1 reduction in Federal revenue.

So the fundamental policy of pay-go is flawed. If you have tax relief, three things happen: Tax relief provides a little more money in somebody's pocket. They either save it, spend it, or invest it. If they spend it, that is a demand for goods and jobs. That is good for the economy. If they save it, it provides money for home mortgages. That means more building, more jobs, a good thing. The third thing is they invest it. If they invest it, that means capital for companies to expand and hire more workers. So all three things that come out of tax relief are good, fundamental economic policy.

But if you have this Keynesian economic view buried in this pay-go provision, then you think the Federal Government drives the economy and not the free market system. That is fundamentally flawed. It is the free market system that makes America great.

When you increase taxes, you limit that; and when you reduce taxes, you increase the ability for Americans to do the right thing with their money, and that means more Federal money.

Mr. POMEROY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, that is a very interesting bit of economic history there, but I would put forward a different view. Which economy worked best, the economy of the nineties, when you had pay as you go, or the economy of this decade, so far a very stalling, disappointing economy?

Mr. Speaker, I yield 4 minutes to my friend, the gentleman from Illinois (Mr. EMANUEL).

Mr. EMANUEL. Mr. Speaker, I thank my colleague from North Dakota for yielding me time.

Mr. Speaker, since everybody wants to talk about the 1997 plan and what we did, just so we can all have a rendezvous with the record here, in fact we cut taxes on middle-class families with the introduction of the $500-per-child tax cut for people making $100,000 or less. We increased spending in higher education. We created the Children's Health Insurance Program, a $24 billion program for the children of uninsured parents who worked. We invested more dollars in environmental cleanup. We made long-term investments in the health of this country, which is in health care, education, and the environment. We expanded charter schools up to $2,000.

So we in fact paid for those spendings because they were good investments. We reduced the deficit down to a balanced budget, and we cut taxes for middle-class and working class families.

What we did not do was say every tax cut is good and every spending increase is bad. Some tax cuts are good. The $500 per child, which was the introduction in 1997, was a very good tax cut.

□ 1900

In 1993 we cut taxes on working families with the doubling of the earned income tax credit, which was originally created by Ronald Reagan in the 1983 budget.

So, in fact, not all tax cuts are bad; but when you have a tax cut for corporate jets and yet you put a squeeze on middle-class families, those are bad choices. As President Kennedy once said, to govern is to choose. When you make investments, not all spending by government is good; there is a lot of waste. But when you invest in uninsured children of working parents, 10 million of them who finally get health care and you pay for it, you are a better country and those are good investments.

When you expand the investments in opening the doors of college education, doubling the size of Pell grants as we did in 1997, that is a good thing. When we provided for middle-class families a tax deduction for a college education, we created the lifetime learning, the HOPE scholarship for continuing learning, those are good tax cuts. They led an investment boom, an economic boom which all incomes enjoyed, not just the top 1 percent, as is happening now.

So to compare what happened in 1997, to think fondly of your memory, we increased our investments and government spending in the areas of health care, education, and the environment, we cut taxes for middle-class families, and used the rule of putting our fiscal house in order. And all of those investments, all of those tax cuts started with the notion that we had to have a balanced budget.

The difference today is our tax cuts are skewed not to middle-class families, not to working families; they are skewed towards people who make money from money where the burden on people who work for a living are carrying more of the tax burden than those who do not.

So not all tax cuts are good and not all spending is good. We have to make choices based on an economic strategy.

Today, we have had the most anemic wage growth for middle-class families:

1 percent. College costs this year went up 14 percent; last year, 10 percent; and the year before that, 11 percent. Health care costs have gone up by a third, and people's savings have lost their net value by $200 billion in the last 2 years. That is the economic condition of our middle-class families, and we need an economic strategy that puts our fiscal house in order, reflects the priorities that American families are facing by making sure we invest in health care, invest in education, invest in the environment, and give middle-class families, rather than corporate jets, which your budget and your economic plan does, give middle-class families the type of tax cuts they deserve because they are trying to raise their children. That is where we should invest our limited dollars.

This PAYGO rule begins by putting the budget of the Federal Government back in order, as the gentleman from Iowa (Chairman NUSSLE) voted for in 1997 and made sure every tax cut was paid for, made sure every investment in spending was paid for. Those were good economic times. They created 22 million jobs. We need to go back to that strategy. It was good in 1997, and it will be good in 2004.

Mr. NUSSLE. Mr. Speaker, I yield myself such time as I may consume.

Let me start by saying that I am sure, because I know the gentleman from Illinois to be a very honorable Member and friend, and I am sure all of those facts that he just cited were true about 1997 and the economy of the 1990s. Let us just assume for a moment that they are. It was peacetime. I mean, does the gentleman think there is a difference between the 1990s and the period of the 2000s since what happened when we inherited the Clinton recession of 2000 and the attacks on the World Trade Center and the Pentagon of 2001, and the war with Afghanistan and now Iraq? Does the gentleman think there is just a little bit of difference between the 1990s and this next century that we are in? Maybe just a little. Maybe just a smidgen, it might be different.

And even though we found all sorts of spending priorities during the 1990s, education and the environment that the gentleman talked about, it is interesting that during those 1990s, we did not seem to find the priority of national defense or intelligence or homeland security, or a prescription drug benefit for seniors.

All of that time that President Clinton was working on all of these great policies of growing the size of government, taking more money out of the pockets of families with that huge tax increase of 1993, during all of that expansion of government, not once during that time could there be found the priorities of defense, intelligence, homeland security, and a drug benefit for seniors.

So I understand that there were different priorities back then. It was a different decade. We were at peace. We are now at war. This is not a time to raise taxes on the American family. We are just now coming out of a recession. This is not the time to raise taxes on business. We are now finally getting back on our feet; and it is not the time to say to people, we need more of your money. This is exactly the time, exactly the time to say that those tax cuts should be predictable, they should be permanent, people should be able to bank on them, they should be able to plan for their futures, they should be able to make decisions that affect their families and their small businesses and their farms without having the peril of somebody coming to the floor and suggesting now, for some reason, that we have to start paying for tax cuts, and then voting just the opposite when the actual tax cut comes to the floor for a vote.

It is interesting that on one hand they say we should pay for tax cuts and then the actual vote; and boy, I know they are kind of tricky, because just that vote, that specific vote on tax cuts, when that vote comes to the floor, they seem to be very interested in voting for that tax bill.

Let me just review some things, though, because I know my friends on the Democratic side are very interested in talking down the economy. They are interested in saying, those tax cuts have not worked. I want to tell my colleagues that the tax cuts have worked. Let us just review a few things.

Payroll employment increased by 288,000 jobs in April. We have the most people working in America at any time in our history, today. More people are working in America today than at any time in our history. Manufacturing employment increased by 37,000 jobs over the last 3 months alone. It was the best 3-month period since those boom days of the 1990s, since 1998; the best 3-month period since 1998. Unemployment was down to 5.6 percent in April from its high of 6.3 percent last June. Unemployment insurance claims have fallen to their lowest level in 3½ years since we inherited that Clinton recession of 2000.

Real growth in the economy, which is measured by our gross domestic product, was at 4.2 percent at an annual rate for the first quarter of 2004, following an 8.2 percent growth in the third quarter. It is the highest quarterly rate in over 2 decades, and the last 6 months have been the fastest growth in over 20 years. Manufacturing activity soared at the end of 2003 and into the beginning of 2004, registering its highest pace in 20 years.

So keep talking about the bad economy, keep using it as a political issue, keep trying to talk down the marketplace, keep trying to deliver all that bad news, because it is not here. People are going back to work. The economy is improving. People are making things. Because as my friend, the gentleman from Kansas, said, they have the money to spend. We are not taking it out here in Washington.

It is interesting that when Democrats come to the floor and they say pay as you go, guess what? They are not the ones willing to pay. When they say pay as you go, it means there is a tax increase buried some place, there is a secret tax plan that is available for anyone to look at, and it is called tax the rich. Well, hold on to your wallets, folks, because they think you are rich, and they are coming after you. And every single time they talk about taxing people, they are talking about taxing you. They are talking about taxing people who are married. They are talking about families with children. They are talking about small businesses that are creating the most jobs.

Mr. Speaker, that is what we are concerned about when we say this is not the time to raise taxes and this is not the time to talk about paying as you go, because these tax relief packages that we have passed are getting the economy back on its feet and revenue, as a result, is coming into the Federal Government. We are receiving more revenue into the Federal Government than we are allowing people to keep in their pockets through these tax cuts that we are promoting on the floor.

Mr. Speaker, I know it is working. And the reason I know it is working is because 102 Democrats voted for them. They know, including the gentleman from North Dakota, who voted on April 28 to cut taxes without paying for them, because he knows, he knows what that means to the economy of North Dakota. He knows what it means to the economy of Iowa. He knows what it means to the economy of the United States. He knows where jobs are created. I know that because I have served with him every year he has served in the Congress, and I know the gentleman understands that that is how jobs are created. That is why he voted for these things.

I do not argue with the fact that he votes for them. What I am concerned about is that the leadership has forced the gentleman to come down here with a political issue. The last two gentlemen have failed in their attempts to try a political issue on the floor, and so now they roll out the gentleman from North Dakota.

But the gentleman from North Dakota, I know, is smarter than that, because on May 5 he voted to cut taxes without paying for them, because he knows that you do not have to pay for some of these tax cuts, because they generate economic activity. They generate that economic activity in farms and small businesses, putting people back to work; and as a result of those people back to work, they pay into the Federal Government in taxes as taxpayers, and the result is more revenue coming into the Federal Government. The gentleman knows that. That is why he votes consistently to reduce taxes.

I just wish that he would stop trying to tie our hands for the future; trying to tie our hands, just as the economy is getting back on its feet, blaming tax cuts for all the red ink when we know because of two wars, when we know because of the gut-punch of 9–11, when we know because of the bail-out of the economic crisis that occurred after the terrorists attacks, that we know because of huge increases for defense and homeland security, appropriately so, to protect the country, we have had to borrow money. We borrowed money deliberately, at a time with interest rates being very low, to do two important things: make sure that our country was protected and make sure that our economy could get back on its feet and start growing again.

Well, our country is protected and continues to be protected; and we will all do whatever it takes to make sure it continues to be protected. But we also have to make sure that it continues to grow, because while we can be secure in our border, we also have to be secure around the kitchen tables of North Dakota and Iowa and the rest of the country. We want to make sure those families who are faced with sometimes much more perplexing issues than what we face here in Congress, like how am I going to pay for college; and how am I going to pay for the health care bills; and how am I going to deal with clothing my kids when I have been out of work for a little while, those are important issues that they face, and we want to make sure they have all of the resources necessary in order to make those important decisions around their kitchen tables with their families.

The only way to do that is to continue the policy which has worked, which has gotten our economy back on its feet, and will continue to work if we allow it to do so, without being hamstrung by a special Senate rule that only stands in the way of making sure that those tax cuts can be predictable, that they can be permanent, and they can continue the job of making sure the economy grows.

Let us vote down this special rule that will only cause tax increases in the future, and let us support the underlying budget which controls spending, which grows the economy, and which makes sure our country is protected. That is the budget we need to pass. We do not need to have a Senate rule, a rule from the other body to tie our hands for tax reform, tax relief, tax simplification in the future. That is what the gentleman, unfortunately, and probably inadvertently, would accomplish if, in fact, this plan passed. He wants to continue to support tax cuts; so do we. We want the economy to continue to grow, and the only way to do that is to vote down this motion to instruct.

Mr. Speaker, I yield back the balance of my time.

□ 1915

Mr. POMEROY. Mr. Speaker, I yield myself such time as required to close and I will speak from the other podium.

I thank my friend from Iowa, the chairman of the Committee on the Budget, for joining in this spirited debate, but to any one of our colleagues watching, there is something that we know for sure and that is that bluster does not cover facts. Energetic presentation of lots and lots of stuff does not mask an economic record reflected in these charts.

This is what has happened to the deficit during the last 2 years, and this is where we are going over the next 10 years.

Now, what we are seeking with this motion is budget enforcement ability to try and level out this deeply alarming trend line on national debt. Pay-as-you-go means that if you spend more, you have got to cut somewhere else; or if you cut taxes, you have got to cut spending and show where you do it; or if you cut taxes, you have got to raise taxes somewhere else. It has all got to work out in a zero-sum game. You cannot continue to make the budget situation worse.

We can get lost in the economics and the numbers, but I think it is helpful to just think of it this way. We pay as you go now, or our kids pay when we go later, because these things are not balancing out. Representations that tax cuts are producing more revenue are not at all borne out. The Federal revenues from individual income taxes in the year 2000 was $1.4 trillion. The 2004 estimate is $765 billion, almost down a quarter.

As you have revenues fall so precipitously, you have had the debt line grow so significantly. We have had some job numbers thrown out. The fact is we are down 1.6 million jobs. This administration is the first administration on track to have a net loss of jobs since Herbert Hoover was President, but those are issues for another day.

Let us just understand that if you like the economy of the 1990s better than the economy we have seen this decade, realize that throughout the 1990s we had pay-as-you-go budget enforcement, which meant we were trying to get a handle on national debt. We have absolutely lost our way when it comes to fiscal sanity, and that is why we have had this explosion of debt, a deficit leading to debt, and we have got to get our hands around it.

So I believe that if this House took the step of instructing conferees to go with what the Senate has passed, and that is a bipartisan vote to embrace this pay-as-you-go requirement, we can once again get on track. This has been the very issue that has received bipartisan agreement in the past, 1990, 1995, 1997, and now it is time in 2004 for us to do it once again.

It is time for us to do this for our children. We put pay-as-you-go in the budget or it is you pay when we go to our children. As a father of an 8- and a 10-year old back home in Bismarck, North Dakota, I know we owe them a good deal better than this, a very unstable fiscal situation just when baby boomers retire and start drawing on Medicare and Social Security. We could turn this around, and passing this motion is the place to do it.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. CHOCOLA). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from North Dakota (Mr. POMEROY).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. POMEROY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

## GENERAL LEAVE

Mr. DEFAZIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the subject of the Special Order of the gentleman from Michigan (Mr. STUPAK).

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

There was no objection.

## SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

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

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

## ORDER OF BUSINESS

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent to take my 5 minute Special Order at this time.

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

There was no objection.

## WASHINGTON WASTE WATCHERS

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

Mr. HENSARLING. Mr. Speaker, I rise again as part of the Washington Waste Watchers, a Republican working group dedicated to rooting out the